PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 419 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

THIRD SESSION OF THE FIFTY-THIRD PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-THIRD YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2003–04

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15 March 2004

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE THIRD SESSION OF THE FIFTY-THIRD PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 13 JUNE 2001]

FIFTY-THIRD YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 419**

FIFTH VOLUME OF SESSION 2003–2004

House of Commons

Monday 15 March 2004

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

The House observed two minutes' silence in memory of those who died as a result of the bombings in Madrid on 11 March.

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Student Nurses

1. **Mr. Harry Barnes** (North-East Derbyshire) (Lab): If he will hold discussions with the Treasury and the Department of Health on changing his Department's definition of remunerative employment to include student nurses on clinical placements. [160831]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): The child tax credit introduced in April 2001 extended support to around 100,000 families, including students and student nurses, who were previously excluded from support under the working families tax credit. Time spent by student nurses on clinical placements is a period of study, not paid employment, and such periods therefore cannot be treated as remunerative work for working tax credit purposes.

Mr. Barnes: Student nurses undertake nursing duties as part of their studies. Why can they not qualify for the child-care element of working families tax credit? One of my constituents may have to pack in her studies after having a baby because she cannot afford child care. Does this not remove a vital future resource from the health service, and waste the bursary moneys that have already been paid in connection with my constituent's studies so far?

Mr. Pond: As my hon. Friend will know, we are doing all that we can to increase the number of nurses and student nurses. He will also know that we have made a public commitment that every health-care student will be entitled to child-care grants for children under five, worth up to 70 per cent. of child-care costs. The Department of Health is currently developing the means to make that commitment a reality by autumn this year. That means that while student nurses are not entitled to the child-care element of working families tax credit because they are not in remunerative employment, they will be entitled to parallel and broadly similar support if they have young children.

Mr. Bob Blizzard (Waveney) (Lab): Will my hon. Friend also discuss with the Treasury the definition of "remunerative employment" in relation to school crossing patrol officers—the lollipop men and women who do such a great job looking after our children, standing outside in all weathers and all conditions? As he knows, they are very low paid and often have to claim benefits and other allowances. At present they are not entitled to the higher-earnings disregard. Would my hon. Friend consider awarding it to them? They deserve it, and we might find it easier to recruit such people as a result.

Mr. Pond: The whole House will want to join my hon. Friend in paying tribute to the work of school crossing

keepers. He has been assiduous in raising the issue with my Department. Whether extending the disregard would be an appropriate way of rewarding those people is in question; we are considering it, but I cannot promise that we will be able to act. Nevertheless, I pay tribute to my hon. Friend and to those whose case he has raised.

Benefit Fraud

2. **Syd Rapson** (Portsmouth, North) (Lab): What measures he is taking to combat fraud in the benefit system. [160834]

5. **Miss Anne McIntosh** (Vale of York) (Con): If he will make a statement on the level of benefit fraud in (a) 1997 and (b) 2003. [160838]

The Secretary of State for Work and Pensions (Mr. Andrew Smith): Tackling fraud is a key priority. Ours is the first Government to measure fraud properly, to set targets for its reduction, and to legislate for the tools to do the job. We are penalising more fraudsters, recovering more money and putting out the clear message that benefit fraud is wrong.

The latest figures show that since 1997 we have cut fraud and error in income support and jobseeker's allowance by 29 per cent., which equates to £400 million a year. Beating benefit fraud is good news for legitimate claimants and good news for taxpayers.

Syd Rapson: I thank the Secretary of State for that answer. We all agree that tackling benefit fraud is crucial to maintaining trust in the system, but what advice can he give to the fledgling Liberal Democrat councillors of Portsmouth city council, who are in the difficult situation of having to find £200,000 from their meagre budgets simply to deal with the backlog?

Mr. Smith: My advice to Liberal Democrats in Portsmouth—fledgling or otherwise—is the same as to other local authorities: to work with us in combating fraud. More than 80 per cent. of local authorities are involved with the verification framework, and £160 million has already been provided to help local authorities with anti-fraud work. That sum increased to £233 million for the three years from April 2003. I do not know whether Portsmouth is one of those authorities, but I shall check, as, I dare say, will my hon. Friend.

Miss McIntosh: I thank the Secretary of State for that answer, but can he give the comparable figure for errors and failures to pay out on the part of his Department, and assure the House that he is indeed in control of his Department and its officials? In the past year alone, there have been between seven and 12 cases of people making legitimate claims for all sorts of benefits, particularly the pension credit, and then having to extract an apology from his Department because it failed to pay them. Is he in control, or are the officials getting carried away with their errors?

Mr. Smith: I am glad that the hon. Lady confirms that we apologise when we get things wrong, and I of course apologise for any individual such instance. Given that fraud is down by 39 per cent. since 1997, and that fraud and error are down by 29 per cent., it is clear that error has not fallen as far and needs to fall further. However, it has been falling.

Mr. David Ruffley (Bury St. Edmunds) (Con): Last year, the National Audit Office published a report on tackling benefit fraud, which said of housing benefit fraud:

"Although a Government review in 2000 proposed partial simplification as a first step, in practice the scheme has become more complex, with many changes."

Can the Secretary of State tell us why he has failed?

Mr. Smith: As the hon. Gentleman knows, we have not only introduced measures to simplify housing benefit administration; we are piloting the flat rate local housing allowance, which takes account of income, family circumstances and area and cuts out reams of red tape in the administration of that benefit. We have to evaluate that pilot properly, but as I reported to the House last week, the early results are very encouraging. I repeat the injunction to all local authorities that I mentioned to my hon. Friend the Member for Portsmouth, North (Syd Rapson): it is very important that central Government and local government work closely together to simplify benefits such as housing benefit, to make sure that they are efficiently administered and to tackle fraud.

Mr. George Osborne (Tatton) (Con): If the Secretary of State is making such progress in tackling fraud and error in his Department, can he predict when he expects to produce a set of departmental annual reports that are not qualified by the National Audit Office because they are full of fraud and error?

Mr. Smith: We are of course working very closely with the NAO, precisely in order to get our accounts into the shape that everyone wants them to be in. As I said, we have made considerable progress in combating fraud and error, but I will not take lectures from Conservative Front Benchers, given that the Conservatives did not even measure fraud properly when in government.

Pension Credit

3. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent estimate he has made of the number of eligible pensioners in the east midlands who have yet to make an application for pension credit; and if he will make a statement. [160835]

The Secretary of State for Work and Pensions (Mr. Andrew Smith): We cannot estimate eligibility with precision, especially at the regional level, because we would have to take only partial data from the national survey, which would in any case be a couple of years out of date. But today we have published the latest monthly pension credit progress report, which shows that up to 29 February, 2.26 million pensioner households and 2.73 million individuals across the country, and 158,000 households and 192,000 individuals in the east midlands were already receiving pension credit.

David Taylor: Our Government have achieved a great deal in their focus on pensioner poverty, but the take-up

level of pension credit causes considerable concern. Does the Secretary of State agree with last week's Pensions Policy Institute report? It said that a single, flat-rate pension, set at guaranteed credit level, paid to all and indexed to earnings, had much to commend it, being simpler, more robust, fairer and affordable in the long term. Is not that the way to tackle present and future take-up problems?

Mr. Smith: As we have debated on several occasions in the House, there are always attractions of a flat-rate, universal pension and other payments that can be put forward. However, the arithmetic is such that if we spent all the money that goes into pension credit on the basic state pension, although we could increase the pension for a single pensioner from £77 to something like £90, the poorest pensioners in our country would be more than £30 a week worse off as a consequence. I thank my hon. Friend for his comments on our progress in tackling pensioner poverty. He will be interested to know that 2,745 households in his constituency now receive pension credit, which is 36 per cent. more than received the minimum income guarantee.

Pensions

4. **Mr. Eric Illsley** (Barnsley, Central) (Lab): What advice is being given by his Department regarding the value of the state retirement pension for people born after 1962. [160836]

The Minister for Pensions (Malcolm Wicks): We provide information through such means as leaflets and the internet on how the amounts of basic and additional state pension are determined, and on known changes. Anyone can ask for a state pension forecast and we also now have combined forecasts, which combine state and company forecasts. More than 1 million have been sent out.

Mr. Illsley: I am grateful to my hon. Friend for that response, but I was somewhat surprised, while pursuing a recent constituency inquiry into a contribution record and the value of a future retirement pension, to be told by benefits office staff that the value of the retirement pension of anyone born after 1962 would be negligible. If that is not the case, will my hon. Friend ensure that benefits officers are reminded of the absolute truth of that matter, to prevent such misleading information from being circulated?

Malcolm Wicks: My colleagues in the Department were intrigued by my hon. Friend's reference to 1962; I knew that it was not the date when Barnsley last won the FA cup. In all seriousness, I hear my hon. Friend's point and if anyone in the Pension Service has misled him, I apologise on its behalf. We have rigorous training and education programmes but on this occasion, someone has clearly said something that is just plain daft. We will learn the lessons from that, but we have an excellent Pension Service, which is now doing a very good job across the country, including making large numbers—about 350,000—of home visits. However, on this occasion, we have clearly failed my hon. Friend.

Mr. David Willetts (Havant) (Con): May I invite the Minister to agree that it would be just plain daft to expect that the pension crisis could be solved by putting more and more pensioners on to means-tested benefits, thereby penalising people for saving? Does he not agree that the best way forward, for people who were born before 1962 and for those born after 1962, would be to raise the value of the basic state pension? Is that not what Mr. Alan Pickering has proposed this week, and why does the Minister not follow his advice?

Malcolm Wicks: It was a Conservative Government who, no doubt advised by the young—then even younger—hon. Gentleman, abolished the earnings link with the basic state pension in 1980. That meant that this Government inherited a situation of much pensioner poverty, which we had to tackle through targeted means. On the important issue of savings, whereas under the Conservative Government there was a pound for pound reduction against income support for any savings, we have introduced the savings credit element of the pension credit so that savings can be rewarded.

Mr. Willetts: Does the Minister not recognise, however, that there is a growing consensus that the best way forward is to increase the value of the basic state pension, to help to get pensioners off means-tested benefits and to encourage people to save? That is what the National Association of Pension Funds wants, what the charities looking after old people want and what the Conservative party is calling for. Why is the Minister in a minority, opposing that proposal?

Malcolm Wicks: The difficult and, I am bound to say—in terms of its impact—cruel logic of the Conservative proposals is that as the basic state pension increased, apparently in line with earnings, the poorest and most hard pressed, including those on pension credit, would presumably receive only a price-inflation increase. The cruel logic of the hon. Gentleman's proposals is that the poorest elderly—who are often the oldest, two out of three of them women—would gain least from the Tory proposals.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): On reducing pensioner poverty, is not the real problem with reliance on mean-tested benefits that, despite the time and money spent by both the previous Conservative Government and this Government on increasing the take-up of claims, pensioners are more reluctant than any other group of claimants to apply for means-tested benefits? So long as the Government rely on means-tested benefits to relieve pensioner poverty, a substantial minority of pensioners will remain poor.

Malcolm Wicks: As my right hon. Friend the Secretary of State has acknowledged, to put every extra billion pounds—we have now spent some £9 billion extra on pensions since 1997—simply on to the flat rate would make life easier for our Department, in that it would be administratively simpler, but would it be fairer? Would it be fairer to women or to the poor and hard pressed? Of course, the answer is no. Although there are some who wish to knock pension credit, it is proving a great success. We are on target, so much so that 1.9 million individuals—almost 2 million—are

better off financially because of pension credit. I hope, therefore, that colleagues will not talk about this as a failure when in fact it is a considerable success for public service.

Disability Living Allowance

6. **Mr. James Gray** (North Wiltshire) (Con): If he will make a statement on the number of people claiming disability living allowance. [160839]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): In the five years to 31 August 2003, the number of severely disabled people receiving disability living allowance increased by more than 25 per cent. to more than 2.5 million. In 2003–04, we expect to spend some £7.5 billion on helping people with the extra costs arising from their disability.

Mr. Gray: A constituent of mine was, tragically, one of those involved in the Bali bomb outrage, in which he lost his right arm. On returning to the UK, he applied for disability living allowance but was told that he was not eligible for it because he had been resident abroad in Beijing for six months. Will the Minister consider changing that rule, so that people who have been disabled in such terrorist tragedies or who are serving in our armed services overseas would none the less be eligible for the allowance immediately on their return to the UK?

Maria Eagle: I have every sympathy with the hon. Gentleman's constituent. If we changed for individual groups of people the eligibility for DLA and the time that a person has to wait before getting the benefit in payment, it would make the administration of the benefit incredibly difficult. We shall, however, bear in mind what the hon. Gentleman has brought to the House today, and we shall certainly consider what he has said.

Mr. Steve Webb (Northavon) (LD): Will the Minister confirm that the last time that a Government attempted to measure the proportion of people entitled to this important disability benefit was in 1996–97, before the present Government even came to power? Will she confirm that the estimate at that time was that half of all seriously disabled people entitled to this important benefit were not claiming it? Why have the Government done no work on assessing the scale of the problem now? Why has there not been a mass take-up campaign for DLA? Is it acceptable that £1 billion for disabled people is going unclaimed every year?

Maria Eagle: The hon. Gentleman might not have heard my response to the hon. Member for North Wiltshire (Mr. Gray), which was that the number of people taking up disability living allowance and qualifying for it has increased by 25 per cent. It is difficult to say, ahead of a claim, who would be entitled to the benefit and who would not, because it is not income related. Rather, it is dependent on the effect of a disabling condition on the care and mobility needs of the individual concerned. It is therefore not at all easy to come up with sensible and reliable figures about what the take-up of the benefit might mean. Also, there are some methodological faults in the studies to which the hon. Member for Northavon (Mr. Webb) referred.

Means-tested Benefits

7. **Simon Hughes** (Southwark, North and Bermondsey) (LD): What the take-up rate of means-tested benefits was in Greater London at the beginning of 2004. [160840]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): Today my right hon. Friend the Secretary of State announced the publication of the latest progress report, which shows that, as at 29 February 2004, 245,000 pensioner households in London were receiving pension credit, with an average award of £59. Additionally, at the latest count in August 2003, there were 364,400 non-minimum income guarantee income support claimants, and 133,000 income-based jobseeker's allowance claimants in London. I regret that details of housing benefit and council tax benefit are not available below national level.

Simon Hughes: The figures are useful as far as they go, but I hope that the Minister will also provide the other half of the sets of figures, by which I mean the number of people in Greater London who are not receiving the benefits to which they are entitled. Given that the Government are now moving towards some sort of conclusion on a form of local taxation that is different from the present one, will the Minister assure the House that his Department is feeding into other Departments the proposal that would make it much easier for people not just to pay a fair contribution towards local tax, but to receive what they are entitled to locally from the state? That matters hugely to people in this city and in the rest of the country.

Mr. Pond: Sadly, the hon. Gentleman will not have heard our earlier discussions, as he obviously has a just-in-time approach to oral questions, but we have already discussed issues surrounding the take-up of various benefits. He will know that we are working very hard to ensure that people who need and deserve help—those who are entitled to pension credit, council tax benefit, attendance allowance and other benefits—do get that help. I hope that the hon. Gentleman will join us in that process. On his proposals for reforming council tax, he knows that we are examining its structure to see if a more appropriate means of local taxation is possible. I very much doubt, however, whether it will end up being the Lib-Dem proposal for a form of local income tax.

Mr. John Redwood (Wokingham) (Con): Is not the complexity of the system one of the reasons why take-up is so disappointing? Given that the Government have extended means-tested benefits so high up the income scale, is it not an administrative absurdity that people have to pay tax with one hand in order to get it back as benefit with the other? Could that not be simplified and made much easier for people—*[Interruption.]*—in Greater London.

Mr. Pond: The right hon. Gentleman may be disappointed, but Government Members are not

disappointed. Increasing numbers of people—hundreds, thousands and millions—are getting extra help, whether through the pension credit or new tax credits for families with children. If Conservative Members spoke more to their constituents to find out whether they are disappointed, they would find that most people—certainly with the pension credit, which follows a simple free phone call—are able to discover what they are entitled to. Many hundreds of thousands of them are doing precisely that, and are better off as a result.

Pensions

8. **Mr. Barry Sheerman** (Huddersfield) (Lab/Co-op): If he will introduce a fund to compensate those who have lost their pensions as a result of insolvency.

[160842]

The Minister for Pensions (Malcolm Wicks): We do, of course, have an understanding of the position facing workers who have lost pension rights on account of company insolvency. Indeed, my ministerial colleagues and I have met many such workers to discuss problems with them. There are complex arguments on both sides about what action should be taken, and we are giving them serious consideration.

Mr. Sheerman: Does my hon. Friend agree that the constituency problem that many of us feel poses the greatest injustice is when constituents who may have worked 40 years for a company tell us that they have lost their entire pension entitlement? Sometimes they have worked on in an attempt to save their company from going bust, thus failing to take up their pensions just in time as some of their colleagues have done. Will my hon. Friend talk to his Treasury colleagues? I remember back in 1979—I have been in this place a long time—that the Conservative Government introduced a retrospective tax on bank profits. Would that not be a good way to help finance the 60,000 people who have suffered such a bad deal?

Mr. Wicks: A number of proposals have been made both by Members and outsiders as to how the position can best be remedied. We are looking seriously at them, but we have to say on this occasion—and repeat the point—that it would be wrong to offer any false hope to those people at this stage. We are examining the circumstances very seriously, as I said. I must add that this is the first Government who have taken action to ensure that those scandals cannot happen in the future. That is why we are legislating now with the Pensions Bill for a pension protection fund, which will bring security to 10 million scheme members and their families. It is a major social advance.

Adam Price (East Carmarthen and Dinefwr) (PC): The Secretary of State helpfully announced in an earlier debate that work had been initiated on trying to assess the precise extent of the pension deficit for the 60,000 people facing this problem. Will the Minister tell us what progress has been made so far in that assessment and when we can expect an announcement in the House?

Malcolm Wicks: Work is, of course, going on, but all I can say at this stage is that we will bring forward those estimates when we are in a position to do so, which is not today.

Kevin Brennan (Cardiff, West) (Lab): Has my hon. Friend looked through the information given over the years to people in final salary occupational pension schemes? Has he ever found any sort of health warning that told people that—as happened to the constituents of my hon. Friend the Member for Huddersfield (Mr. Sheerman)—they could work in a company for 40 years and that their pensions could be worth nothing at the end of the day? Did their companies, the quangos set up by the Government such as the Financial Services Authority and the Occupational Pensions Regulatory Authority or the Department for Work and Pensions warn them that that could happen at any stage?

Malcolm Wicks: My hon. Friend, together with other hon. Members on both sides of the House, is a great champion for that group of workers, and I pay tribute to him. I cannot add to what I have said already about the current group of workers, but I emphasise that people who have worked hard all their lives and who have contributed for 30 or 40 years have a right to security, which is why—subject to the will of the House—we will provide security from April next year through the protection fund introduced by the Pensions Bill.

Mr. Nigel Waterson (Eastbourne) (Con): Will the Minister accept that the Pensions Bill will do nothing for the 60,000 people who have already lost their pension rights? Will he accept those people's strong moral claim and the Conservative amendments to the Bill, which are designed to compensate those who have already lost their rights? Following this morning's meeting between Labour Members and the Prime Minister, has that important matter now been taken out of the Minister's hands?

Malcolm Wicks: We are having serious dialogue with concerned Members of Parliament about a serious issue, which, because it is serious, should not be subject to mere partisanship. We are engaged in serious dialogue and will take no lessons from Tory Front Benchers who deliberately advised hon. Members to vote against the Second Reading of the Pensions Bill, which will set up the security for the future that the hon. Gentleman pretends to want now. If he had had his way, the Pensions Bill would not have had a Second Reading.

Mr. Frank Field (Birkenhead) (Lab): Since the Minister told the House that we should not hold out false hope to the 60,000 people who have lost their pensions, the Chancellor of the Exchequer has briefed the media that he has plans to take some of the unclaimed assets from banks and building societies and use them to finance charitable activity. Will the Minister accept that most hon. Members believe that charity

begins at home and that the best way to use those funds at home would be to finance the pensions of those who have lost out owing to their firms winding up schemes.

Malcolm Wicks: With all due respect to the newspaper scribes, I have passed the stage at which I believe everything that I read in the newspapers, whether it is about the Chancellor or any of my hon. Friends. We have obviously examined and considered the proposal championed by my right hon. Friend the Member for Birkenhead (Mr. Field), but I cannot pretend that there are easy answers. At the risk of boring the House, I repeat the point for those who read *Hansard* or who are watching at home that we must not offer false hope in a complex situation.

Mr. Jonathan Djanogly (Huntingdon) (Con): Last week, I received a delegation from members of the Samuel Jones pension scheme. Some 200 members of that scheme live in St. Neots in my constituency and face the miserable prospect of a no-pension retirement following the insolvency of the company for which they worked and the underfunding of their scheme. Samuel Jones had a particularly long-serving work force, and the losses involved are significant. The Minister is not taking the situation seriously enough. Does he appreciate how young people are being put off investing in pensions because the Government refuse to deal with that type of problem?

Malcolm Wicks: It does not help to suggest that Ministers are not seriously concerned. When I meet groups of workers who are in that situation—I am happy to meet the hon. Gentleman and the workers affected because I take his question seriously—they talk with quiet dignity about the effect on them. They discuss issues such as the effect on their health, the rotten part-time jobs they have had to take to supplement their incomes and the impact on their families and marriages, and I take the situation seriously.

Child Poverty

9. **Mr. George Mudie** (Leeds, East) (Lab): How the Government will continue to measure progress towards eradicating child poverty. [160844]

The Secretary of State for Work and Pensions (Mr. Andrew Smith): The blight of child poverty has many aspects, on which the Government report annually in "Opportunity for All". At the heart of poverty is, of course, low income. The new measure of child poverty, which I announced in December, reflects that, combining as it does absolute income, relative low income and material deprivation.

Mr. Mudie: I commend my right hon. Friend the Secretary of State and the Government on reaching their ambitious but necessary 2004 targets for cutting child poverty by 25 per cent. I note, however, that the criteria for child poverty have changed, after one consultation, and that three new measures will be introduced. Can my right hon. Friend assure the House that the change in no way represents a dilution of the Government's targets in this important area of policy?

Mr. Smith: We will not know for some time whether we have met the 2004–05 target, although the prospects are good for doing so on a before-housing cost basis. They are more challenging on the after-housing cost basis. On the substance of my hon. Friend's question, I can assure him that the new measure is every bit as rigorous. As he said, we have consulted extensively on the issue, and there was support for including material deprivation alongside relative and absolute low income, to give a composite measure that truly reflects the experience of poverty. Incidentally, we did not consult only academics: we consulted poor people, including children in poor families.

Andrew Selous (South-West Bedfordshire) (Con): Could the Secretary of State say a little more about his reasons for changing one of the measures from an after-housing cost basis to a before-housing cost basis? In areas such as mine, where housing costs are significant and constitute a large proportion of the family budget, my constituents are interested in how much money they have to spend after their housing costs. Many of us do not understand the change.

Mr. Smith: Subject to the Office for National Statistics, the full range of figures will continue to be published, both on an after-housing cost basis and a before-housing cost basis. The hon. Gentleman, other hon. Members and the public will be able to make a judgment in the round on how well we are achieving the objective. The other important point to make is that the material deprivation component of the new measure will illustrate whether high housing costs are giving people a low after-housing cost income.

Mr. Paul Goodman (Wycombe) (Con): The Government said in 1998, in their document "Supporting Families":

> "We do share the belief of the majority of people that marriage provides the most reliable framework for raising children."

Is that still the Secretary of State's view and, if so, what role does marriage play in the Government's child poverty measurements?

Mr. Smith: It plays an important role. That remains the Government's view. If the hon. Gentleman looked at the extra resources that the Government are putting into counselling and encouraging people to resolve relationship difficulties in the interests of their children, he might find that we are at one on the matter.

Employment Initiatives

11. **Mr. Anthony D. Wright** (Great Yarmouth) (Lab): What assessment he has made of the effectiveness of initiatives to get people to move from temporary to permanent employment since 1997. [160846]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): Since 1997, the number of people in permanent jobs has risen by nearly 2 million while the number of people in temporary jobs has fallen by 250,000. Temporary work as a share of total employment in the UK is the lowest of the major EU economies, at around 6 per cent. compared with, for example, 13 per cent. in Germany, 15 per cent. in France

and more than 30 per cent. in Spain. That achievement provides further clear evidence of the success of the Government's labour market policies, built on the principles of creating a framework of macro-economic stability; designing legislation to protect the vulnerable and disadvantaged; ensuring that work pays through the national minimum wage and tax credits; creating an adaptable productive workforce with the skills employers need; and encouraging and supporting economic activity.

Mr. Wright: I thank my hon. Friend the Minister for that response. I congratulate the Government on the initiatives that have certainly decreased unemployment levels in my constituency of Great Yarmouth. Long-term youth unemployment has fallen by 75 per cent. since 1997. However, one of the feeder sectors for employment are the training providers, and the great concern at present is that the initial success is gradually fading away. We need more encouragement for employers, who have been marvellous in bringing forward some of these initiatives.

Would my hon. Friend offer some comfort by telling us whether further initiatives might be set up to encourage employers to participate in both training and the new deal programme that has already been so successful?

Maria Eagle: I congratulate my hon. Friend, who is well known for the efforts he makes to reduce unemployment rates in his constituency and for the interest that he takes in the matter. It is true that although there has been a massive fall in long-term youth unemployment in his constituency, there is still a problem in the area. I hope that the roll-out of Jobcentre Plus in his constituency, which has taken place over the last year, will mean a better and more sensitive engagement with local employers to ensure that they are properly matched with local young people who want jobs, so that employers have staff with the skills they need and the remaining unemployment problem in my hon. Friend's constituency can be dealt with further.

Mr. David Drew (Stroud) (Lab/Co-op): Does my hon. Friend accept that there is a particular problem for those who go back to work after suffering a bout of mental illness? Is my hon. Friend likely to reconsider the relationship between the therapeutic earning rules, part-time paid work and the eventual move to a permanent wage, so that if things go wrong at any stage, people will not completely drop off the face of the earth but can come back into work? Will my hon. Friend consider that?

Maria Eagle: My hon. Friend refers to the permitted work rules under incapacity benefit. I can assure him and other Members, who have written to me on the subject in some numbers, that we are evaluating the impact of those rules and will be considering whether they have achieved what we hoped for when we changed them. There is no doubt that we shall be looking into whether more can be done, so I hope that will assist the people to whom my hon. Friend referred.

Retirement

12. **Mr. Jim Cunningham** (Coventry, South) (Lab): What plans he has to help people make informed choices about their retirement. [160847]

The Minister for Pensions (Malcolm Wicks): Last month, we set out the Government's strategy for informed choice. I mentioned earlier the importance of combined pension forecasts, another aspect of which is to maximise membership of existing schemes. It is particularly sad when workers have the right to join occupational schemes but do not make use of their right. We are thus exploring options for that, including auto-enrolment, active decision making and a commitment to save.

Mr. Cunningham: I noticed that, as part of my hon. Friend's proposals, he intends to use the national curriculum. Can he tell us how that will work?

Malcolm Wicks: Obviously, I could do so in great detail. Drawing on my knowledge as a former Minister for Lifelong Learning, I am aware of the importance of citizenship as an aspect of what is known as personal, social and health education. In the teaching of mathematics we should do our best, without over-egging the pudding—we shall not turn every 14-year-old into a pension expert; otherwise I should ask them to join the Conservatives—to raise concerns about financial literacy and the importance of saving.

Annabelle Ewing (Perth) (SNP): Surely, to enable people to make informed choices, the Government must spell out in greater detail the impact of their massive extension of means-testing. For example, I am sure it is not well known that the already miserly 25p allowance for the over-80s is—astonishingly—subject to means-testing in relation to the pension credit. We need more information about those astonishing and shameful positions adopted by new Labour.

Malcolm Wicks: The hon. Lady just has not got it, has she? Why draw on the history books to talk about 25p? Why not use this opportunity to inform her constituents about the importance of the extra £100 for all Scots in households where someone is over the age of 80? In fairness, the hon. Lady should present a balanced picture. What we are doing on pension credit, winter fuel payments and television licences is of great benefit to hard pressed people in Scotland—and in England and Wales, too.

Barbara Follett (Stevenage) (Lab): What measures is my hon. Friend taking to maximise the financial literacy of carers—especially women carers—to inform them about the benefits of the state second pension?

Malcolm Wicks: For several decades, home responsibilities for young children, for example, have been recognised. We are now making advances for carers. It cannot be right that people who might have to give up work completely to do the job of being a carer—where would we be without the army of carers?—may face as a consequence, not a reward, the possibility of poverty in their own old age. The state second pension,

which will benefit some 20 million people in total, and especially those on low pay, will be of particular benefit to an estimated 2.5 million carers. Carers need more rights. We have done a lot as a Government, but perhaps we need to do more. However, the state second pension is a major development.

Sir Sydney Chapman (Chipping Barnet) (Con): I speak as a person who defines youth as anybody who is younger than a year older than I happen to be, but who recognises that time is racing ever faster. Do the Government intend to give help and advice to those of us who are voluntarily not seeking re-election about informed choices on retirement? If they do, may I suggest that it would be helpful to have confirmation that the next election will be held on Thursday 5 May next year?

Malcolm Wicks: I have been told the date, but I have not brought my diary with me, so I apologise to the hon. Gentleman. I cannot believe that he is even thinking of retiring. I urge him to be age positive, to have an active old age and to take part in voluntary activity—the local Labour party always needs some help.

Vera Baird (Redcar) (Lab): I highly commend the efforts that are currently being made to help people to make informed choices, but does my hon. Friend share any of my concerns about a group of married women who assert that they were unable to make informed choices when they moved on to the small stamp many years ago? They say that their husbands encouraged them to think that they could always rely on their stamp, and that they were encouraged by bosses to think that that was right. The money that they paid out then was wasted, and of course they would need it for their day-to-day outgoings. Does my hon. Friend have some sympathy for, and any proposals to help, women who find themselves in a bad way on pensions because of that lack of information?

Malcolm Wicks: If there is any evidence that people were deliberately misled and did not sign the form, we will examine individual cases. The women who signed up to pay the married woman's stamp, as it was then called, now feel a sense of grievance. However, if we took action on that, I ask my hon. and learned Friend to consider what other married women who also write to me would say. They did not have that money in the purse or the pocket, but they paid the married woman's stamp, so there are difficulties. Many of our policies are designed to address the impact on hard pressed women in old age, which is why the state second pension will be important for a new generation and why pension credit is important now. The credit goes to the older elderly, and two out of three people to whom it goes are women, because of the inequalities that they faced during their working lives.

Incapacity Benefit

13. **Mr. Jim Marshall** (Leicester, South) (Lab): If he will make a statement on helping people on incapacity benefit to get back to work. [160849]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): Tackling jobseeker's allowance unemployment had to be our first priority in 1997, but we have already gone further than any previous Government to give people on incapacity benefits help to move into work. That said, inactivity remains our greatest challenge. As part of our welfare to work strategy, we are piloting pathways to work, a groundbreaking approach that gives people on incapacity benefit access to a comprehensive range of work-focused support, rehabilitation and financial incentives. The scheme is already generating encouraging feedback and will be extended to a further four districts next month.

Mr. Marshall: I thank my hon. Friend for that full response. Does she agree that the positive policies that she has outlined to the House today are in stark contrast to the policies pursued by previous Tory Administrations who, in effect, used incapacity benefit as a means of fiddling the unemployment figures? As a consequence, the number of people claiming incapacity benefit increased threefold between 1979 and 1997.

Maria Eagle: My hon. Friend is exactly right: there was a 300 per cent. increase during the Conservatives' tenure of office—not that I would seek to make party political points on such an occasion.

The number of people coming on to incapacity benefit has fallen by a third since 1997. At the same time, the number of people in jobs has increased by 1.7 million and 700,000 people have left the unemployment register. Any Government would be proud of that record. We are starting to put right the mess that the Conservatives made when they were in office.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley) (Lab/Co-op): I was tempted to speak on the previous question, but like the hon. Member for Chipping Barnet (Sir Sydney Chapman), I would have had to declare an interest. This question is more appropriate, but I have been pre-empted by my hon. Friend the Member for Leicester, South (Mr. Marshall), who made the sort of Tory-bashing attack that I really enjoy, so instead I will have to ask—[HON. MEMBERS: "A question."] Indeed.

Many people in my constituency are on incapacity benefit. They are principally retired miners who have got out of the habit and routine of work. Does my hon. Friend agree that the pathways to work project needs to give them financial incentives and the self-confidence and self-belief that they can do something so that they get back into work? What can she do to achieve that?

Maria Eagle: I always enjoy listening to my right hon. Friend, whether he is asking me a question, bashing Tories or whatever. He is exactly right that one problem of long-term incapacity is a lack of confidence. In that regard, I am very encouraged to hear individual stories of people's experiences, which at this stage are anecdotal because it is too early to evaluate pathways to work. For example, a lady in south Wales who was on incapacity benefit for 25 years has just gone back to work as a result of pathways. Such stories give us hope that there can be a breakthrough and assist those on incapacity benefit, many of whom want to work, to get back into the labour market.

Economic Inactivity

15. **Bob Spink** (Castle Point) (Con): If he will make a statement on the level of economic inactivity in the economy. [160851]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): Since 1997, the general growth in employment for the most disadvantaged groups has been greater than the growth in overall employment. There are now 170,000 fewer inactive lone parents since May 1997, and since that time the number of people moving on to incapacity-related benefits has declined.

We still have more to do. The employment rate for sick and disabled people remains significantly below that of the overall working population. That is our next challenge. Our strategy will continue to focus on the principles that have delivered so much labour market success. We will continue to make work pay and continue to put more inactive people in touch with the labour market through our new pathways to work pilot, which the hon. Gentleman will be pleased to hear will be extended to cover his constituency next month.

Bob Spink: That is all well and good, but the hon. Lady has not addressed the problem of young people. Is she not aware that more than 1 million young people are not working, training or studying? Does that not show that the new deal is failing?

Maria Eagle: I am very much afraid that the hon. Gentleman has disappointed me. I thought he was going to say that he was pleased that youth unemployment in his constituency is down by 68 per cent., that unemployment is down by 70 per cent., that long-term youth unemployment is down by 88 per cent., and that long-term unemployment in general is down by 92 per cent. He must have got out on the wrong side of the bed this morning.

Chris Bryant (Rhondda) (Lab): One cause of economic inactivity throughout the country is the significant increase over the past 10 years of the number people going on to incapacity benefit owing to emotional stress, depression and psychiatric illness. Will the Government put together a specific project to get more of those people into work, many of whom would desperately love to work if they possibly could?

Maria Eagle: My hon. Friend is right. Stress, mental illness and behavioural difficulties form one of the big three main disabling conditions of those who come on to incapacity benefit. In that respect, some of the rehabilitation and condition management programmes that are piloted in pathways to work concentrate on that group of people. It is too soon for me to say whether those intervention programmes will work, but I can say that for the first time in this country we are addressing that problem. We hope to develop programmes that will really tackle that difficulty and enable that group of people, who for far too long have been abandoned to benefits for ever, to get back into work, which is what most of them want to do.

Employment Policies

16. **Ms Karen Buck** (Regent's Park and Kensington, North) (Lab): What assessment he has made of the contribution of his Department's policies towards increasing levels of employment. [160852]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): As a result of both economic stability and our radical reform of labour market policies, 1.7 million more people are in work than in spring 1997—almost exactly the number of jobs that Opposition Members warned would be destroyed if we introduced the national minimum wage, a further increase in the level of which was announced today. Our tax and benefit policies now ensure that work pays. Through Jobcentre Plus, active labour market support has helped individuals move into work, especially through the new deal, which has helped lone parents, the young and long-term unemployed, the disabled and the over-50s move off benefit. That has benefited the economy to the tune of £500 million a year.

Ms Buck: I thank my hon. Friend for that answer. The Government deserve great credit for the success of those policies. However, is he aware that unemployment in London has fallen less than it has across the economy as a whole? Indeed, there are now more unemployed people in London than in Scotland and Wales put together. Despite very strong employment growth, there is still a mismatch in the labour market, so many London unemployed are locked out.

In view of the report of the analytical study of London that the Government are due to consider in the near future, will my hon. Friend assure me that his Department is putting considerable effort into finding ways to ensure that the London unemployed are able to fill London jobs, and that we tackle the two big cost barriers of housing and child care, which are locking them out of such jobs?

Mr. Pond: I can give my hon. Friend that assurance. She has worked hard to ensure that she can help people in her constituency as well as in London as a whole to find the rewarding and quality employment that all of us on the Government Benches want. We do not underestimate the challenges that we face in getting people in London and throughout the country into work, but through measures such as the new deal, work-search pilots, in-work credit, the lone parent job grants—they will come into effect in October—our changes in housing benefit administration to make sure that we get people smoothly off benefit and into work, and the national child care strategy, we are meeting those challenges.

Mr. Peter Luff (Mid-Worcestershire) (Con): In a spirit of constructive opposition, may I say to the Minister that one of his Department's policies that I welcome is the creation of Jobcentre Plus facilities? One of those was promised in Droitwich Spa in my constituency, but is he aware that as a result of a decision by the Department of Health to withdraw funding for the proposed health centre, which was to be part of a one-stop service incorporating such facilities plus police and local council services, the Jobcentre Plus

facilities are threatened? I urge him to make representations to his colleagues in the Department of Health in order to save a very important facility for my constituents.

Mr. Pond: I thank the hon. Gentleman for his constructive approach and his welcome for Jobcentre Plus, which, by bringing together the Employment Service and the benefits service, is providing, especially through the role of personal advisers, a tailored service to help ensure that people know not only about job opportunities and training but about the availability of child care and other support that they might need to get into work. That is contributing greatly to continuing the drive to moving people into employment. I shall certainly be happy to discuss further with him the role of the Department of Health, to get further details, and if appropriate to discuss it with colleagues in the Department of Health.

Pension Credit

18. **Linda Gilroy** (Plymouth, Sutton) (Lab/Co-op): How many people in Plymouth, Sutton are in receipt of pension credit. [160854]

The Minister for Pensions (Malcolm Wicks): I know from my visit to my hon. Friend's constituency that she is an energetic champion of elderly people in Plymouth. At the end of February, 4,245 pensioner households in Plymouth, Sutton, comprising 4,875 individuals, were in receipt of pension credit, with an average award of just over £41. Our take-up campaign is continuing at a local and national level. The Plymouth local service, which will be at the guildhall on 25 March, is playing a major role in that drive.

Linda Gilroy: I thank my hon. Friend for that reply. For years, my constituents have been saying to me that they have saved for their retirement to no effect. It is important that the work and pension service, which is doing such a good job, as he says, should provide such help. Will he encourage it to work in partnership with other agencies, particularly Plymouth city council, which has just launched a "Tell Granny" campaign on council tax benefit take-up? Many more who receive pension credit will now qualify for council tax benefit.

Malcolm Wicks: I thank the city council for its work. The senior citizens forum in Plymouth is also playing a major role by directly contacting its 9,000-strong customer base. That shows the importance of working with partners such as Age Concern and other organisations to drum home the message that pension credit is a success. I should add that, as part of the drive against sexism, we ought to tell Grandad as well.

Orders of the Day

CONSOLIDATED FUND (NO. 2) BILL

Order for Second Reading read.

Question, That the Bill be now read a Second time, *put forthwith, pursuant to Standing Order No. 56 (Consolidated Fund Bills), and agreed to.*

Bill accordingly read a Second time.

Question, That the Bill be now read the Third time, *put forthwith, and agreed to.*

Bill accordingly read the Third time, and passed.

Fire and Rescue Services Bill

As amended in Standing Committee, considered.

New Clause 1

FIRE AND RESCUE NATIONAL FRAMEWORK—SCRUTINY

'(1) The Framework referred to in section 21 as first prepared shall not have effect until an order providing that it shall have effect for the purposes of section 21 has been made by the Secretary of State.

(2) Any revisions to the Framework which the Secretary of State wishes to make shall not have effect until an order providing that they shall have effect as amendments to the Framework has been made by the Secretary of State.'.—*[Mr. Hammond.]*

Brought up, and read the First time.

3.31 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following: new clause 3—*Intervention Code*—

'(1) The Secretary of State shall publish a Code specifying the circumstances and the manner in which:

(a) he may make an order under section 22; or

(b) he may issue a direction under any provision of this Act.

(2) The Code shall include, in particular, details of:

(a) the persons or classes of person the Secretary of State will consult before taking the action referred to in subsection (1);

(b) any other codes of conduct or agreements with any other persons or bodies to which the Secretary of State will have regard when contemplating any action referred to in subsection (1).

(3) Before publishing the Code referred to in subsection (1) the Secretary of State shall consult—

(a) all fire and rescue authorities or persons confirmed by them as representing them; and

(b) all persons or bodies recognised by any fire and rescue authority as representing any group of its employees; and

(c) any other persons he considers appropriate.'.

New clause 11—*Setting of fire, death and arson targets and reporting on performance*—

'(1) The Secretary of State shall for each Fire and Rescue Authority set a target for—

(a) the reduction in the number of accidental fire deaths in the home; and

(b) the reduction in the number of deliberate fires.

(2) The targets referred to in subsection (1) shall be published annually by the Secretary of State for a period of five years forward.

(3) The Secretary of State shall place before parliament at least once in every session a report specifying—

(a) the targets under subsection (1)(a) and (1)(b);

(b) any changes to those targets since the previous report and the reasons for those changes;

(c) measures taken or being taken to achieve the targets set out in subsection (1)(a) and (1)(b); and

(d) the Secretary of State's assessment of progress towards achieving those targets.'.

Amendment No. 20, in clause 21, page 10, line 8, after 'functions', insert

'the decision on which cannot be reasonably devolved to a fire and rescue authority.'.

Amendment No. 17, in page 10 line 9, leave out subsection (b) and insert—

'(b) must set out minimum standards of response to specified categories of incidents from fire and rescue authorities in connection with the discharge of their functions under sections 7, 8, 9.'.

Amendment No. 1, in page 10, line 30, leave out subsection (6).

Mr. Hammond: New clause 1 deals with issues surrounding the fire and rescue national framework—a detailed document, which sets out what amounts to a blueprint for the organisation, operation and management of fire and rescue services across the country. Let me give hon. Members a flavour of the document. It states:

"By 1 April 2004 Fire and Rescue Authorities must establish Regional Management Boards with . . . delegated powers that are appropriate to"

their

"aims and objectives; plans for meeting the requirements in each of the six key areas listed at paragraph 2.9 of this document; and sufficient evidence to demonstrate the capacity—both resources and expertise—to deliver those plans."

In turn, regional management boards must

"introduce regional personnel and human resource functions . . . develop a regional approach to training . . . establish regional control rooms . . . and introduce regional procurement"

strategies. Later, the document states that

"Fire and Rescue Authorities, through the Regional Management Boards, must: ensure the phased transition from existing control rooms"

and ensure compliance

"with national protocols on staff roles and training"—

whatever they are. In short, the framework document tells fire and rescue authorities how to organise the discharge of the functions conferred on them by the Bill. It sets out what they are and are not allowed to do, when and how they are required to devolve their functions upward to higher bodies, and the guidance that they should accept from Secretaries of State. The document even lays down detailed human resources policies and strips several functions from the democratically accountable authorities, transferring them up to the regional management board.

For the purposes of this debate, it is not necessary to argue whether having some sort of framework to deal with such matters is right or wrong. The concern that new clause 1 is designed to address is the democratic

[Mr. Hammond]

deficit—the lack of scrutiny of the framework document, which in many ways is meatier than the Bill itself. The framework is given statutory status by virtue of clause 21, and clauses 22 and 23 create a regime whereby the Secretary of State can intervene and penalise authorities if they do not comply with its requirements. The framework is extraordinarily centralising, and it will come into force without having undergone any proper parliamentary scrutiny. The Secretary of State determines what is in the framework, he issues the framework—after consultation, of course—and he can amend it at any time that he feels it is appropriate to do so.

Without making any comment at this stage about the precise content of the framework, I should explain that the purpose of new clause 1 is to subject the framework to parliamentary approval. Under the Bill as drafted, the Secretary of State has only to lay the finished document before Parliament, whereas new clause 1(1) provides that the initial framework shall have effect only once the Secretary of State has made an order by statutory instrument, giving Parliament an opportunity—albeit an inadequate one—to exercise some measure of scrutiny over what, as I have already suggested, will be by far the most important part of the collection of documents that will determine the way that our fire and rescue services operate in future: a document that will be at least of equal standing to the Bill itself.

Subsection (2) provides for similar arrangements in the case of any amendments to the framework that the Secretary of State may wish to make. Amendment No. 1 is a consequential provision that would remove from clause 21 the current provision for laying the framework before Parliament.

I hope that the Minister will be able to accede to our request for a simple measure of parliamentary scrutiny of what will be an extremely important document. If, as he repeatedly assured us in Committee, the framework will not amount to a micro-management plan for every nominally independent fire and rescue authority, he has nothing to fear from allowing parliamentarians—who represent the populations of communities throughout the country—an opportunity to consider the framework in its final form after he has completed his consultation, and to approve it so that it is incorporated in statute via the provisions of clause 21.

New clause 3 addresses a slightly different issue. It is designed to qualify the Secretary of State's power to intervene in the operation of a fire and rescue authority under the powers granted to him in clause 22. Under that clause, the Secretary of State may direct a fire and rescue authority precisely how to act or not to act if he believes that it is failing or likely to fail—not failing or likely fail to discharge its statutory functions but failing or likely to fail to comply with the national fire and rescue framework.

These are intervention powers that are over and above the sanctions under the best-value regime enshrined in the Local Government Act 1999, which also apply to fire and rescue authorities by virtue of clause 23. As drafted, these are wide-ranging powers of intervention. In our view, the ability to intervene gives the Secretary of State far too much power vis-à-vis what are supposed to be local community-based services that are delivering a service that is accountable to the local community.

New clause 3 simply requires the Secretary of State to provide some codification of the circumstances and the manner in which he will make orders under clause 22, and the circumstances and the manner in which he will issue directions under any of the many provisions allowing him to do so in a Bill that places huge powers in his hands.

Subsection (2) requires the Secretary of State to specify who he will consult. It does not require him to provide an exhaustive list of individuals or organisations. In Committee, the Minister made clear his objection to the listing approach. The subsection requires the Secretary of State instead to define the classes of persons, and critically to specify any other codes or agreements to which he will have regard before intervening.

It is no secret—I am sure the Minister will readily have divined the intention—that I have in mind the Local Government Association's code on intervention. It is a code that was agreed between the LGA and the Office of the Deputy Prime Minister, defining how the Secretary of State will use his intervention powers after a comprehensive performance assessment where an authority is deemed to be failing. The code includes extensive provisions on support for failing organisations, notice to be given and opportunities for authorities to rectify their deficiencies. Generally, it governs the Secretary of State's approach and ensures that intervention follows a clear scheme that everybody understands and is not arbitrary in any way. I should be grateful for assurance that the regime, which will apply to interventions under clause 23, which deals with best value, will also apply to interventions under clause 22. A loophole will otherwise be created, as the Secretary of State will invariably have the opportunity to intervene under either clause, and it is not appropriate that one intervention route is bound by the provisions of the LGA code and the other is not.

Finally, new clause 3(3) specifies the authorities and recognised organisations representing employees who must be consulted on the code before it is issued by the Secretary of State.

The new clause proposes a modest limitation on a wide power of intervention, and seeks to ensure that it is used as expected by fire and rescue authorities, is not arbitrary and does not become an alternative or loophole for avoiding established intervention procedures. If the Minister can confirm that the LGA code will be applied to any intervention under the provisions of the Bill, we will not seek to press new clause 3 further—*[Interruption.]* He is saying from a sedentary position that he has already done so, but that had not penetrated my consciousness. He will be glad of an opportunity to put that on record on the Floor of the House so that all local government bodies are aware of it.

New clause 11 requires that, as part of the framework arrangements, the Secretary of State set out annually, on a five-year forward basis, targets for a reduction in the number of accidental fire deaths in the home and of incidents of arson. It requires him to report to Parliament annually on progress in achieving those

targets, which is not a terribly onerous burden. After all, the Government have said that reducing accidental fire deaths is the raison d'être of modernisation, so surely they will not object to putting that objective at the centre of the framework structure with clear targets that are updated regularly, thus enabling them to measure the progress of the reforms. The problem is that the Government have reduced the targets. Until last summer the target for the reduction of accidental fire deaths in the home was a cut in the average for 1994 to 1999 of 20 per cent. by March 2004. Gosh, March 2004 is now! The reduction should have been achieved already, but last summer, the Government put the date for the achievement of that important target back by six years, to March 2010. While they have been telling us that modernisation will save lives, and while fire authorities, required to reconfigure their deployments under integrated risk management plans, have closed fire stations, changed manning and crewing arrangements or, as in the case of my own constituency, removed fire appliances from fire stations, and have been busy with their integrated risk management plans, the Government have demonstrated a lack of confidence in the saving lives agenda by reducing the targets for accidental fire deaths in the home.

3.45 pm

I should like to quote from the report of the Select Committee on the Office of the Deputy Prime Minister published in January. With regard to downgrading, it states:

"we are disappointed that the Government has relaxed its target to cut down the number of deliberate fires and extended the time available to meet the targets on accidental fire-related deaths. We are concerned that Government did not consult sufficiently with relevant parties before relaxing targets."

It is hardly surprising that the public are increasingly sceptical about the integrated risk management plan cuts that are beginning to filter through locally—they are certainly beginning to do so in my area—when the Government are simultaneously downgrading the very target whose fulfilment is the justification for much of the modernisation programme. The foreword to the framework document, which is signed by the Minister for Local and Regional Government, talks of

"a better service that saves more lives".

Whether the service saves more lives depends on the base line, however, and the Government have simply moved the goalposts—*[Interruption.]* The Government have moved the goalposts over the past 12 months by downgrading the target for reducing accidental fire deaths in the home.

The Minister for Local and Regional Government (Mr. Nick Raynsford): I thank the hon. Gentleman for giving way, but he has misled the House in suggesting that a change in the actual targets—

Mr. Speaker: Order. The Minister should perhaps rephrase his remarks. I do not think that the hon. Member for Runnymede and Weybridge (Mr. Hammond) would mislead the House.

Mr. Raynsford: I am grateful, Mr. Speaker. I wanted to point out to the hon. Gentleman that we are committed to reducing fire deaths. The fact that there may be a change in the target does not in any way change the commitment to a reduction in the number of deaths, and neither does it indicate that there will be no change or reduction. A change has been made in the light of circumstances which, as he knows only too well, could not have been foreseen when the target was set. That is the result of the collapse in the scrap metal price, which we debated at length. He knows perfectly well that that is the case. Will he accept that, if a target becomes ineffective because of outside circumstances, sticking to it rather than realistically trying to ensure an appropriate response in the changed circumstances is folly? I hope that he will accept that we are doing the most sensible thing.

Mr. Hammond: The Minister referred to the reduced target for deliberate fires or arson, but he has ignored the reduced target for accidental fire deaths in the home. If he would like to explain to the House what unforeseen circumstances have made that target impossible to achieve, I would be very happy to give way to him again. The only suggestion that I have heard from him is that an increasingly elderly population has made it difficult to achieve the targets. I hardly think that that circumstance was impossible to foresee at the time when the targets were set.

I will accept what he says about the arson targets and scrap metal, although I shall have something else to say about them in a moment, but in relation to accidental fire deaths in the home, the Government have reduced the target. *[Interruption.]* In my book, it is a reduction in the target; other hon. Members will draw their own conclusions. The target of achieving a 20 per cent. reduction from a given base line by March 2004 has been pushed out to a target of achieving the same reduction from the same base line by March 2010. To my very simple mind, that is a reduction in the target—

Mr. Raynsford: It is an extension.

Mr. Hammond: I shall leave other hon. Members and members of the public to reach their own conclusions.

On the reduction in arson targets, as the Minister rightly says, the number of vehicles being subjected to deliberately set fires has increased dramatically, partly as a result of a collapse of the scrap metal market and the cost now involved in disposing of vehicles. What are the Government proposing to do about that, apart from downgrading the targets? They are proposing a methodology for the implementation of the EU end-of-life vehicle directive that will by general consent make the problem worse by creating an additional disincentive to the owners of old vehicles to take them to authorised dismantlers.

The Minister of State clearly disagrees, but I had lengthy debates on this in a previous incarnation with a then Industry Minister, and I would be fascinated to

[Mr. Hammond]

hear how the current proposals for implementing the directive will not lead to an increase in the number of abandoned vehicles deliberately set on fire.

Mr. Raynsford: Perhaps the hon. Gentleman will explain how free disposal of end-of-life vehicles from 2007 will not have the effect that he wishes. We think it will.

Mr. Hammond: The right hon. Gentleman misrepresents what the Government are proposing. There will be a gap during which people with existing vehicles will be required to take them to an authorised dismantler, who at current scrap metal prices is likely to charge a fee.

The Government's performance on targets has been rather shabby. The dropping of the fire deaths target undermines the high moral stance that Ministers have sought to attach to the modernisation programme, and reinforces an already sceptical public in the suspicion that modernisation is a cover for some old-fashioned cuts. Frankly, that suggests to us that the setting, monitoring and performance in achievement of the targets must be watched closely. That is why new clause 11 would force the Government regularly to publish, update and explain any changes to the targets, and to give Parliament an assessment of progress in achieving them. That would allow us to measure the real impact of modernisation on these important public safety objectives.

Amendment No. 20 would limit the guidance that the Secretary of State can give in the framework—guidance allowing the Secretary of State to intervene under clause 22 if there is a failure to act in accordance with it—to areas in which decisions could not reasonably be left to fire and rescue authorities. We concur with the sentiments behind that amendment. We see a real danger that the Government's instinct to try to micro-manage from the centre will find expression through the national framework. That is one of our two principal concerns about the shape of the Bill as it stands.

Through amendment No. 17, the hon. Member for Hayes and Harlington (John McDonnell) seeks to include a requirement for a specified minimum standard of response to specified categories of incident. I will be interested to hear what he intends, because it seems to us that the amendment would undermine the local discretion that the integrated risk management plan process is intended to introduce for local authorities. I will also be interested to hear what the Minister has to say on that, on the new clauses, and in particular on the Government's reduced targets.

John McDonnell (Hayes and Harlington) (Lab): I want to speak about amendment No. 17, which I tabled specifically to allow the Minister to elaborate on some of the questions that have just been posed and thus overcome some of the arguments that have been advanced in previous debates to the effect that the exercise is simply about cuts to service. It is important to clarify exactly how the new system of integrated risk management proposals will be implemented.

We should celebrate the work that has already been done. In March, we celebrated another 5 per cent. reduction in fatalities in the past year. We should congratulate the service on that. I tabled the amendment because of the dilemma that runs not only through our debates but through the Select Committee report—a dilemma in relation to the need to ensure some consistency in standards throughout the country. The amendment gives the Minister an opportunity to negate the contention that the new system may introduce flexibility to the extent of creating a postcode lottery in local fire services' response to specific incidents.

In moving away from the traditional national minimum standards system, we need clarity about local discretion. Of course, everyone—including the fire authorities and the Fire Brigades Union—has argued that we need to tailor the modern service response to specific needs. However, there are anxieties. We need to put on record again the fact that we are not considering an overall reduction in investment in the service or a cuts exercise for any individual fire authority. We are considering a long-term, consistent pattern of investment that will improve service provision and the resources on which individual firefighters and authorities can draw.

Mr. Hammond: Does the hon. Gentleman recall that, during the industrial dispute in 2002 and early 2003, the Prime Minister and the Deputy Prime Minister both said that the firefighters' pay settlement over and above inflation had to be self-financing out of the savings from modernisation? Does that not suggest that it will be difficult to achieve the objective that he has outlined?

John McDonnell: I do recall that, but I also remember the subsequent debate in which the Government identified a sum of money for transitional investment in the fire service to cover the interim period when the savings could be identified. I am confident that, if the new system is implemented properly, we can overcome the allegations that it is a cuts exercise. I seek clear reassurance, on the record, from the Minister that we are considering increasing not reducing investment.

How far will the integrated risk management plans go to establish a consistent approach throughout the country? If we are moving from minimum standards, how can we achieve consistency of approach? I would welcome the Minister's elaborating on that today so that the Government's intentions can be put on record. I would welcome in particular an outline of what happens if inconsistencies break out in individual fire authorities. What powers of intervention would the Minister have if he believed that a specific fire authority's inconsistent approach would increase risk?

I am anxious about some of the statements that have been made about local approaches, especially responses to automatic fire alarms. How will individual fire authorities identify the level of risk and therefore the appropriate response? Some fire authorities have made statements that have not helped the argument for the need for a flexible approach. For example, the firemaster, as he is called, for Lothian and the borders said:

> "Where we get a call from an automatic detector which isn't confirmed by someone as being a fire, we intend to send out one fire engine instead of the two to four we send at the moment."

There has been some suggestion that authorities will invite the general public to investigate whether a fire is associated with an automatic fire alarm. Clearly, that is

unacceptable. We need clearer national guidance to ensure that such an inconsistent approach does not break out. It is estimated that there are 1,500 calls through automatic fire alarms when, although it is not confirmed, there is a fire. Clearer guidance on minimum standards would help.

4 pm

How will the integrated risk management ensure consistency? How will the Minister's national guidance and national framework ensure that we do not take a step backwards leading to increased risk or a need for more investment in local provision? What powers of intervention will he have if an inconsistent approach is shown to be putting lives at risk and reducing resources?

I should like to hear from the Minister yet again that this is not a cutting exercise, and that it involves investment and flexibility. I should also like to hear about any consultation on initiatives to measure the need for response. Will it be possible for some to be piloted, so that fire authorities can learn from others what response is most appropriate, what lessons can be learned from a change from existing minimum standards to a more flexible approach, and how mistakes can be identified and rectified. I want to hear the Minister's comments on the overall approach, so that we can reassure individual firefighters in our communities that the Bill will result in a general improvement rather than a reduction in services.

Richard Younger-Ross (Teignbridge) (LD): Two themes ran through the Committee stage—lack of scrutiny and centralisation of power. Our amendments and those of the Conservatives tried to deal with both. I compliment the hon. Member for Runnymede and Weybridge (Mr. Hammond), who clearly worked hard on the amendments tabled in Committee and on those we shall discuss today. We support in principle his new clauses in this group, and some that we shall deal with later—although, as he would probably expect, I shall ask him a couple of questions about one of them.

A national framework always has potential for good and potential for bad, or for unintended consequences. The same applies to powers taken by the Secretary of State, and we want to ensure that these powers are used only to improve fire services and to increase local accountability and democracy. In Committee, the Minister would smile angelically and tell us that, of course, he had no intention of misusing the powers; they were there "just in case". If that is true, I do not think he should have too much difficulty in accepting some of the Conservative amendments, or accepting the principles enshrined in our amendments to clause 20.

New clause 1 confers a level of scrutiny that, in our view, is missing from the Bill. It demands a statutory instrument enabling consideration of various clauses and, in particular, amendments to the framework. I disagreed slightly with the hon. Member for Runnymede and Weybridge when he said that a statutory instrument was the weakest of options, although I know that they are not the best way of testing the Government. I do not know whether he was implying that all these matters should be dealt with on the Floor of the House; certainly, debating all the regulations here would take up rather a lot of time. With that proviso, however, I am happy to support what he said about new clause 1.

In a sense, new clause 3 tackles the same issue that we are tackling through amendment No. 20: constraining the Secretary of State's powers by establishing codes. My only concern, which the hon. Member for Runnymede and Weybridge probably shares, is that although we might be able to scrutinise those codes, the Minister will ultimately be able to set them as he wishes. An element of trust is involved, and I would like to go a little further, so I was pleased to hear that the hon. Gentleman supports our amendment.

I turn to new clause 11. Targets are like shifting sands: they are there one minute, and then they are not. The Minister seemed to protest a little too much about the extension of a target date. If one expects a target to end on a set date, it ought to be possible to review it to see whether a tougher one can be fixed, or whether one has gone as far as possible. Extending the target date by several years clearly stops the review process, thereby reducing one's ability to set a lower target.

Mr. Hammond: The original target defined a maximum number of fire deaths in the coming year—beginning in March 2004—that would meet the target. But because of the change, a higher number of fire deaths will still meet the target, as that figure does not have to be achieved until 2010. Is that not the problem?

Richard Younger-Ross: The hon. Gentleman makes an extremely valid point, and I need not comment further.

The targets set by the hon. Member for Runnymede and Weybridge are somewhat broad, and we should remember that targets do get adjusted. I have been informed that the target for death by fire has been tweaked slightly to remove death resulting from arson; perhaps the Minister can confirm whether that is so. The removal of arson attacks would automatically lead to a reduction in fire deaths, because the target would have been shifted slightly. Such information will doubtless be winging its way to the Minister very shortly.

Mr. Hammond: Is not the point the use of the word "accidental"? We are talking about a target for accidental fire deaths in the home, so it does not include deaths by deliberately set fires. However, to be fair it never has.

Richard Younger-Ross: My understanding was different, but I am happy to be corrected. Targets have been adjusted slightly in other cases. My concern is that we could become too wrapped up in targets, although having a certain number is a good thing. I hope that the hon. Gentleman will explain why he chose these targets in preference to other, slightly more prescriptive ones.

Amendment No. 20 is in my name and that of my hon. Friend the Member for Southport (Dr. Pugh). In our view, decisions should be taken at a local level where that can reasonably be done. We must have trust in fire and rescue authorities that have been democratically elected; otherwise, we will undermine them, and the fact of their election will become pointless. As a result, they will become managers rather than decision makers. We

[Richard Younger-Ross]

welcome the national framework in principle, but certain decisions must be taken locally. The Minister could achieve that in a number of ways, but I hope that he accepts the broad principle that the elected members of fire and rescue authorities should have decision-making powers, rather than simply managerial ones, and that he will ensure that that happens.

Mr. David Drew (Stroud) (Lab/Co-op): I shall be brief because I took part in the Committee stage, which gave us plenty of opportunities to discuss how integrated risk management plans would function. I have just a couple of points, which relate to how Gloucestershire fire authority envisages its way forward and, more particularly, how local firefighters, through the Fire Brigades Union, are seeking to move the debate forward.

One issue is how IRMPs will fit with other aspects of evolving county and wider arrangements. In particular, we have the community safety plan in Gloucestershire, which is quite an extensive attempt by the county council to draw together different services working in the emergency field. I should be interested to know how my right hon. Friend the Minister envisages the plans working, at least in the short term. The view seems to be that where there have been pathfinder projects, services are further forward than in some other areas, such as Gloucestershire, where there has not been such an opportunity. I should be interested to hear what my right hon. Friend has to say on that. How do we move those brigades forward?

Mr. Hammond: The hon. Gentleman says that Gloucestershire has not had the opportunity of pathfinder projects, but it has pioneered the use of tri-service control facilities. How does he understand their fitting into the Government's stated agenda of reducing the number of control rooms throughout England to only nine?

Mr. Drew: We rehearsed that point in Committee, if somewhat vaguely, and I am sure that we shall come to it in the next-but-one group of amendments. We in the county of Gloucestershire have some misgivings because a fine service has evolved there, and it is good to see the three emergency services working together. It is fair to say that we are talking to our right hon. and hon. Friends on the Front Bench about the opportunities for what that tri-service may become, but we will no doubt refer to that under the appropriate group of amendments.

To return to the immediate group, I should be interested to hear from the Minister how areas where there have not been the same opportunities for trialling and testing the new procedures can catch up, and how those procedures will fit with other proposals that have emerged through county councils and other parts of the emergency services. How will those sit together with the new set of IRMPs? Much of that is outwith the Bill's scope, because practical, detailed considerations are involved. However, the Government need to show good faith and that there is not a cuts package behind the proposals, and they need to demonstrate how they will modernise services, using the best forms of consultation to ensure that all elements are involved.

Mr. Adrian Flook (Taunton) (Con): I take issue with the hon. Member for Stroud (Mr. Drew), who said that he had much time in Committee to make contributions on this matter. When we came to discuss clause 21, my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) said:

"we need to make rapid progress to consider the next four clauses before the knife falls at 6 o'clock".—[*Official Report, Standing Committee G*, 24 February 2004; c. 231.]

As that was at 5 o'clock, we did not have quite the necessary time to discuss the issues involved, particularly those relating to new clauses 1 and 3. The House may appreciate the brevity of the remarks made by the hon. Member for Stroud, but they could have been longer, because the Committee felt at that point that we were not scrutinising the matter closely enough.

Mr. Raynsford: Nonsense.

Mr. Flook: The Minister may call that nonsense, but I have here the comment made in Committee on 24 February, clear as the light of day.

Mr. Raynsford: Does the hon. Gentleman recall the comments of his Front-Bench colleague at the end of the Committee about the adequacy of time for full consideration of the Bill?

4.15 pm

Mr. Flook: I might well be able to, if I had those comments in front of me. None the less, the point about scrutiny is as plain as the light of day at column 231.

Three fears are particularly relevant to new clause 1. The first is that the national framework is too rigid and will undermine localness. Secondly, there is a fear of gold-plating. The hon. Member for Teignbridge (Richard Younger-Ross) said that the Minister had described this as a just-in-case set-up. I can see exactly what will happen in the Office of the Deputy Prime Minister. It will take on board more and more responsibilities, and the document will become a gold-plated version that undermines localness. Thirdly, the entire emphasis of the national framework involves the ultimate aim of cutting costs. The Government have not been particularly open about that in the framework document, and it will be interesting to know how many respondents to the consultation process, which I believe has now finished, referred to the Government's aim of cutting costs.

The Government have said that they see the framework document as a strategic one. The Minister hides behind the fact that the Bain report called for it. I am sure that it did—it called for a lot—but I am not sure that the Government have responded to everything in that report with provisions in the Bill. The framework sets out in minute detail how fire authorities must act in a huge number of respects, including human resources, training, control rooms and procurement. It goes so far as to talk about the swapping of personnel between various authorities and even between different branches of the emergency services. It talks at some length about

effectively discharging those responsibilities at regional level. In fact, the word "regional" occurs throughout the document. The Government are looking closely at making regional management boards omnipotent over a large number of fire authorities. That might easily undermine the basis for the working of, for example, Somerset fire authority. That might be the Government's aim.

There is definitely an irony here. The Minister has been keen at every twist and turn, both in the framework document and in Committee, to talk about local accountability, and I am sure that he is going to wax lyrical about it now. The irony is that Somerset county council will no doubt be able to see a nudge and a wink when they are offered. When human resources, training, control rooms and procurement are subsumed into a regional body, a cash-strapped Somerset county council will no doubt welcome the chance of a capital receipt and the chance to release the beautiful Hestercombe house on to the open market. The control room may well end up somewhere else in the south-west, whereas, if these changes were to happen in the fullness of time, it might move to the centre of Taunton, which would make far more sense for any tie-up with, say, Devon, Dorset or Cornwall.

The basis for all those changes is this large framework document, which is 49 pages long; the Bill is only 26 pages. The framework needs to be subject to much more regular scrutiny, and that is why new clause 1 is so important. I hope that Conservative Members will call for a Division on it. At the very least, we need scrutiny, and there are effective ways of carrying that out without clogging up the machinery of government. Parliamentary scrutiny is necessary. It is impossible to deliver what we need in local terms from the framework as it has been drafted.

Mr. Raynsford: New clause 1 seeks to introduce a requirement for a statutory instrument before the national framework can take effect. This requirement, unlike that in the amendment tabled by the hon. Member for Runnymede and Weybridge (Mr. Hammond) in Committee, would not alter the status of the framework as guidance. I suspect that the change in the amendment reflects the point that we made in Committee that wording the framework as a statutory instrument would probably not help comprehension and implementation by those engaged in the fire service.

Our intention with the national framework is to provide a comprehensive document that will act as a "manual" for fire and rescue authorities. That is reflected by its status as guidance to which authorities must "have regard". By its nature, a national framework should provide strategic leadership—hence the inclusion of subsection (2)(a) in clause 21, stating that the fire and rescue national framework

"must set out clear service priorities and objectives for fire and rescue authorities".

That provision is very much in accordance with the thinking not only of the Bain report, but of the Select Committee, whose first recommendation is worth repeating. Its report was very good, and I am very happy to cite its first recommendation, which says:

"The Committee broadly welcomes the reforms outlined in the White Paper and is hopeful that the Fire and Rescue Services Bill will bring about real reform in the Service. The Service needs strong political leadership to ensure successful implementation and management of change during a potentially very turbulent period. Government must lead by example, and must provide support at local level to ensure implementation of reform, even in the face of confrontation."

That is exactly what we are doing and the framework has been produced within that remit.

Providing strategic direction is not the only purpose of the fire and rescue framework. To be effective as a manual, the framework should include guidance on all aspects of Government fire and rescue policy and reference to good practice as it develops. There is an enormous amount of good practice in the fire and rescue service; the problem is often that it is not universal. We believe that the good practice of individual fire authorities, if adopted by others, could make a real difference. Spreading good practice is fundamental.

The framework should also help to deal with the capacity support measures that the Government will provide to fire and rescue authorities, making it clear what help is available—an important matter mentioned by my hon. Friend the Member for Stroud (Mr. Drew), to which I shall return. It will also help to deal with the independent performance assessment measures that the Audit Commission is implementing. I shall also say more about that later.

The hon. Member for Runnymede and Weybridge accused us of producing a centralising document, but I have to say that it is not. We have repealed—or are in the process of repealing—a highly centralised statutory framework dating back to the Fire Services Act 1947, which prescribed in considerable detail exactly what was required in every part of the country. In its place, we are giving greater discretion and responsibility to fire and rescue authorities to develop their own integrated risk management plans, reflecting local needs and priorities. However, as my hon. Friend the Member for Hayes and Harlington (John McDonnell) rightly explained, there must be an overarching national framework to ensure that there is both coherence and consistency and that standards are not allowed to fall below acceptable levels. That is precisely the purpose of the framework.

My hon. Friend was concerned about whether there might be a fall away from decent standards as a result of changing the 1947 Act framework, and I hope to reassure him on that point. We are absolutely committed to reducing deaths, to improving the effectiveness of the fire and rescue service and to ensuring more effective prevention of fire, which is the key to reducing the number of deaths. All our measures are designed to achieve that purpose.

There is no question of a cuts package: no cuts whatever are envisaged. We are continuing to provide real grant increases to fire and rescue authorities, and we are investing heavily in new equipment for the fire and rescue service—and we are committed to carrying on doing so. That is in marked contrast to Conservative Members, who choose to criticise us opportunistically but who, significantly, did not include the fire and rescue service among those that would be exempt from the shadow Chancellor's pledge for no further growth. When we hear Conservative Members criticise us, we should remember that the Conservative party is committed to cuts in the fire service that will jeopardise the ability of fire and rescue authorities to implement the modernisation programme that we are introducing. Of

[Mr. Raynsford]

course, it would be a risk only if—heaven help us—the Conservatives were elected again. I repeat my reassurance to my hon. Friend.

We have been closely monitoring and supporting the development and implementation of IRMPs through the provision of guidance and risk assessment, with support teams working directly with fire and rescue authorities, and through our role as a consultee. The Bill re-enacts the existing statutory duty for a fire and rescue authority to plan and provide arrangements for fighting fires and protecting life and property from fires within its area. Authorities will be required to secure sufficient equipment and training to discharge their duty in normal circumstances and implement effective arrangements for receiving and responding to calls for help.

The published guidance on IRMPs makes it clear that fire and rescue authorities should set their own locally determined standards, which should be expressed in easily understood terms, to measure performance on intervention and prevention. The framework will be closely monitored and will allow us to see whether we are making the progress that we are committed to making, and, if we are not, it will allow intervention to tackle any failures.

Mr. Hugo Swire (East Devon) (Con): On prevention, will the Minister return to the points that we discussed earlier about the targets being moved? It is difficult for the layman to comprehend why the targets are being reduced. The target of achieving a 20 per cent. reduction in accidental fire deaths in homes by March 2004 has been pushed back to 2010, and the target of reducing deliberately started fires by 30 per cent. by 2009 has been cut to 10 per cent. Those reductions occur at a time when a country such as New Zealand has managed to halve such deaths in four years, so it must be possible to meet the targets. If the Bill is about prevention, why have the targets been moved?

Mr. Raynsford: If the hon. Gentleman had been following proceedings, he would know that we are discussing new clause 1 and that targets are covered by a different new clause, which I shall deal with in due course. I was responding to issues raised properly in the context of new clause 1 and intend to continue to do so.

I reassure my hon. Friend the Member for Hayes and Harlington that a working group set up by the practitioners forum is examining the issue of automatic fire alarms, which raises important considerations. We know that automated fire alarms produce a substantial number of malfunctions and that if appliances are called out to deal with a malfunctioning AFA when a real fire occurs, it could prejudice the response of the fire service to the other incident. It is therefore important to implement robust procedures to ensure that those incidents that cause genuine concern are responded to in the normal way, and that fire and rescue authority resources are not indiscriminately allocated where there is actually no risk. Finding the means to do that without creating greater risk is difficult, but it is a proper challenge that a number of fire authorities have already begun to address, and I hope that we can make considerable progress through the practitioners forum working group.

My hon. Friend the Member for Stroud raised a number of issues about how the community safety plan, which draws together different services, links with IRMPs. I reassure him that IRMPs allow fire and rescue authorities to provide extra resources for prevention work, which may be undertaken by them or in partnership with other bodies. There are many examples of good practice in partnership work, which may involve engaging with teachers and others who are in a position to assist with effective fire prevention activity in particular sections of the community. We want to see continuing work of that nature and will give further guidance through the support team that I have alluded to, which is in place to help authorities establish the new arrangements introduced by IRMPs.

The fire and rescue national framework will play a significant role in driving forward the modernisation agenda, which is required to ensure that we have an effective fire and rescue service that saves more lives, and it is imperative that there are no unnecessary obstacles to delivering that agenda. The requirement for a statutory instrument to be agreed by this House before the national framework or amendments to the national framework can take effect could mean unnecessary delay and uncertainty.

Before the Bill has received its Third Reading in this House, let alone consideration by another place or Royal Assent, we are already well advanced with the first draft of the national framework, which has been out for consultation, and we hope to publish the first definitive version this spring. Thereafter, we will update the framework and, in order to help authorities with their planning processes, we intend to publish the framework in time for the start of their budget setting and business planning rounds each year. Unnecessary delay and uncertainty before the framework takes effect would be entirely unhelpful.

Furthermore, any guidance that updated policy would be issued as a revision to the framework, so that authorities and the Audit Commission were clear about our expectations. For example, we will provide guidance to ensure that medical criteria for firefighter appointment and retention are compliant with the Disability Discrimination Act 1995. Under new clause 1, all such guidance would require a statutory instrument before having effect. The delay and uncertainty that would result from the requirement for a statutory instrument for each new piece of guidance would again be to the detriment of the smooth and efficient running of the service.

4.30 pm

We do not accept new clause 1, but we accept that Parliament has an important role in scrutinising decisions relating to fire and rescue policy. The Government will continue to be accountable to Parliament in the normal way. Clause 21(6) requires that we lay the plan, and any significant revisions to it, before Parliament and we have ensured in the legislation that, if the Secretary of State proposes to enforce a measure in the framework by exercising the intervention powers in clause 22, the order-making process will be subject to parliamentary scrutiny. There is already a good example of how that would work in the national plan for the police. The Police Reform Act 2002 requires the Secretary of State to prepare a national policing

plan, but there is no requirement for a statutory instrument before the plan takes effect. The Secretary of State must lay the plan before Parliament in the same way that would be required for the framework.

I can reassure the hon. Member for Runnymede and Weybridge that we have included in the legislation a requirement to consult in preparing the framework, or significant revisions to it. We have consulted widely, and we will continue to do so on future revisions. Members of both Houses have had the opportunity to comment during that process. Amendment No. 1 is consequential to new clause 1 and seeks to remove the requirement to lay the framework before Parliament. However, it is absolutely appropriate that Parliament is kept informed of the contents of the framework.

Amendment No. 20 seeks to limit the priorities and objectives for fire and rescue authorities that the Secretary of State would be able to set out in the national framework to those that authorities could not "reasonably decide" for themselves. As I have already stressed, the Government have devolved much more responsibility to fire and rescue authorities. We have repealed section 19 of the 1947 Act, which required that any reduction in the number of fire appliances or firefighting posts, or the closure of any fire station, required the Secretary of State's consent.

We have also replaced the outdated national standards of fire cover with local integrated risk management planning, thereby allowing more local discretion for fire and rescue authorities to deploy their resources in line with their assessment of present local needs and risks. However, we must get the balance right. The independent review of the fire service said:

"successive Governments have not provided the leadership required".

It also said:

"it is for central government to set the Fire Service's strategic priorities and to provide a clear lead on policy development".

The national framework will play a crucial role in providing that leadership and driving reform and improvement in the service. That includes setting priorities and objectives where appropriate, but we will not use the national framework unnecessarily to interfere with local decisions. That would run counter to our overall programme of reform, not least to the principle of local risk management.

We see the national framework as a contract, embodying our partnership approach to reforming the service. It was first issued as a draft for consultation with plenty of time for people to comment before it became a statutory document. Clause 21(5) sets out a requirement for a full consultation process. However, the amendment would create unnecessary uncertainty about what can and cannot be "reasonably devolved" to a fire and rescue authority. That is obviously a subjective issue. The amendment would therefore inevitably lead to ambiguity and could in theory lead to expensive and time-consuming legal challenge. That is the last thing we need at a time when we are embarking on a major reform programme to deliver a better service that saves more lives.

On new clause 3, I have previously referred to the existing protocol covering the use of existing intervention powers across all local authority services that has already been agreed with local government stakeholders and published. The protocol was developed through the framework for partnership, signed in November 1997 by my right hon. Friend the Deputy Prime Minister on behalf of the Government and by the chairman of the Local Government Association on behalf of local authorities. It has worked well and directions have had to be issued to local authorities on only two occasions.

The protocol provides for a sufficient evidence base before any action is taken and for the form and extent of intervention to reflect the type and seriousness of failure and the need for effective improvement. It provides that, other than in cases of urgency, there should be a process of agreement with the authority on how it will address any service failure in the first instance. It provides for the use of intervention powers only if that process fails to deliver the required improvement. It also provides for consultation with the authority concerned on any proposed directions.

In exercising the powers that we seek under clause 22 and elsewhere, we are committed, as I have already made clear, to following the principles set out in the protocol, which already covers the existing powers to intervene in fire and rescue authorities contained in the Local Government Act 1999. I do not believe that it would be sensible to produce a separate protocol for the powers in the Bill; the hon. Member for Runnymede and Weybridge has implied as much and, in the light of my reassurances, I am sure that he will want to withdraw the proposed new clause.

Amendment No. 17, proposed by my hon. Friend the Member for Hayes and Harlington, would require the national framework to set out minimum standards of response to incidents for fire and rescue authorities. I remind him that the independent review of the fire service stated:

"there is a compelling case to move to a risk-based approach and to do so now . . . it should be for fire authorities to identify the risks and the best means of handling them".

Following the recommendations of the independent review, we acknowledged in our White Paper last summer that national standards of fire cover that set out the speed and weight of response to incidents are no longer appropriate and that they would be replaced by integrated risk management plans, produced by each fire and rescue authority. Each IRMP should set out the authority's own standards for both prevention and intervention purposes, based on its assessment of risk to life in the local community. All fire and rescue authorities in England and Wales have published their draft plans, are consulting their communities and work forces on their proposals and will formally adopt their IRMPs from 1 April 2004.

To require the inclusion of minimum standards of response in the framework would limit the flexibility that we intend to devolve to a local level to ensure that emergency cover and response is determined locally and provided on a risk to life, not a risk to property, basis. The inclusion of minimum standards could skew authorities' decisions on the allocation of resources.

Let me provide a few statistics from the old national fire cover standards. Between 1997 and 2001, there were 2,600 fatalities and 76,300 injuries as a result of fires in England and Wales. Throughout that period, there were recommended minimum attendance standards.

[Mr. Raynsford]

Specified attendance time to industrial and commercial—A and B risk locations—was between five and eight minutes, but a breakdown of the figures shows that 80 per cent. of fatalities occurred in C and D risk locations where attendance times were between eight and 20 minutes. That makes the point that if we base the whole approach on risk to life, it is important to move away from the old property-based standards, so that the approach reflects more effectively the risk to life.

I reassure my hon. Friend the Member for Hayes and Harlington that there is no scope for local fire authorities simply to abandon the principle of action designed to save lives, but if we stuck with the old arrangements, there would equally be no scope for local fire and rescue authorities to vary the standards in the light of local circumstances to ensure a quicker and more effective response where people's lives were at risk. I am thinking particularly of night-time fires in houses containing families in residential areas where, under the old standards, the response requirement would have been slower than that for empty commercial property in a city centre. Such an arrangement cannot be right. The focus must be on threat to life and I hope that the IRMPs will allow a more sensitive implementation of what we are all committed to: measures to safeguard lives.

New clause 11 would require the Secretary of State to set targets for each fire and rescue authority in relation to the reduction of accidental fire deaths in the home and of deliberate fires, and to report to Parliament on progress in each Session. I am intrigued that the Opposition have moved that provision, as during most of our debates, not only on this Bill but on the Local Government Act 2003, they constantly attacked the Government for what they described as the unnecessary proliferation of centrally set performance targets. However, when it suits them politically, they are only too happy to try to impose targets.

We remain absolutely committed to new national targets, which were announced in the fire White Paper, for the reduction of accidental fire deaths in the home and for the reduction of deliberate fires. As before, progress will be reported in the ODPM annual report, which is deposited in the Library. I should make it clear that there is no question of reducing the targets. We are committed to real reductions in the number of lives lost and the number of non-accidental fires. However, we recognise that since the targets were first set, changes in circumstance and a greater understanding of context have made it impossible for the original aspirational targets—that is what they were—to be achieved realistically. We need targets that can be delivered, rather than notional targets that would generate disappointment if they could not be met.

Mr. Swire: Will the Minister give way?

Mr. Raynsford: No. The hon. Gentleman asked me about this earlier. I noted his comments and I am now responding to them, so I hope that he will listen.

I completely reject any implication that the present targets are insufficiently challenging. If we were to take no action, we could expect an additional 200 accidental fire deaths over the period up to 2010. Instead, the target on accidental fire deaths commits us to saving more than 1,000 lives throughout that period. I am pleased to say that we are making good progress because accidental fire deaths in the home are at an all-time low of 292 for England and Wales. I wholly reject the completely incorrect assumption put forward by the hon. Member for Runnymede and Weybridge that, as a result of changes to the targets, there will be more deaths and more deliberate fires than would otherwise occur. That is not the case because the numbers are reducing. We are committed to reducing them and we are committed to saving lives, but we are also committed to realism, rather than to targets that are simply not achievable for a variety of reasons.

Mr. Hammond: The Minister cites the number of lives that his target will apparently save. Will he tell the House how many additional lives would already have been saved if the original date for achieving the target of March 2004 had been adhered to?

Mr. Raynsford: As I have just told the hon. Gentleman, the latest figures show that we have made significant progress yet again on reducing the number of lives lost. I am surprised that he does not welcome the fact that accidental fire deaths in the home resulted in only 292 losses of life in 2002–03—the lowest level on record. We are reducing the number of lives lost. If people set an unrealistic target, they could in theory claim to be capable of achieving more. However, the original target was not achievable. We realised that, so we set a realistic and extremely challenging target for reducing the number of fire deaths.

Mr. Swire: Will the Minister give way?

Mr. Raynsford: No, I have given way to the hon. Gentleman already and I need to make progress.

Mr. Swire *rose—*

Mr. Raynsford: I have given way to the hon. Gentleman and answered his question. I am sorry that he is not in a mood to listen.

We are absolutely committed to reducing deaths, injuries and unnecessary fires. That requires real commitment and continued investment, and it ill behoves Conservative Members to try to make cheap points when we know that their spending commitments would not protect the fire service. The service would thus be starved of funds and unable to achieve the commitments towards which we are working. We are hearing a lot of synthetic and unconvincing rhetoric from the Conservative party on the matter.

Clause 21(2)(a) will require the Secretary of State to set out priorities and objectives for fire and rescue authorities in the national framework. The national targets on accidental fire deaths and deliberate fires are already in the first paragraph of the draft framework. The performance of fire and rescue authorities will be assessed by the Audit Commission, and the performance expectations set out in the national framework, which includes an explicit reference to the national targets, will be a key yardstick for the Audit

Commission when assessing performance. I therefore ask the hon. Member for Runnymede and Weybridge to withdraw the motion.

Mr. Hammond: May I first deal with the Minister's remarks on new clauses 3 and 11? Let us get the pleasantries out of the way. On new clause 3, I am grateful to him for confirming that the Local Government Association code will apply to section 23 interventions. I know that many people outside the Chamber who were not entirely sure about the situation will be grateful that he has put his clarification on record.

Any discussion of targets seems to evoke a strange response from this usually mild-mannered and reasonable Minister because he goes berserk whenever we draw attention to the targets that were set as part of the public service agreement several years ago. The targets were set by his Government, not by us, someone from outside or civil servants. I hope that he will not try to tell us that that was not the case. He now tells us that those targets were unachievable and unrealistic. I wonder what the Treasury thinks about being told that the targets, which were offered in exchange for Treasury funding in a previous spending review, are unachievable and unrealistic. The Minister does not have a leg to stand on. One moment he tells us that he has not relaxed the targets for accidental fire deaths, but a moment later he tells us that he has and is justified in doing so because unforeseen circumstances have intervened.

4.45 pm

Mr. Raynsford: What targets for reducing fire deaths is the hon. Gentleman's party committed to and what discussions has he held with his shadow Treasury colleagues on the resources necessary to deliver them?

Mr. Hammond: We are in a situation in which the Government have set targets in the national framework that are lower than those agreed in a previous public service agreement. We are trying to ensure that the Government are held to account for future changes that they are minded to make to the targets set out in the national framework in the way that they made changes to the existing targets last summer.

Mr. Swire: Perhaps my hon. Friend can give me the answer that the Minister was clearly unwilling to do. We learned from the Minister that the original targets were aspirational. In that case, why was New Zealand able to halve the number of accidental fire deaths in its homes over four years? The Government's extension must be a de facto reduction in targets.

Mr. Hammond: My hon. Friend is right to draw attention to the New Zealand example. That country has been much quoted over the past 18 months in relation to fire, and for good reasons. Many people outside and inside the House might think that the Government, as a natural corollary of their modernisation programme, based as it is around redirecting resources to save lives, would not want to relax the targets for reducing accidental fire deaths, but to tighten them so that they are tougher and more demanding. The purpose of new clause 11 is not to change the targets, but to ensure proper scrutiny of them so that the Government cannot do what they did last summer and simply sneak in a reduced and relaxed target.

The hon. Member for Teignbridge (Richard Younger-Ross) asked why I selected those two targets. It was because they are the two targets that the Government set out in the fire and rescue draft national framework. Although reduced, they are the same targets qualitatively as the two targets included in the previous public service agreement.

The debate on new clause 11 has been useful. Members of the public and Members of the House will draw their own conclusions on what is or is not a reduced target. Members of the public and the media are used to looking carefully at the spin that the Government put on any numbers, figures or targets.

The Minister addressed several of the detailed points raised on new clause 1, but he did not address the principal concern. The national framework is above all a strategic framework for the delivery of fire services. It is right and proper that such a framework should be fully scrutinised by Parliament. It is simply not good enough that Parliament will be kept informed, as he put it, as the framework evolves and is eventually introduced and modified. Parliament needs scrutiny and control of the process. His protestation that a negative resolution would be too time-consuming and in some way too costly for such an important measure, which is key to the modernisation of our fire and rescue services, is unacceptable. The Government have not made a case for rejecting new clause 1.

Question put, That the clause be read a Second time:—

The House divided: Ayes 156, Noes 254.

Division No. 86] **[4:50 pm**

AYES

Allan, Richard
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Bellingham, Henry
Beresford, Sir Paul
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burnett, John
Burns, Simon
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Curry, rh David
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Duncan, Alan *(Rutland)*
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Gale, Roger *(N Thanet)*
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hammond, Philip

Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Llwyd, Elfyn
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
O'Hara, Edward
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Pickles, Eric
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Rendel, David
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Selous, Andrew
Shepherd, Richard
Simpson, Keith *(M-Norfolk)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Teather, Sarah
Tonge, Dr. Jenny
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Mark Francois and Hugh Robertson

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Baird, Vera
Banks, Tony
Barnes, Harry
Battle, John
Beard, Nigel
Bennett, Andrew
Best, Harold
Betts, Clive
Blackman, Liz
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Chapman, Ben *(Wirral S)*
Chaytor, David
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Coleman, Iain
Colman, Tony
Connarty, Michael
Cooper, Yvette
Corston, Jean
Cousins, Jim
Cox, Tom *(Tooting)*
Crausby, David
Cruddas, Jon
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, rh Denzil *(Llanelli)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Maria *(L'pool Garston)*
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Follett, Barbara
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Kaufman, rh Gerald
Keeble, Ms Sally
Kelly, Ruth *(Bolton W)*
Khabra, Piara S.
Kidney, David
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
McCabe, Stephen
McDonagh, Siobhain
McDonnell, John
McFall, John
McIsaac, Shona
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Mountford, Kali

Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Hara, Edward
Olner, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Pickthall, Colin
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prosser, Gwyn
Purnell, James
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Roy, Frank *(Motherwell)*
Ruane, Chris
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Soley, Clive
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stinchcombe, Paul
Strang, rh Dr. Gavin
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Tipping, Paddy
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Noes:
Mr. Fraser Kemp and Derek Twigg

Question accordingly negatived.

New Clause 2

RETAINED FIREFIGHTERS

'(1) The Secretary of State shall by order, within six months of the coming into effect of any part of this Act, establish a body to be known as the Advisory Panel on the Recruitment and Retention of Retained Firefighters.

(2) The body shall be made up of such people as the Secretary of State shall appoint to include—

(a) at least two persons appearing to the Secretary of State to be representatives of fire and rescue authorities or organisations representing fire and rescue authorities;

(b) at least two persons appearing to the Secretary of State to be representatives of retained firefighters or organisations representing retained firefighters;

(c) at least two persons appearing to the Secretary of State to be representatives of private sector employers or organisations representing private sector employers;

(d) at least two persons appearing to the Secretary of State to be representatives of public sector employers or organisations representing public sector employers.

(3) The body shall meet as the Secretary of State shall direct to advise the Secretary of State and fire and rescue authorities on all matters relating to the recruitment and retention of retained duty firefighters.'.—*[Mr. Hammond.]*

Brought up, and read the First time.

Mr. Hammond: I beg to move, That the clause be read a Second time.

The clause relates to retained firefighters, and I think that it is common ground on both sides of the House that they play a crucial part in the modernisation agenda. All too often the focus or the spotlight falls on the large metropolitan brigades, with their need occasionally to respond to major disasters and to think about the response to the new agenda of anti-terrorist preparedness. However, in many brigades throughout the country, retained firefighters are the backbone of the service.

In many ways the challenges of modernisation are greater for those brigades that depend largely on retained firefighters. By and large, they will not see the same savings from changed work practices as those brigades that employ mainly whole-time firefighters. Almost by definition, those brigades with retained firefighters do not already have available a pool of full-time employed personnel to deal with the service's new emphasis on fire prevention. They are faced with some particular challenges as we move forward with this agenda. On the whole, the brigades in question are the smaller ones, with lighter management structures, which in turn pose further difficulties in addressing the issues.

As I look round the Chamber, I am certain that every Member here would be happy to record the huge debt that is owed to retained firefighters for their sterling support of the community when they continued to provide cover during the brief but potentially dangerous fire strikes at the end of 2002 and the beginning of 2003. I regret to say that in some cases that was done in the face of intimidation and harassment from colleagues. By way of belated but well-deserved reward, those retained firefighters will be included in the new negotiating machinery, and the Minister made it clear in Committee that he intends that they should have proper representation, along with other groups of firefighters and employees of fire and rescue services.

In the new clause, I have sought to address the overarching problem of the recruitment and retention of sufficient retained firefighters to allow the modernisation agenda to proceed successfully. It is increasingly difficult to find the kind of people who traditionally have worked as retained firefighters. I do not want to digress too far into anecdote, but when I was a boy I remember being terribly excited about the fact that the greengrocer was a retained firefighter. Every now and then, to great excitement in the greengrocer's shop, he would tear off in his car to fight a fire. In traditional communities, the small self-employed shopkeeper or business man could undertake that vital community role and provide himself with a worthwhile additional income. As our lives have become more complicated and as pressure on the self-employed has increased—people generally have to spend more time on running a business now—it has become less easy to persuade such people that they can afford the time and potential disruption to their business that being a retained firefighter entails.

[Mr. Hammond]

According to figures produced by the Chartered Institute of Public Finance and Accountancy, the retained firefighting force across the country is about 3,000 firefighters or 20 per cent. short of its intended strength, which represents a considerable gap in its ability to deliver what is required of the current structure and set-up. The Minister may wish to comment on this, but my understanding is that as we proceed with things such as integrated personal development strategies both retained firefighters and full-time firefighters will participate in in-job training and personal development programmes, which are extremely worth while but which, almost by definition, require a greater number of personnel to provide cover while people are undertaking training and personal development activities. We are 20 per cent. short now, but once the integrated risk management plans have been put in place, the modernisation agenda has been implemented more fully and the new human resources arrangements are up and running, we will have an even greater need for retained firefighters.

The key to finding such people is recognising the role of employers. Some retained firefighters, of course, will be self-employed, but the great majority will be employees, and it is important that the House should acknowledge the need to focus on persuading employers of the benefit to the community and perhaps to themselves of releasing employees for retained duty. Various proposals were made in Committee. It was suggested, for example, that formal recognition should be bestowed on employers who release employees for retained duty and even that cash rewards or compensation should be made available to employers who sacrifice the efficiency of their business by allowing employees to play a role as retained firefighters.

New clause 2 would introduce a formal recognition of the importance of retained firefighters and of the problem of recruiting and retaining them by establishing an advisory panel to the Secretary of State. In Committee, the Under-Secretary, the hon. Member for Corby (Phil Hope), referred to a comprehensive review that he had established on 15 December 2003 looking at issues relating to retained firefighting and the need to recruit more retained firefighters. Why have I tabled the new clause, given that he told the Committee about that? I want to be clear that the Government recognise the need to involve employers from both the public and private sectors in the initiative.

In Committee, the Under-Secretary said that the review would include

"members from a variety of stakeholder groups, including the Local Government Association, CACFOA and the RFU".

When I intervened to ask him whether the employer community was also engaged in the process, he replied:

"The employers will be fully engaged in the process."

However, it turned out that we were speaking at cross purposes, as he clarified his remarks by saying:

"The LGA is in the review team."—[*Official Report, Standing Committee G*, 2 March 2004; c. 386–387.]

The Local Government Association is a representative of employers of retained firefighters, but I had intended to convey to him the need to engage the employers of potential retained firefighters—the businesses and public bodies that employ such people in their everyday jobs, which need to be persuaded of the community's need for them to be released for retained firefighting duties. As far as I understood it, he confirmed in the Committee that representatives of employer organisations other than the LGA were not engaged in the review process. I would like the CBI, the Federation of Small Businesses and various other bodies that represent private sector employers to be included. I would also like representatives of the big public sector employers to be engaged in the process. Of course, the public sector must lead by example. In many parts of the country, large proportions of the population are engaged in public sector employment; indeed, the proportion is as much as a third in some areas.

The point of tabling the new clause was to seek to formalise the advisory panel as an ongoing body that would advise the Secretary of State on matters relating to retained firefighters and also to formalise the membership of the panel so that it included representatives not only of the fire and rescue authorities and the retained firefighters, but of employers from both the public and private sectors. The problem should be put on the table—we are 3,000 retained firefighters short today, and the number may be 4,000 by the time that the IRMP process is completed—and we need to work together to ensure that additional retained firefighters are delivered in the places where they are needed.

In my fire authority, Surrey, there are proposals in the integrated risk management plan to change the manning of a fire station from whole time to retained service. Of course, that will be possible and the saving will be harnessed only if and when it is possible to recruit the additional retained firefighters. The provision of 24-hour retained cover at a single-appliance fire station will take a considerable number of retained firefighters. I have not done the maths, but I suspect that about 20 or 24 individuals are required to provide 24-hour retained cover in a single-appliance fire station, although the Under-Secretary will correct me if I am wrong.

I tabled the new clause to draw attention to the point and to get the Under-Secretary to focus on the role of employers and—I hope—to give some commitment about the engagement of employers in the process. I shall certainly not press the new clause to a Division if he can assure us that employers in the public and private sector will be properly engaged. Furthermore, I tabled the new clause because I know that some hon. Members—not least those from the Devon contingent, which featured strongly in Committee—will have a lot to say about retained firefighters. Devon is a fire authority that depends almost entirely on retained firefighters.

5.15 pm

Having tabled the new clause, I did some further digging. On Friday, the Retained Firefighters Union told me that it had done a quick survey of eight fire authorities picked at random and discovered, shockingly, that not one had a budget for recruiting retained firefighters. That is a serious situation, when we are already facing a shortfall of 3,000, and the shortfall is likely to increase.

It is imperative that we act. Retained firefighters are arguably the most cost-effective part of the fire service. Failing to recruit and retain enough of them will

undermine the modernisation process and will certainly slow down the harvesting of its financial savings. The authorities with the largest number of retained firefighters are almost invariably those with the least scope for modernisation savings and the smallest slice of the transitional funding that the Office of the Deputy Prime Minister has made available.

I hope that the Minister will be able to confirm that there will be a mechanism whereby employers, both public and private, will be included in the process in a way that fully recognises their key role. I look forward to his response and to the contributions that I confidently anticipate from the aforementioned Devon contingent.

Richard Younger-Ross: Devon was indeed extremely well represented in Committee, with three members, but the south-west generally did not do too badly either, with five. However, that did not mean that we always got our points across to the Minister.

The hon. Member for Runnymede and Weybridge (Mr. Hammond) spoke about employer representation on the review body. He thinks that he was at cross purposes with the Minister, but I understood exactly what he meant in Committee, so I am surprised that it was not so clear to the Government.

We debated this at length in Committee, and the hon. Gentleman has mentioned our probing amendments on encouraging employers to release people to serve as retained firefighters. We suggested cash rewards, which will perhaps not prove to be the way forward, as a way of recognising what employers do. The Minister responded positively and said that retained firefighters were a vital resource, so I am horrified to hear that there are eight fire authorities with no money to recruit them. That is a scandal.

Mr. Hammond: In fact, it is worse than that. The Retained Firefighters Union polled the eight authorities at random, so the statistical suggestion must be that many more will prove to have no budget.

Richard Younger-Ross: That is an appalling situation. It could be that the authorities that rely heavily on retained crew are having problems with their budget. The Government are quite rightly seeking parity of salaries for retained firefighters, so they have recognised the need in words, but they have not recognised it in cash terms. Let us consider the example of the combined authority in Devon, which relies heavily on retained firefighters. The 16 per cent. pay increase over three years translates into a 23 per cent. increase in the budget of the Devon fire authority. That authority is finding it hard to make ends meet and says that it would require a further £2 million to achieve the same sort of funding as other fire authorities. It is therefore perhaps unsurprising if recruitment campaigns are cut in the attempt to ensure that resources are put into essential services such as firefighting, the response to road traffic accidents and so on.

The problem will get worse. As work patterns change and our countryside has fewer people working in it and more people commuting longer distances, those available on the ground will become few and far between. It is therefore imperative that greater efforts are made to recruit those few people who reside close enough to the station. The Government accept that a genuine problem needs to be tackled. I hope that they also accept that it is not simply a matter of an advertising campaign or a review but of considering the way in which fire authorities are funded to recruit and retain those firefighters. Parity is good as far as it goes but it falls apart if the fire service is left short of cash.

The hon. Member for Runnymede and Weybridge mentioned local authorities. We do not need a review in that case because Ministers are responsible for local authorities. I therefore urge the Minister to write a letter to himself to spur himself to write to local authorities telling them to be more responsive and to encourage their members of staff to become retained firefighters. Many authorities resist that, which is a great shame because a potential resource is not being used. In rural areas, its use is essential.

Mr. Drew: I wish to make a couple of brief observations. Like other constituencies, Gloucestershire relies heavily on retained firefighters. However, those firefighters can function only if they have a close relationship with full-time firefighters. Sometimes we talk about retained firefighters as though they work in isolation and provide cover to an area on their own, but, in order to provide effective fire cover, the full-time firefighters in a sizeable market town must have a relationship with the retained firefighters in the smaller market towns. Whatever the Government devise, a structure that recognises that relationship is vital.

I do not want to get hung up on the idea of an advertising budget. I accept that advertising might attract some individuals, but the main problem is that the retained fire service operates restrictively. If we had an arrangement under which people would be off call far more often, we could recruit them more easily. However, the system is predicated on the belief that people live and work locally. If either does not pertain, the opportunity to become a retained firefighter is precluded. We may have to consider a system whereby people who work locally but live some distance away are on call when they are at work and those who live locally and are willing to be retained firefighters and on call at times of greatest danger in the evenings and at night are not on call during the day, when they work away from home.

I do not think that this is a matter for statute. I think we should ask ourselves whether we have a service that is fit for the 21st century, and it is clear that the service is not currently working very well. The only way in which the three retained fire stations in my neck of the woods—Painswick, Nailsworth and Dursley—can recruit is by word of mouth. Nepotism often occurs: the sons and daughters of existing retained firefighters often become retained firefighters themselves, because they have been targeted directly. I do not think that is a terribly good thing, because we want the service to be open and accessible, and in any case it is a pretty ad hoc method.

Mr. Hammond: I agree with much of what the hon. Gentleman is saying. He mentioned an advertising budget. I do not think that a responsible fire authority would limit a ring-fenced budget to advertising for recruitment purposes. There is much more to

[Mr. Hammond]

recruitment than advertising. I wonder how many people are aware of the retained fire service, of how it works and of the opportunities it provides.

Mr. Drew: That is certainly true. I am merely saying that I think any advertising should be aimed at employers rather than attempting to recruit directly. Employers may encourage staff to think about becoming retained firefighters, but those who are interested will have probably taken that route already. It is more a question of securing release from employers.

I think we need a set of proposals from the Government, rather than legislation for the statute book.

Mr. Swire: The Minister will have to resist the temptation to use the Labour party buzzword of the last fortnight—"opportunistic", as applied to everything that the Opposition do—because I think that there is a commonality of interest in this case. The new clause is eminently sensible, and deals with an issue about which we in the west country feel strongly. As we have heard, Devon in particular relies very much on its retained firefighters.

I agree with the hon. Member for Stroud (Mr. Drew) that retained firefighters should not be regarded in an individual way, in that they are part and parcel of the deal. In our part of the world, however, they are perhaps more significant than they are in other areas. The hon. Member for Teignbridge (Richard Younger-Ross) mentioned the costs to Devon fire and rescue service of the increase in retained firemen's salaries—above 16 per cent. over three years, representing a total increase of 23 per cent. in the authority's budget. That means that a £2 million increase is needed for the service just to stand still.

The Bill does not address the issue of rural sparsity, which has an impact on the question of retained firemen. Nowadays we look increasingly to employers in the private sector, and elements of the public sector, to release employees so that they can do community jobs. We have community support police, for instance, as well as established voluntary bodies such as the Royal National Lifeboat Institution and the Sidmouth inshore lifeboat service—if I may give a plug to an excellent service in my area.

We seem to be asking businesses, particularly those in the private sector, to do more and more, while penalising them through higher national insurance contributions and more and more socially based legislation. All that deters them from taking on more people in order to expand. Now we are telling them that, having taken on more people despite all the penalties, they should release those people to do community jobs. We have to be very careful in terms of how much we ask these hard-pressed businesses to do.

However, I take the point that we need to raise awareness of the existence of the retained fire service and the opportunities within it—not only among employers but among the employees themselves. However, I am not convinced that an advertising campaign per se is the answer. It might go some way towards alleviating the problem in the short term, but we need to articulate a career structure in the retained service to show people that there is a career progression, that the terms of employment have been improved, and that the service is a viable alternative for those who cannot become full-time firemen, or for those for whom the fire service has not provided the opportunity to become full-time firemen.

5.30 pm

I do not know the latest figures for retained firefighters in Devon—whether there is a problem, or whether one is likely to arise—but the genuine feeling exists that this legislation is based on the desire to create larger units, which it surely will, and that at some point our service will be subsumed and we will come off worse. Ours is a very good fire authority that works extremely well, using a lot of local knowledge; frankly, it cannot be improved upon. A merger and no increase in the number of retained firemen could result in one of two things: a loss of cover or a cut in services. As we all know, for a rural area the insurance implications of a loss of cover could be very profound indeed. That issue has not been touched on at all.

I take the point, made by the hon. Member for Stroud, about increasing the number of off-call retained firemen, but to go down that road would require increasing the number of retained firemen on call at any given time. I do not see how having more off-call firemen would deal with the problem of a lack of retained firemen. Yet more would be needed, and such a problem cannot be solved in that way.

I should be interested to hear what the Under-Secretary has to say about new clause 2. We Conservatives are generally against increasing the amount of legislation, but the creation of such an advisory panel would mean that our retained firemen were being properly represented. The new clause is well constructed. It refers to

"representatives of fire and rescue authorities or organisations representing fire and rescue authorities",

and to

"representatives of private sector employers or organisations representing private sector employers".

I suspect that there are lessons to be learned, particularly in the light of the mobilisation—*[Interruption.]* If the Under-Secretary would do me the courtesy of listening, he might be in a better position to answer this point. Indeed, when I asked the Minister for Local and Regional Government a direct question earlier, I was not granted the courtesy of a direct reply.

I shall re-run what I said to allow the Under-Secretary to take it on board. In terms of releasing private sector and public sector employees, there are probably lessons to be learned from the recent Iraq war. There was a significant mobilisation of the Territorial Army and other reserve forces, but to be honest some employers were more compliant and encouraging to their employees than others. It would be very interesting if representatives of those self-same employers were included on a advisory panel, which might well be able to answer some of our questions about retained firemen.

Mr. John Redwood (Wokingham) (Con): Given that the Under-Secretary is not even extending to my hon. Friend the courtesy of listening to his argument, is he not a little worried that such an advisory body would be ignored by a Government who are not interested in the employer's view, and who do not look after retained firemen?

Mr. Swire: My right hon. Friend makes an extremely good point. Having sat through our deliberations in Committee, I know that neither the Under-Secretary nor the Minister is interested in any of our arguments. So far as they are concerned, they are going to implement this measure, in keeping with their attempt to regionalise everything and in line with the artificial regions that they are seeking to create throughout the country. It is part of their regionalisation programme, and anything that stands in the way of that is dismissed.

The Government say that we are little Englanders and that we are not keen on modernisation, but as we know, that is all baloney. *[Interruption.]* The Minister says "Correct" from a sedentary position, but many of the people who will shortly be invited to vote on whether to have regional assemblies will probably show that it is we who are correct. We leave that, however, to the electorate—something that the Minister is apparently not prepared to do, given that he is prejudging the result of a democratic vote. Historically, that has been shown to be a dangerous thing to do.

My right hon. Friend the Member for Wokingham (Mr. Redwood) suggested that the Minister might not be listening to employers. There is no real evidence that anything that this Government have ever done has involved listening to employers, particularly in the private sector. They are seen as the bogey men, the people who must pay more each time there is a tax rise. As we look forward to a third term of Labour tax rises, if there is to be one—[HON. MEMBERS: "Hear, hear."] Hon. Members are clearly not listening. As we look forward to a possible third term of Labour tax rises, those employers will be invited to pay more and more tax, but we are asking the self-same people to release employees to act as retained firefighters.

It is incumbent on the Minister for Local and Regional Government to consider having a platform, such as that suggested in new clause 2, to enable representatives of the retained fire services and employers to get round a table and solve a problem that he has to admit exists—we have not invented it. I shall be interested to know the answer, if either the Minister or the Under-Secretary will do me the courtesy of answering the question.

Mr. Flook: If we are to protect the fire service in our rural counties, we need an advisory panel on the recruitment and retention of retained firefighters. That would make eminent sense. As we have already heard, retained firefighters are the backbone of the service, especially in rural areas. That is certainly the case in Somerset, where only three of the 27 firefighting stations are full time: Taunton, Bridgwater and Yeovil; the other 24 stations operate on a retained basis. In my constituency, that involves some very brave men and women in Wellington, Wiveliscombe and Dulverton. By definition, they are drawn closely from the local community, which is vital in rural areas because many addresses are not tabulated in the way in which we should like them to be, and local knowledge is needed to discover exactly where fires are, and where firefighters must go.

The future is worrying. As my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) said, the recruitment and consequent retention of firefighters in the retained stations is dropping considerably. There is already a 20 per cent. shortfall, which is no surprise in rural areas. My hon. Friend mentioned greengrocers, and many farmers and farm workers are also involved, of whom there are now far fewer. As we all know, there are also fewer farms—no doubt because other Government policy undermines them. There are therefore fewer and fewer people who are willing and physically able to be retained firefighters.

It is important to address that issue, and one way of doing so would be better and more fully to understand why employers might be willing to release individual employees to be retained firefighters. It is therefore helpful and sensible to suggest that an advisory panel be set up. It would be even more helpful if there were greater representation of private sector employers. I presume that the 20 per cent. shortfall is increasing rather than decreasing, and although the Government may not agree with the precise wording of new clause 2, I should be interested to learn how the Minister for Local and Regional Government intends to remove that serious impediment to the modernisation of the fire service. Somerset, a rural county that is delivering its firefighting capability very cost effectively, is not receiving its fair share of the transitional funding needed to move to a modernised firefighting service. That is also the case in Devon. If the shortfall is increasing, one solution would be to set up an advisory panel, as proposed in new clause 2, to enable the Government to understand the reasons behind the shortfall and work towards lessening it.

Richard Younger-Ross: I am not too sure of the situation in Somerset, but Devon requires £2 million in transitional funding and has been loaned £500,000. The important word is "loaned"; the money must be paid back.

Mr. Flook: I am grateful for that intervention. Only a quarter of the contribution is being made in the short term—rather than in the long term—because it has to be paid back.

The hon. Member for Stroud (Mr. Drew) made an excellent point about the need to raise awareness. In communities that have retained firefighters, the firefighters' neighbours will probably know what they do part time, at weekends and at night, but the majority of people in communities such as Wellington, Wiveliscombe and Dulverton will not be aware of that. It would help if the Government and local firefighters did more to raise that awareness.

I welcome the announcement that the Minister made on 15 December of a review of the retained firefighting service. It will be interesting, some weeks on, to see whether he is able to inform the House of any progress. In Committee, he alluded to the involvement of the CBI, and I would be interested to hear whether he would consider it appropriate for the Federation of Small

[Mr. Flook]

Businesses or the Institute of Directors to become involved, and whether they could be asked why they believe there is a shortfall and how they could help to shore up the gap, which seems to be getting larger rather than smaller.

Phil Hope: I appreciate the concerns about the recruitment and retention challenges that face the retained section of the fire and rescue service, which have prompted the proposal of this new clause, but I believe that the hon. Member for Runnymede and Weybridge (Mr. Hammond) is misguided in suggesting that a new statutory standing body would be an effective method of tackling these issues. I hope that I will be able to satisfy his concerns about engagement with the public and private sector employers, for example. I note that he has recruited two whole-time Back Benchers—if I may call them that—from the Committee, and one retained Back Bencher, who seems to have slipped in, and who will possibly slip out again later—*[Interruption.]* I also appreciate that the hon. Member for Runnymede and Weybridge seems to have taken the whole Committee stage through single-handedly.

Hon. Members will no doubt recall that the Central Fire Brigades Advisory Council also acted as a statutory consultee for the majority of the Secretary of State's regulation-making powers under the Fire Services Act 1947. That body has already been criticised for its increasing inability to provide any strategic direction on the future of the fire and rescue service. Indeed, Professor Bain's report recommended a new advisory and consultative structure that would widen engagement with stakeholders and ensure a focus on strategic advice rather than on executive functions. I am pleased to tell hon. Members that we have already put this new, more flexible structure in place. The practitioners forum and the business and community safety forum are up and running to ensure that both the providers and the users of the service can inform the process of modernisation.

Mr. Hammond: Which business representative organisations are engaged in the business and community safety forum?

Phil Hope: I can confirm that the CBI, for example, is a member of the forum. The hon. Gentleman mentioned other business organisations, and I shall describe in a moment how they are being consulted in the review of the retained fire service.

It was not just the existing advisory and consultative structure that Professor Bain considered to be ineffective. The independent review of the fire service found the existing negotiating machinery also to be ineffective. The Bain report recommended that it be replaced with

"a smaller body, with executive authority to negotiate and the experience and skills to do so".

The new body should have an independent chair and clear links to Ministers and the policy-making process. Significantly, Bain also made it clear that membership of the body should include the Retained Firefighters Union, whose members, like those of the other unions, have a keen interest in the new clause and a very strong interest in effective negotiating machinery. I include in that the National Association of Fire Officers, the Association of Principal Fire Officers and Unison, as well as the Fire Brigades Union.

5.45 pm

In the White Paper, "Our Fire and Rescue Service", we made it clear that we agreed with much of Bain's thinking on the negotiating machinery. Our objective was—and still is—to see three negotiating bodies for uniformed fire and rescue service staff. We want one for chief fire officers and assistant chief fire officers; one for middle managers; and one for fire fighters and control room staff. Like Bain, we also want the new negotiating bodies extended to include a wider range of employee representative bodies. That will benefit all fire service employees and will ensure that issues relating to the pay terms and conditions of retained staff can be tackled effectively.

Members will know that, under the pay agreement for the fire and rescue service 2003, the current negotiating machinery is being reviewed. I hope that that review will result in the improvements that both the independent review of the fire service and the recent White Paper articulated—a matter that later amendments touch on—but, if it does not, the Bill will enable the Government to take the powers needed to bring about those improvements themselves. I still hope that that will not be necessary.

Hon. Members will be aware that, both in the White Paper and the draft national framework, the Government have recognised the vital contribution of the retained section of the service and have acknowledged the need to find solutions to the long-recognised problems of recruitment and retention, which have been mentioned this afternoon. That is why I announced on 15 December that there would be a review of issues affecting the retained section of the service. Under the more flexible arrangements afforded by the new consultative structure, a team has now been formed to take forward that review.

The review team's key remit is to examine the factors that contribute to the recruitment and retention challenges faced by the retained section of the fire and rescue service. That will include issues surrounding equality and diversity, public awareness, engagement with the business community, deployment, community participation, and the role, reward and conditions of service as they relate to recruitment and retention issues.

The retained review team met for the first time on 21 January. Its membership is drawn from across the fire and rescue service community and includes representatives from the Local Government Association, the Chief and Assistant Chief Fire Officers Association, the Retained Firefighters Union, the Fire Brigades Union, the Office of the Deputy Prime Minister and the Scottish Executive justice department.

Although the focus of the review will be the fire and rescue services of England and Wales, the Scottish Executive justice department's participation has been invited because the issues that the retained review team will be investigating also have relevance to the Scottish fire service. ODPM will also liaise with the Northern Ireland fire service about the work of the review team.

Only the key service stakeholder groups will be directly involved on the review team. However, other organisations—including public and private employers' organisations—will be involved in helping to identify a range of options for tackling the recruitment and retention challenges. I made it very clear in Committee that employers would be fully engaged in the process. It is essential that we understand the motives, and the reluctance, of private and public employers whom we wish to attract into releasing staff to become retained firefighters. The review team is therefore seeking advice from a wide range of public and private sector employers and the national bodies that represent them.

Let me go further to provide more reassurance to the hon. Member for Runnymede and Weybridge. A workshop has been arranged for the end of April, which will involve the review team, other representatives from the fire and rescue service, organisations that rely on volunteers in order to provide a service, Government Departments, employers' organisations in the public and private sectors and bodies that promote opportunities for voluntary work both to individuals and to employers. We anticipate that the workshop will provide the review with valuable insight into how the challenges of recruitment, retention and business community engagement can be effectively overcome.

The business community will include the Confederation of British Industry, the Federation of Small Businesses, which will bring a welcome nod from Conservative Members, and Business in the Community. I might add that the Royal National Lifeboat Institution, along with the Women's Royal Voluntary Service, will also be invited. We would like to invite those bodies, along with others that I shall not read out, to participate in the workshop, and I hope that that reassures the hon. Member for Runnymede and Weybridge.

On recruitment budgets for retained firefighters, I am sure that the review will want to take into account the survey, which has been mentioned this afternoon. The retained review must examine recruitment budgets, which are matters for individual fire and rescue authorities, because we do not know whether they separately identify whole-time and retained firefighters. When we make judgments about budgets, we must know the detail, which is exactly what a review team and a workshop can identify. The Office of the Deputy Prime Minister is providing centrally produced recruitment literature for use by all fire and rescue authorities.

Richard Younger-Ross: The Minister will know, because it has been in all the papers, that there is a massive campaign to recruit special constables. Does he envisage that the Government might lead or encourage such a recruitment campaign for retained firefighters?

Phil Hope: The retained review is all about examining what works and what does not. The hon. Gentleman will be glad to know that the ODPM is producing a video that includes information on retained firefighters, which can be issued to raise awareness in the local community about the wider role of retained firefighters. The hon. Member for Runnymede and Weybridge pointed out that the issue is about not only adverts but understanding the wider contribution that retained firefighters make and that we want them to continue to make in future.

Mr. Swire: Can the workshop's remit be extended to discuss with the Institute of Directors and other employers' organisations what incentives can be offered to employers who regularly release their employees as retained firemen?

Phil Hope: The problem with identifying one or two organisations is that the list tends to grow. I cannot say whether the workshop will examine that point, but it is the exactly the kind of issue that the review team must examine to ensure that we are getting things right.

A number of hon. Members have raised questions about different things that the review might do. My hon. Friend the Member for Stroud (Mr. Drew) asked whether greater flexibility in the times when retained firefighters are required to be on call might help recruitment, and the review team will certainly examine that issue. Individual fire services are already examining the requirement to be on call, with flexibility in mind, and they are offering differing contracts depending on what times retained firefighters can offer. My hon. Friend's contribution was helpful and it addresses the issue of the availability of retained firefighters in terms of their living or working close to a fire station.

The hon. Members for East Devon (Mr. Swire) and for Taunton (Mr. Flook) discussed funding. I do not want to get diverted into a debate about funding, but when they bid for extra cash for Devon, which is understandable, they might like to have a word with the shadow Chancellor, who has just announced a policy to freeze funds for local government—I do know how he will square that with his Back Benchers. Conservative Front Benchers often say that they will clamp down on public spending, but Conservative Back Benchers keep standing up and asking for more cash. I do not want to introduce discord into the debate; I simply point out some of the contradictions in the position adopted by Conservative Members.

The physical hard work undertaken by retained firefighters in their firefighting activities has been pointed out, but the Bill's purpose is to broaden the role that the fire service plays, which includes promoting community fire safety. We will attract many more people into the fire service, whether they are whole-time or retained firefighters, who will undertake a variety of roles. The extra numbers mean that firefighters can focus on prevention, which is important in reducing fire death.

Mr. Hammond: That is interesting. Does the Minister envisage fire authorities engaging retained personnel to carry out routine, non-emergency response duties? As far as I know, the bulk of the retained work is responsive, and the nature of the role will change slightly if retained firefighters report by pre-planned arrangements to do preventive work.

Phil Hope: The hon. Gentleman rightly says that the bulk of the work is responsive. When I described the fire service's wider role in prevention at the Retained Firefighters Union conference, a retained firefighter said

[Phil Hope]

that retained firefighters could not do that. Before I could respond, a Welsh retained firefighters' representative stood up and gave an excellent account of how retained firefighters are doing precisely that in Wales. The flexibility and diversity of the role provides many opportunities for retained firefighters to contribute to the overall targets that we are endeavouring to achieve.

I have answered in full the questions about how we will consult on the future of retained firefighters, and I hope that I have given the hon. Gentleman the assurances that he requires. The review team will, we hope, submit its report to the practitioners forum in July, and its report will contain its recommendations, its implementation and communications strategies and its programme for delivery. Given today's debate and the consultation, which will take place not only through the workshop but in other ways, I hope that we have satisfied the hon. Gentleman that new clause 2 is not necessary and that he will see fit to withdraw it.

Mr. Hammond: I am grateful to the Minister for his explanation, but I detect a touch of complacency. He does not recognise the crisis that the retained service currently faces—the retained service is short of 20 per cent. of its personnel and as the role expands that shortfall is likely to get considerably worse.

I am interested in the workshop that the Minister is holding. As he anticipates, I shall write to him to suggest some other organisations that might appropriately be invited to participate in order to ensure that the business community bodies represent the employers found in the areas where the retained service operates—on the whole, that is not city centres or even large towns but rural and semi-rural areas. If the Minister has an observer ticket for that workshop, perhaps he will write to me. I promise to keep my mouth closed, but I would be interested to see what goes on.

It is disappointing that the Minister has not made a commitment to add business membership to the review team, which is the ongoing body that will report to the practitioners forum in the summer. Despite everything that Ministers say about changing the culture of the fire service, which I am sure that they genuinely want to achieve, their approach is still exclusive. The review team is made up entirely of insiders—employers, civil servants, expert advisers and union officials—who will listen to what people in the real world have to say, but those slightly awkward people from the real world have not been risked on the inside of the deliberation. I would feel more comfortable if the Minister had said that he would put representatives of the business community on to the review team, which might then achieve rapid progress in the direction that we all want to go.

Perhaps the best way to make progress would be if the Minister were to have a quite word in the ear of the Chancellor of the Exchequer, preferably before Wednesday, to suggest that when he is thinking about incentives to business to do various worthwhile things for the good of the economy, he might spare a thought for those businesses that could be persuaded to release employees for retained firefighting duties, which might make a rapid difference to the available pool of retained firefighters.

I do not intend to press new clause 2; I simply wanted to raise the issue. I am grateful to the Minister for his comments and hope that we can regard the debate as ongoing, because it is in everybody's interests that we address the retained firefighter crisis.

I have one final point. The Minister said that he was not sure whether fire authorities had separate budgets for recruitment of retained firefighters or whether that was subsumed within a larger budget. Given the scale of the crisis and the significance of retained firefighter recruitment in some fire authorities, appropriate fire authorities should identify separate budgets for that purpose. When the Bill reaches the statute book, the Minister will have various powers to ensure that that happens and I hope that he will consider doing so as a means of making progress on the issue.

I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

6 pm

New Clause 4

LIMITATION ON POWER TO AUTHORISE CHARGING

'(1) An order under section 19 may not authorise a fire and rescue authority to charge for:

(a) extinguishing fires or protecting life and property in the event of fires; or

(b) rescuing people in the event of road traffic accidents or protecting people from serious harm in the event of road traffic accidents; or

(c) discharging any function relating to emergencies conferred on it by the Secretary of State under section 9.

(2) An order under section 19 may authorise a fire and rescue authority to charge for the provision of emergency medical assistance only in circumstances where a National Health Service Ambulance Trust is authorised to charge for such provision.'.—*[Mr. Hammond.]*

Brought up, and read the First time.

Mr. Hammond: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following:

Government amendment No. 12.

Amendment No. 2, in clause 19, page 9, line 10, leave out subsection (2).

Government amendment No. 13.

Mr. Hammond: The new clause deals with the scope of the power of the Secretary of State to authorise charging under clause 19. The current regime, under the 1947 Act, confers only one statutory function on fire authorities—that of extinguishing fires and protecting life and property in the event of fire—and prohibits charging for the discharge of that activity, but by omission it allows charging for all other areas of fire service activity. The practice is that few authorities charge for emergency work. I shall focus in this short debate on road traffic accidents.

We should not confuse this issue with the power that exists, and could specifically be granted to fire and rescue authorities under the Bill, to charge for non-emergency functions, such as the use of equipment and manpower, or the establishment of the authority to carry out everyday functions such as pumping water out of a basement or filling a swimming pool. Those are useful functions, but they are not central to the emergency role of the service.

An essential part of the purpose of the Bill is to put road traffic accidents and other emergency work—for example, chemical and nuclear decontamination in the event of a terrorist attack, or rescue from floodwater—at the heart of what the fire and rescue services do. All those roles will have the same essential statutory basis as the current requirement to extinguish fires and protect life and property in the event of fire. The Minister has argued repeatedly—somewhat disingenuously—that because the Bill has a continuing prohibition on charging for fire-related activities, it reflects the 1947 Act. However, as I see it, that Act bans charging for the statutory function of the fire authority. There is only one statutory function at present. To retain the status quo, we would need to extend that ban on charging to all statutory functions, including attending at road traffic accidents and other emergencies. New clause 4 does not go that far. It does not suggest that the ban on charging should extend to the statutory functions of fire prevention and fire education work under clause 6. It simply suggests a prohibition on charging for the emergency statutory functions of the fire and rescue authorities under clauses 7, 8 and 9.

On the one hand, the Bill extends a clear additional statutory function, but on the other it seeks to keep open the ability to charge for the discharge of that function in an emergency. That is not an acceptable proposition, and it is not what our constituents expect us to legislate for. The Bill also provides for the charging of third parties, which is a thinly disguised reference to insurers. Charging motor insurers would represent another stealth tax on the Government's favourite victim, the motorist. What about the uninsured—the millions of people who drive on our roads every day without insurance? They are an increasing problem. Would they pay? How would the Government collect charges from people who do not have an insurer to pay up on their behalf, when they cannot collect two thirds of the fines imposed by courts on similar people? Will not this be simply another example of an additional charge or tax on the law-abiding, insured majority, while the public purse continues to support the antisocial minority?

Mr. Redwood: Is my hon. Friend worried that if a fire authority was particularly keen to recoup its costs in the way that he describes, there might be an argument about payment before someone received the service that they deserved in an emergency situation?

Mr. Hammond: My right hon. Friend raises an important point, but it is not a question of "might". At least one fire authority—the London Fire and Emergency Planning Authority—is keen to charge in that way and has made it clear that it would like powers to charge for road traffic accident rescue work. Another practical problem might arise if fire authorities were allowed to charge for attending road traffic accidents. What if someone were involved in a road traffic accident and was trapped in his vehicle but physically uninjured? Such a person might tell the fire brigade, which has raced to the scene with lights flashing and sirens blaring, that he does not want to be cut out of his car and receive a bill for £250. He would rather wait while his friendly local mechanic or a chap he knows from down the pub, whom he has just phoned on his mobile phone, comes along to cut him out. *[Laughter.]* Hon. Members may laugh, but it is central to our relationship with the emergency services that it never crosses our minds to ask whether we will be charged for the services delivered. When we pick up the phone and dial 999 because we see smoke, we do not wonder first whether there will be a charge for calling the fire brigade.

I am against charging for emergency services that are part of a statutory function, although I am not necessarily against charging for non-emergency work. I am also against discriminating against the law-abiding majority by limiting charging to those with insurers able to pay. That is the Government's idea of the way to make such charges a painless tax. I made the same point when I was health spokesman in 1998 during the passage of the Road Traffic (NHS Charges) Act 1999. I sought an assurance in Committee on behalf of motorists, but all I got was a lecture from the Minister about bad landlords causing people to be trapped in lifts. Any hon. Members who have offices in Portcullis House will know that it has the eight lifts most likely to break down nearby, but they are not maintained by someone whom I would regard as a particularly bad landlord. I hope that the Minister will deal with motorists involved in road traffic accidents, instead of trying to refocus the discussion on people trapped in lifts.

Amendment No. 2 would leave out clause 19(2), which prevents charging for extinguishing fires, and replace it with new clause 4, which would prevent charging for fires, road traffic accidents and any emergency functions conferred on fire and rescue authorities by clause 19. That is an enabling clause that will give the Secretary of State power to confer functions by statutory instrument. We have the benefit of the Secretary of State's preliminary thinking, in the form of a draft statutory instrument that was circulated in Committee. To broaden the House's understanding of what is involved in clause 19 functions, the draft statutory instrument includes chemical, biological, radiological or nuclear incidents; search and rescue in cases in which there is a serious threat that one or more persons has been trapped in the area as a result of a landslide or the collapse of a building; major flooding; and major rail, water and air accidents. It would be unthinkable to charge people for interventions in such emergencies, so why on earth cannot the Government rule out doing so?

Subsection (2) of new clause 4 addresses a different issue: charging for emergency medical assistance. The background to the provision is the Road Traffic (NHS Charges) Act 1999, which authorises charging, via insurers, for the costs of national health service treatment provided after a road traffic accident. Our position during the progress of that measure was—as it remains—that we resist unfair discrimination against the motorist, who should not be seen as a soft target simply because, if he is a law-abiding individual, he will generally have insurance.

[Mr. Hammond]

A programme is currently under way to promote co-response and, indeed, first response by fire and rescue authorities, whereby if a fire and rescue authority is the first on the scene of an incident, it will increasingly—I shall come to that point later—be able to deliver emergency medical assistance. Furthermore, especially in rural areas, fire services could in future be the first responder to other types of medical emergency—for example, cardiac arrests—if the fire station was significantly nearer to the patient than the nearest ambulance station. We simply cannot have a situation in which people pay according to whether the fire engine or the ambulance gets there first. That would be outrageous and our proposal attempts to deal with it.

The Minister has obviously understood our concern, which we debated in Committee, and I am delighted that he responded with Government amendment No. 12, especially subsection (2A), which bans all charging for emergency medical assistance by fire authorities. However, I find myself in the curious position of having to tell him that I think he has given too much. We risk the opposite scenario, in which the victim lying at the roadside would no longer have to listen to the ambulance approaching from one side and the fire engine approaching from the other, hoping that the ambulance got there first so that he would not be charged by the fire service. As a result of amendment No. 12, he could be hoping that the fire engine got there first, because under the Road Traffic (NHS Charges) Act 1999, if the ambulance arrived first, he might be charged by the NHS.

I anticipate the Minister's defence to my objection. A patient treated at the scene by a fire brigade will not always be taken away in an ambulance to an NHS hospital. Often, people at the roadside with minor injuries decline, for all sorts of reasons, to get into an ambulance and go to hospital; a plaster is stuck on the injury and they go off about their business. However, I hope that the Minister can give us a pragmatic answer to avoid creating a new injustice in resolving the one that we identified in the Standing Committee.

Amendment No. 12 limits the prohibition on charging for fires, so that fire authorities will be able to charge for fires under the sea—that is, in tunnels—or fires and rescues at sea. Can the Minister give us some information about that proposal? I understand that, at present, the Maritime and Coastguard Agency has lead responsibility for rescue from fires at sea, which includes extinguishing them. What is the current practice on charging? From discussions with the Kent and Medway Towns fire authority, I know that the current interpretation of the 1947 Act is that it prevents charging for work carried out in relation to fires in the channel tunnel. None the less, there is an elaborate mechanism to allow the Kent and Medway combined authority to extract a substantial annual sum from the operators of the channel tunnel for providing cover for the tunnel. It would be useful if the Minister would clarify what the situation will be for the channel tunnel and other subsea structures, as well as how the amendment will affect rescue at sea? Government amendment No. 13 makes amendment No. 12 consistent with other parts of the Bill, by making it clear that references to "sea" are not restricted to sea within the territorial limits of the United Kingdom.

6.15 pm

I cannot believe that the British public want charges for emergency responses from our fire and rescue services. If we introduce charges for the attendance of the fire service at a major road accident, what will come next? Will we charge for the police to go to the scene of a burglary? Will we charge for cutting people out of a train wreck or plane crash, or for decontaminating them after a terrorist attack? I do not think so. That cannot be what the Government have in mind. So what is their refusal to limit the scope of charging all about? It is clear that it is about a desire to double charge motorists and to make them pay for a service for which they pay already through their council tax. I have asked the Minister once, and I ask him again, for a categorical undertaking that, if the Government will not accept our new clause, Britain's 27 million motorists and their insurers will not be charged by the fire and rescue services for emergency attendance at road traffic accidents. Anything less than such an undertaking will leave Britain's motorists in no doubt about what the Government have in mind for them: yet another stealth tax on law-abiding, insured drivers.

Mr. Drew: Some of us on the Labour Benches thoroughly concur with some of what the hon. Member for Runnymede and Weybridge (Mr. Hammond) has said, so we look forward to our right hon. Friend the Minister for Local and Regional Government allaying our worst fears about what could happen. Of course, there is always the difficulty that we worry more about what might happen rather than what is likely to happen. In Standing Committee, we probably spent more time on clause 19 than on any other part of the Bill, although there was only one Division, despite the fact that several amendments were discussed.

The problem for some of us is that the consultation paper is somewhat opaque. Some of us do not understand all the nuances of every last dot and comma of the Bill, and the consultation paper should have gone some way towards clarifying how the charging policy would work in practice. I may be alone, but I am not much the wiser about that, so I hope that my right hon. Friend will be able to assuage our fears about several things.

We are concerned that the proposals would make the current ad hoc arrangements worse. Currently, some fire and rescue authorities can make a charge if they feel that a person's behaviour has resulted in gratuitous waste of their time and resources. However, we need some explanation of the proposals. Given that all three emergency services spend most of their time actually dealing with emergencies, I am not clear how there can be a process that settles in advance whether an incident is such that a charge should be levied on a motorist or a person who has the misfortune to be stuck in a lift. The proposals are a recipe for disaster unless we can lay the ghost of those fears and ensure that charges would not lead to problems in the future. I hope that my right hon. Friend will lay the ghosts completely so that we can

move on. Charging must be put in its proper context—as a very small part of a much more important piece of legislation.

Richard Younger-Ross: I support much of what the hon. Member for Runnymede and Weybridge (Mr. Hammond) has said, but I disagree with what he said about new clause 4—we disagreed on that in Committee. He has a great future in a Treasury team because he has the ability to double count figures in the same way in which the Chancellor of the Exchequer does whenever there is an announcement on new Government spending—that is not meant as a compliment.

The hon. Gentleman talks about double charging as if there will be two sets of charges, but that is blatantly not the case. If there is a system of charging in specific instances, the running costs of the relevant authority are reduced. If those costs are reduced, the charge to the taxpayer is thus reduced—the taxpayer does not pay in that instance. Double charging would occur only if the money raised disappeared or were wasted, and I do not believe that that will be the case.

Mr. Hammond: Will the hon. Gentleman tell me how far the Liberal Democrats extend that thinking? Will they introduce charging throughout such areas as the national health service and the education sector?

Richard Younger-Ross: No. I noticed that the hon. Gentleman hypothesised that there would be a great roll-out of a programme through which the Government would charge for this, that and the other, but that is not the case. In the case of road traffic accidents, one can say that someone is to blame, so charges can be recovered from whoever is at fault. There was no one who could be said to be at fault or to blame in the other cases that he mentioned. He cited an aeroplane crash, but it would be difficult to determine with whom the fault lay in such a case. If terrorists blew up a plane, it would be almost impossible to recoup costs from those individuals. However, in the specific case of a road traffic accident, it is more than possible to recoup costs.

Mr. Redwood: Is the hon. Gentleman thus saying that if people smoke too much against advice, they should have to pay for their lung cancer treatment?

Richard Younger-Ross: I am not saying that, but as the right hon. Gentleman well knows, people who smoke too much sometimes find it difficult to get certain forms of treatment because doctors are reluctant to treat them.

We are considering a specific case in which someone is at fault. I understood that when the Conservative party was in power, it accepted the established principle that ambulances have always been able to charge for attending a road traffic accident. It is not unreasonable to extend the call-out charge for attending an RTA to firefighters. The hon. Member for Runnymede and Weybridge seems to be trying to create a new category of people whom he can support, and he seems to be creating a new category of victims.

Mr. Hammond: Motorists—27 million of them.

Richard Younger-Ross: Yes, all of a sudden there is a concept that motorists are victims. Motorists sometimes do get a raw deal, and most of them feel that they are victims if they get parking or speeding tickets. However, it is not unreasonable for the person who was at fault for a road traffic accident to be expected to pay a charge for an emergency service to attend.

I accept several of the concerns that the hon. Member for Stroud (Mr. Drew) raised. If a charging regime is to exist, we must be clear about what it is. Will the Minister define the limits of such a regime so that the fears—the irrational fears, I hope—that a great charging regime will suddenly exist can be laid to rest?

Mr. Hammond: What does the hon. Gentleman propose to do about the increasingly large number of motorists who do not have insurance? The way in which the Government word the provisions suggests that they envisage avoiding that difficult problem by levying charges only on insurers, thus letting uninsured motorists—those who are breaking the law—get away scot-free.

Richard Younger-Ross: I accept that that is a valid point. Uninsured people should be expected to pay the charges, but a problem would arise if they were not able to afford them. We need a new system to stop people driving without insurance. I would need to talk to our transport spokesman to find out what our exact policy is on that, but other systems, such as displaying evidence of insurance in car windscreens, might be a way of dealing with the problem. It is of course wrong for people not to be insured and to get away with it, but that is not what we are debating. The hon. Gentleman cites the example of people escaping payment, but that argument is rather like saying that as some people avoid paying tax, we should not pay tax. That argument is nonsense, and I think that the hon. Gentleman knows it.

Mr. Redwood: I support new clause 4, for which my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) argued his case powerfully. I was shocked when I read the Bill and realised that it would enable the Minister or his successors to authorise charges for rescuing people caught up in terrible accidents. The mind boggles as to how that might take place. Is the Minister seriously suggesting that when the fire service arrived on the scene, there would have to be negotiation with victims on how they would pay? Would they have to show a credit card or carry cash, or would they be allowed to defer payment? Would they be able to argue over the price? Would they get a quote in advance, or would they have to pay whatever bill was sent to them and their insurers after the rescue?

My hon. Friend made a powerful point in response to an intervention that I made. I was thinking of a poor victim who desperately needed to be rescued from his or her vehicle and perhaps needed to be taken to the local hospital. Such victims would be in no condition to think through such matters and would agree to any charge that might be made thereafter. However, my hon. Friend cited the even more difficult case of a person who needed to get out of his or her vehicle, but was in no immediate pain or danger. Such people might well want to shop around and use a mobile phone to find out whether a private sector contractor could arrive in a reasonable time and do the job more cheaply. The fire service would presumably have to give them a quote, so the whole situation would become laughable.

[Mr. Redwood]

I speak as someone who wants less government, lower taxes, far fewer quangos, officials and regulations, and far less intervention in daily life than currently exists under the Government. However, there must be a core of public services that we, the taxpayers, get free in return for our massive taxes. If I had to set out a shortlist—it would be a much shorter list than that which the Government produce for us against our will—of things that should be supplied free at the point of use and paid for by the enormous tax revenues that are collected, the service that we are discussing would be high up the list. I would want good defence, criminal justice and emergency services that worked when we were in need of emergency service provision. I cannot believe that a Labour Government, who raise so much money from us all and mug the motorist every day with their massive fuel taxes, licence fees, hidden taxation on motoring and congestion charges, can have the audacity to come to the House with the measure and to take it through Committee without understanding just how much people will hate the proposal and how wrong people would think it to have to pay a fee at the point of accidents such as those that I described. I am delighted that the hon. Member for Stroud (Mr. Drew) speaks up for good, honest Labour Back Benchers who are as shocked as I am to see the Minister coming before the House, without any shame on his face, to demand payment in such dreadful circumstances.

When the Minister responds to the debate, he may well argue that he does not wish to impose charges on all people in the dreadful circumstances that I described. Of course, he could point out that, under the Bill, he would have to authorise a charge before one could be imposed, but I am worried about not only the Minister, but his possible successor before the election. I am not sure who that might be if he is replaced in a reshuffle. I think that he should be promoted to the Cabinet, but he is far too competent for that. We know that competence is not valued in gaining promotion to this Government, so he may be moved sideways. The next Minister—

Madam Deputy Speaker (Sylvia Heal): Order. I hope that the right hon. Gentleman will make his remarks germane to the amendment rather than to people's promotion prospects.

6.30 pm

Mr. Redwood: I stand suitably corrected, Madam Deputy Speaker.

The amendment addresses the charging regime. I am worried that, if we leave the Bill unamended and do not listen to the common sense of my hon. Friend the Member for Runnymede and Weybridge, we could have a Minister who authorises charges in the awful circumstances that I described.

Richard Younger-Ross: How can the right hon. Gentleman justify his statements, given that his party's policies resulted in charging people for eye and dental check-ups?

Mr. Redwood: All parties have gone along with that policy, and this Government have gone further than the previous Government in privatising dentistry. I am sure that Madam Deputy Speaker would regard that as way wide of the amendment, which relates to the idea that a Minister could impose charges in the difficult circumstances that we are discussing.

The Minister will also argue that he aims to charge insurance companies rather than the victims of the accidents. My hon. Friend the Member for Runnymede and Weybridge explained that the people most likely to get into accidents are those who steal cars or drive without proper licences and insurance, and they will not be covered by the proposal. That is grossly unfair, especially if the innocent victim of such an accident is on the road legally and has insurance. Would the innocent victim's insurance company end up paying for that accident and would his no-claims bonus disappear?

Mr. Hammond: Equally bad is the Government's plan to extend the levy that insurers have to pay to meet the costs of uninsured drivers to cover this scheme, imposing a still greater burden on law-abiding drivers. Perhaps my right hon. Friend will contemplate that.

Mr. Redwood: My hon. Friend is right. I was about to say that the burden will undoubtedly fall, as it always does, on the law-abiding decent motorist, who will pay the bill one way or another.

The Minister will know of the proposals before the European Union, which will doubtless come into effect, that will force up the price of insurance for younger women and middle-aged men, who have better driving records than others, in the false name of equality. He is asking us to approve another proposal that will sandbag and increase insurance costs for all motorists on top of the dangerous legislation that is about to come into effect that will tackle two groups that, on average tend, to drive rather better than others—something that should be reflected in their premiums. I hope that he understands just how badly motorists will view a further major increase in their premium cost, which will be a direct result of the Bill if he is foolish enough to reject my hon. Friend's excellent amendment.

Motorists have had enough of this Government. They have been sandbagged, taxed and treated extremely badly by them. This is yet another measure in that campaign. If the Minister wishes to win the votes of motorists at the election, he should back off tonight and support my hon. Friend.

John McDonnell: I take up where my hon. Friend the Member for Stroud (Mr. Drew) left off and seek clarity on the document circulated by my right hon. Friend the Minister. The letter to my hon. Friend the Member for Knowsley, South (Mr. O'Hara), the co-Chairman of the Standing Committee that considered the Bill, includes the consultation paper on secondary legislation. Item 8 of the annexe on page 13 deals with a critical issue that will cause consternation across the country. It could make or break a Government, let alone an individual Minister. It is the issue of cats up trees.

On the rescue of animals, it is current practice in the majority of authorities for the rescue of animals to be effected free of charge. Item 8 states:

"Current practice in the majority of authorities that do charge for animal rescues"

is that

"some draw a distinction between domestic animals and livestock but as this is not universal practice we do not propose to include such a distinction in the Order."

So the person to be charged is the owner or keeper of the animal concerned. That introduces a charging policy for fire brigades that, altruistically and with clear commitment to animal rights and good husbandry, turn up to remove a cat from a tree. What happens if the cat does not have a collar? Do we impound the cat? If we impound it, at what point does it become dispensable—

Mr. Drew: Disposable.

John McDonnell: Indeed. When does the cat become disposable? What happens when we cannot identify who has called the fire brigade? What if there is no owner or keeper? Does the onus fall on the person who made the emergency call-out for that fire service?

Mr. Redwood: The hon. Gentleman puts his finger on an important point. What if the cat did not need or want rescuing? The cat may not be able to explain that to the fire brigade in attendance. The owner might be traced later and he could take exception to paying to rescue a cat that was perfectly happy up a tree.

John McDonnell: The proposal clearly contradicts the new line of policy of choice developed at the Labour party spring conference over the weekend and completely contradicts the policies pursued by the Office of the Deputy Prime Minister. We need clarity on the matter. It is one of the anomalies on charging policy that will cause consternation and political reaction across the land.

Mr. Raynsford: I shall try to bring us back to a calm environment after the flights of fantasy of the right hon. Member for Wokingham (Mr. Redwood), who took us into a distant land. I noted his kind remarks about my position. I am grateful for them. On the day that the right hon. Member for Skipton and Ripon (Mr. Curry) has, for whatever reason, sadly resigned from the shadow Cabinet, taking a great chunk of expertise, skill and decency from that body, I suspect a touch of frustration on the part of the right hon. Member for Wokingham that he has not been offered a promotion as part of the consequent reshuffle. He must feel very unloved by his party.

Amendment No. 2 would remove the prohibition on charging for extinguishing fires and protecting life and property in the event of fire. The Fire Services Act 1947 prohibits fire authorities from charging for their response to fires. We have sought to continue such a prohibition in clause 19(2). To do otherwise would be to extend significantly the scope of the charging arrangements. I am sure that the hon. Member for Runnymede and Weybridge (Mr. Hammond) intends that his amendment should be read with new clause 4, in which he seeks to extend the range of services for which a charge cannot be levied.

New clause 4 would extend the restrictions on the services for which a charge might be made. Subsection (1)(a) replicates the restriction that the Government included in the Bill when it was introduced. However, subsections (1)(b) and (1)(c) would also apply to road traffic accidents at which there was no incidence of fire and to a variety of other emergency situations.

The new clause would not cover the circumstances that my hon. Friend the Member for Hayes and Harlington (John McDonnell) mentioned relating to animal welfare. We debated those in Committee, but the amendments do not cover that subject. We propose to make no change to existing arrangements under which some fire and rescue authorities make charges for animal rescue. We do not think that it is right to make arbitrary changes without full consultation and discussion. I assure him that we are essentially preserving the status quo.

With the passage of time, from the position that existed under the 1947 Act, the fire and rescue service has acquired a great deal of experience and skill in dealing with the effects of road traffic accidents, even though there has been no obligation on the service to render rescue assistance. We have introduced a new duty for the service to respond to such incidents in clause 8, recognising the reality and putting on a proper statutory footing the responsibilities of the fire and rescue service.

At the same time, we have recognised that fire authorities already have a power to charge for dealing with the non-fire assistance rendered at such an incident, although to the best of our knowledge they have not made use of it. The order-making provision in clause 19 will allow us to ensure that there is no move towards charging for road traffic accidents or other incidents without further detailed consultation, while preserving the principle of being able to charge for such incidents if it is appropriate. That is entirely consistent with my explanation that we are simply preserving the status quo.

It is pure scaremongering on the part of the Opposition to imply that we intend to sting motorists. We have no such intention. As I have emphasised, we are simply preserving the status quo. What we will not do is rule out any arrangements similar to those operated by ambulance trusts to recover some costs in some circumstances—generally, of course, from insurers. That policy might come forward as a result of further consideration. We certainly would not want to rule it out if there were strong, sensible reasons for adopting it. We have no plans to do so; it is not part of our agenda, but we will not rule out arrangements that might command support in the wider fire community.

I am not clear why the Opposition believe that, in all cases, including those where there is clear fault, the cost of dealing with such incidents should always be borne by the taxpayer rather than the responsible party. That is a recipe for increasing the costs to be met by council tax payers. People thinking about factors behind rising council tax will draw conclusions from the Opposition's stance on the issue. Conservatives Members may complain about council tax levels, but in trying to make it impossible for fire and rescue services to recover the costs of certain incidents, some of which I shall explore in a moment, they are essentially proposing the transfer of costs in some circumstances from the polluters, insurers or parties responsible for those costs to the general taxpayer. I should not have thought that such a principle would be easy for Conservatives to defend in the wider debate about keeping down council tax. I look forward to engaging with them in that debate.

[Mr. Raynsford]

The hon. Member for Runnymede and Weybridge may claim that we are proposing changes that could result in considerable increases in insurance premiums for 27 million motorists, but I must tell him, as I did in Committee, that Transport 2000 has estimated that the impact on the average premium of arrangements to mirror those operated by the NHS would be around £3 a year. He is really wide of the mark in scaremongering on that.

The recent Select Committee report on the fire service noted the potential for authorities to recover from compensators the costs of dealing with traffic accidents in a manner similar to that in the NHS. We believe that further work is needed on how any such scheme might operate for the fire and rescue service, and on the impact that it would have on authorities, the insurance industry and the public. Those further investigations should be conducted before any proposal is made, let alone introduced. In the light of that, we do not think that it would be appropriate to close off the possibility of charging, as countenanced in new clause 4. I hope that that gives my hon. Friend the Member for Stroud (Mr. Drew) the reassurance that he is seeking. We certainly have no plans to extend charging for services delivered by fire and rescue authorities, but we are aware that some authorities currently levy charges for certain activities and we are certainly not going to cut off those options arbitrarily, as the new clause proposes.

We are equally aware that some fire and rescue authorities have given thought to when they might wish to charge for various activities. The independent report on the fire service—the Bain report—gave some impetus to that thinking. Any such proposal should be very carefully evaluated from an operational and a financial point of view, and we should consider taking it forward only if its introduction could be carried through without in any way compromising public safety. Public safety will always remain our absolute priority and the overriding consideration. Nevertheless, we certainly would not want to close off options entirely.

Mr. Drew: I am largely reassured, but let me give the Minister one example of how we could get into difficulty. On nice summer afternoons, at the many fêtes and bazaars that we all attend and open, there is often a fire engine, which is usually popular with children. We will surely never get into the realms of charging for the presence of such appliances, which is often the most effective education about the fire service. That is the danger if we consider charging for things that are not deemed emergencies. Will my right hon. Friend clarify that?

Mr. Raynsford: I am sure that we would want fire and rescue authorities to continue precisely such activities free of charge for public education purposes, but my hon. Friend will know that fire and rescue services might be asked to provide water-pumping facilities for some commercial activity, for which it is entirely reasonable to recover a charge. We would not want to rule that out. If authorities are not promoting public safety but providing a useful ancillary service, recovering costs would be entirely proper and reasonable.

6.45 pm

I put it to the hon. Member for Runnymede and Weybridge that the range of incidents that may fall within the provisions of clause 9 is not confined simply to the new terrorist threat. It can include major incidents of flooding or damage caused by accidental or negligent discharge by a company of a large volume of harmful chemicals. New clause (1)(c) would exclude such incidents from the scope of charging. Is it right that a major commercial undertaking that is responsible for massive pollution and consequent disruption should escape any possibility of being charged for the work of the fire and rescue service in dealing with such an incident? What message would such a prohibition on cost recovery give to potential polluters and to council tax payers? Is the hon. Gentleman so confident that, as he said, it is unthinkable for charges to be levied in such circumstances? If so, would the Opposition spokesman for environmental protection agree?

The hon. Gentleman and the right hon. Member for Wokingham asked about the possibility of charging in an emergency. There is absolutely no intention of charging to extract payment before taking emergency action to save life or prevent serious harm. On the possibility raised by the hon. Gentleman that, owing to the Government amendment, a road traffic accident victim would hope that the fire service would attend first, neither the fire and rescue service nor the ambulance service charges for medical assistance. The ambulance service charges for conveyance to hospital. That is its appropriate role, and not one for the fire and rescue service.

Mr. Redwood: Will the Minister write that assurance into the Bill so that all can see that authorities will never charge in such circumstances?

Mr. Raynsford: That assurance has been given on the Floor of the House and previously, and will remain the case. The right hon. Gentleman knows, as he referred to it, that the Bill contains powers under which the Secretary of State must authorise any extension of charging, so if there were any question of varying from that principle, we would be open immediately to scrutiny of whether we were upholding it.

I understand that Conservative Members may fear that every person unfortunate enough to suffer a tidal surge may find themselves confronted with a bill for pumping out, but in many cases such people will have building and contents insurance. If it is felt appropriate to charge for such activity, clause 19(3) might be used to allow authorities to recover from insurers the costs of responding to flooding incidents.

Mr. Hammond: The Minister is talking about pumping out. Is he giving a categorical assurance that the powers will never be used to levy a charge for rescuing people from flooded buildings?

Mr. Raynsford: Yes.

Mr. Hammond: Will the Minister give a similar categorical assurance that the provisions will never be used to levy a charge for rescuing people from cars after a road accident?

Mr. Raynsford: I have already made that absolutely clear and I am happy to do so again. As I have

repeatedly said, all that we are doing is preserving the status quo under which, as the hon. Gentleman knows because he has studied the matter carefully, the 1947 Act, which prohibits charges, applies only to the extinguishment of fires. As he rightly pointed out, there is scope for charging for other services. In general, fire and rescue authorities have not levied charges—some have for certain activities—and we are not intending to cut across those arrangements. We are implementing a framework that will ensure that, if there are to be charges for any service, they should be determined by the Secretary of State and subject to the Secretary of State's agreement by order, which can be considered by this House. That is the proper and necessary safeguard.

Mr. Hammond *rose—*

Mr. Raynsford: I ask the hon. Gentleman to bear with me and to listen. It has always been our intention that there should be no question of charging for rescuing people from road traffic accidents or, indeed, from life-threatening situations, including flooding.

New clause 4(2) is designed to ensure that fire and rescue authorities are not empowered to charge for providing emergency medical assistance where there is no corresponding power for an NHS ambulance trust to impose such a charge. I agree with the sentiment behind the provision. In Committee, I offered to table an amendment to that effect if the hon. Gentleman would accept that there were situations in which it was right for fire authorities to levy charges. He declined my offer. I think that he is wrong, but I have tabled the amendment none the less and in terms that offer greater reassurance to the public than would his own, which I ask him to withdraw.

Government amendments Nos. 12 and 13 correct an omission from the Bill. The 1947 Act was amended, with effect from September 2003, to allow fire and rescue authorities to charge for firefighting activities at sea. The power of an authority to respond to such a request for assistance had been introduced under the Merchant Shipping and Maritime Security Act 1997. The 1947 Act as originally enacted did not allow for a charge to be made for any firefighting purpose, but nor did it enable an authority to use its resources to assist in dealing with a fire offshore. There was considerable concern among salvage operators that such a power should exist and they and marine insurers were content to bear the cost. It is not surprising that they should prefer to pay for a service that an authority was not obliged to provide than risk the total loss of a vessel. It is right that the Bill should contain a similar provision and that the cost of such an intervention should not be expected to fall on the budget of an authority as a normal expense.

The hon. Member for Runnymede and Weybridge mentioned the channel tunnel. As I pointed out in Committee, the tunnel is in the happy position of being notionally part of Kent for firefighting purposes—it is not treated as a place under the sea. The Government amendment makes no change to that conceptually difficult position.

Government amendment No. 12 also fulfils an offer made in Committee and goes further than the amendment tabled there by the hon. Gentleman. It prohibits charging for any emergency medical assistance and requires no linkage to NHS arrangements. I commend the Government amendments to the House.

Mr. Hammond: I have sought to protect the interests of 27 million motorists in Britain, but must admit that I have been clearly trumped by the hon. Member for Hayes and Harlington (John McDonnell) defending the interests of animal lovers in Britain. God knows how many millions of those there are—certainly more than there are motorists.

I am not entirely clear about what the Minister just said. I sought a commitment that the powers under clause 19 would never be used to authorise charging for the discharge in an emergency of any of the statutory functions of a fire and rescue authority, and I thought that the right hon. Gentleman confirmed that in the last few minutes of his speech. If he can now confirm that he will never, in any circumstances, use clause 19 to authorise charging in an emergency for the discharge of any of the statutory functions of a fire and rescue authority, I shall be happy to withdraw the new clause.

Mr. Raynsford: No, I cannot do so. As I clearly explained, we can envisage emergencies, such as pollution incidents, arising in circumstances in which we believe it would be entirely appropriate to charge. My point, which I repeat, is that we do not in any circumstances envisage fire and rescue services failing to take action to rescue someone in an emergency, such as road traffic accident or flooding, simply because a charging regime has been introduced. That is unthinkable. The services will rescue people immediately—that will be their primary priority. If there were a charging regime, that would come into effect afterward, but it would certainly not affect the decision on whether to effect a rescue.

Mr. Hammond: The Minister has clearly been called to order by voices off. That is not what he said a few minutes ago, when I understood him to have given us the reassurance that we sought—that there would never be charges for emergency intervention. If he is saying only that the services will not ask for a credit card before carrying out the rescue, that is wholly inadequate.

On behalf of this country's 27 million motorists and all those who live in low-lying areas and have to worry about flooding, we seek an assurance that they will not be charged for the discharge in an emergency of the statutory functions of fire and rescue authorities. The Minister told my right hon. Friend the Member for Wokingham (Mr. Redwood) that it is difficult to square our insistence that emergency services be provided free with concerns about increasing council tax. I say to him that I suspect that most of our constituents would put emergency response in such situations very high on the list of things that they feel should be provided free of charge by a public service.

The Opposition believe that it is fundamentally wrong to introduce any possibility of charging for emergency response in the discharge of a statutory function. I urge my right hon. and hon. Friends to support the new clause and to protect motorists throughout the country.

Question put, That the clause be read a Second time:—

The House divided: Ayes 126, Noes 317.

Division No. 87] **[6.57 am**

AYES

Amess, David
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Beresford, Sir Paul
Blunt, Crispin
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burnside, David
Butterfill, Sir John
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Fox, Dr. Liam
Gale, Roger *(N Thanet)*
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Pickles, Eric
Price, Adam *(E Carmarthen & Dinefwr)*
Randall, John
Redwood, rh John
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spelman, Mrs Caroline
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel *(Caernarfon)*
Wilshire, David
Winterton, Ann *(Congleton)*
Young, rh Sir George

Tellers for the Ayes:
Hugh Robertson and Mr. Mark Francois

NOES

Alexander, Douglas
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Baird, Vera
Baker, Norman
Banks, Tony
Barnes, Harry
Battle, John
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradshaw, Ben
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burnett, John
Burnham, Andy
Burstow, Paul
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Chapman, Ben *(Wirral S)*
Chidgey, David
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coffey, Ms Ann
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cotter, Brian
Cousins, Jim
Cox, Tom *(Tooting)*
Crausby, David
Cruddas, Jon
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Darling, rh Alistair
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, rh Denzil *(Llanelli)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Follett, Barbara
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Green, Matthew *(Ludlow)*
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hancock, Mike
Hanson, David
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Heath, David
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Holmes, Paul
Hope, Phil *(Corby)*
Hopkins, Kelvin

Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, David
Lawrence, Mrs Jackie
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
McCabe, Stephen
McCartney, rh Ian
McDonagh, Siobhain
McDonnell, John
McFall, John
McIsaac, Shona
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morley, Elliot
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Oaten, Mark *(Winchester)*
Olner, Bill
Öpik, Lembit
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pickthall, Colin
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Rendel, David
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sanders, Adrian
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Soley, Clive
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Teather, Sarah
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Tipping, Paddy
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Roger *(Brecon)*
Willis, Phil
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Mr. Nick Ainger and Vernon Coaker

Question accordingly negatived.

New Clause 5

REGIONAL MANAGEMENT STRUCTURES

'(1) The Secretary of State shall within 12 months of the coming into force of any part of this Act:

(a) commission an independent study to establish the optimum geographical areas within England for the organisation of fire and rescue services; and

(b) commission an independent study of the impact of any existing regional management structures on:

(i) operational effectiveness of fire and rescue services, and

(ii) cost-effectiveness of fire and rescue services, and

(iii) management capability of fire and rescue authorities.

(2) Upon receipt of the reports of the studies referred to in subsection (1), the Secretary of State shall cause those reports to be published.'.—*[Mr. Hammond.]*

Brought up, and read the First time.

Mr. Hammond: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this it will be convenient to discuss the following:

New clause 9—*Limitation on power of Secretary of State to appoint members of a combined fire and rescue authority*—

'(1) Where a scheme made under section 2 provides for members of a combined fire and rescue authority to be appointed by the Secretary of State the provisions of this section shall apply.

(2) Before making an appointment to a combined fire and rescue authority the Secretary of State shall invite each of the existing authorities with power to appoint members to the combined fire and rescue authority to submit to him a list of nominees for consideration for appointment by the Secretary of State.

(3) The Secretary of State shall appoint from the lists of nominees received those persons who appear to him to be best qualified to serve as members of the combined fire and rescue authority unless there are an insufficient number of persons on the lists appearing to the Secretary of State to be suitable for appointment.

[Madam Deputy Speaker]

(4) If the Secretary of State considers that there are an insufficient number of suitable persons on the lists to make all the necessary appointments he shall advise each of the existing authorities of his reasons for considering each of their unsuccessful nominees as unsuitable for appointment and shall indicate the qualities, experience and other relevant factors required for appointment by the Secretary of State in the particular case.

(5) Each of the existing authorities shall then be invited to submit a further list of nominees fulfilling the criteria set down in accordance with subsection (4) by the Secretary of State.

(6) Upon receipt of the further lists referred to in subsection (5) the Secretary of State shall appoint from the lists those persons who appear to him to be best qualified to serve as members of the combined fire and rescue authority.

(7) If there are insufficient numbers of persons appearing to the Secretary of State to be suitably qualified for appointment on the lists submitted, the Secretary of State may appoint such other persons as he considers suitable to fill any remaining vacancy.

(8) On the occurrance of any casual vacancy for membership of a fire and rescue authority which falls under the terms of the scheme to be filled by an appointment by the Secretary of State the procedure set out in subsections (2) to (7) shall apply.'.

Amendment No. 21, in clause 2, page 2, line 14, after 'Act', insert

'that one or more fire and rescue authorities are failing to discharge their duties and this Act and'.

Amendment No. 14, in page 2, line 16, leave out from 'area' to end of line 18.

Amendment No. 3, in page 2, line 17, leave out from 'constitutes' to end of line 18 and insert

'an area identified by the study published by the Secretary of State in accordance with section [regional management structures] as an optimum geographical area for the organisation of fire and rescue services.'.

Amendment No. 22, in page 2, line 18, at end insert—

', or

(c) that a draft scheme has been submitted to him by two or more existing authorities and it appears to the Secretary of State that for the purposes of this Act, in the interests of greater economy, efficiency and effectiveness, there should be a single fire and rescue authority for the combined area.'.

Government amendments Nos. 7 and 8.

Amendment No. 23, in clause 3, page 3, line 40, leave out 'half' and insert 'one third'.

Government amendments Nos. 9 to 11.

Mr. Hammond: This wide-ranging group of amendments deals with combined fire authorities and much more besides. New clause 5 is drawn widely and touches on all fire authorities in England with the exception of the London Fire and Emergency Planning Authority. It addresses the compulsory and arbitrary regionalisation of fire and rescue services on the basis of the existing regional development agency or Government office regions. The Select Committee looked at the Government's proposals on regionalisation and said in paragraph 81 of its report:

"The draft Framework emphasises the importance of local solutions to local needs, and highlights that there is no national blueprint. Yet Fire Services and Authorities appear to have no choice about adopting a regional approach."

We have always accepted that there is a case for harvesting the efficiencies of co-operation by doing certain things at supra-brigade level, but that must be a bottom-up process that starts with individual fire authorities collaborating together, not a top-down process in which the Secretary of State directs fire authorities to work in certain ways. It must be driven, not by the Secretary of State's demands but by the accountability of fire and rescue authorities to local taxpayers and by their best-value obligations. That is already happening, but not necessarily on the geographical boundaries that Ministers seek.

We accept the case for common procurement to ensure interoperability and the need to co-ordinate the response to non-conventional threats at a higher level than that of the individual brigade. None of those arguments, however, points to the Government-dictated organisation of fire and rescue services along the geographical lines of Government office regions. Fire and rescue services are a local government function and, under modernisation, are charged with becoming more of a community service. They must be managed and run closer to, not further away, from the local community that they serve. We must never forget that even in the environment in which, sadly, we now find ourselves, at least 90 per cent. of a fire and rescue authority's work will continue to be performing community-based traditional roles as well as the new, important role of fire prevention and education.

The Government have not produced a shred of evidence to establish the benefit to public safety of choosing the structure of existing Government office regions as the basis for imposing regional management boards, the use of those regions as the basis for the combined fire authorities of the future or, indeed, the reduction of the 49 existing control rooms to just nine in England. The Select Committee report, with which the Minister will be familiar, makes that clear at paragraph 79, which states:

"The key argument in the White Paper for a regional approach appears to be cost efficiency".

It goes on to say at paragraph 80:

"The White Paper does not explain how a regional approach would improve public safety, and help Government achieve its Service Delivery Agreement targets. Nor does it provide evidence that a regional approach would reduce bureaucratic overheads."

We need convincing evidence that the regions chosen by the Government are the optimum regions for fire and rescue purposes and will not merely reduce costs but meet the Government's avowed criterion of improving public safety.

7.15 pm

The report on control rooms does not look at the possibility of any other configuration of those rooms. If a control room can handle adequately the entire south-east of England, with a population of 8 million, why has the Minister not considered combining the north-east region with Yorkshire and the Humber to create a region with a population of about 7.5 million? The Government have not explained why is it right and appropriate to have one control room in the north-east region with a population of 2.5 million spread over

8,000 sq km, and one control room in the south-east region with a population of 8 million spread over 19,500 sq km?

Resilience, which the Minister often talks about, will be achieved by common equipment and operating standards. The reduction of 49 control rooms to nine is about saving costs. There is nothing wrong with saving costs—I am not suggesting for a moment that that is not a good objective—but it is not the Secretary of State's role to deal with such matters in a locally based, locally accountable service. He should deal with resilience, but economy of operation should be dealt with under the best-value arrangements and through the accountability of democratically elected fire and rescue authorities to their local electorates. The truth is that the Deputy Prime Minister has been scratching around to try to find some powers for his pet regional tier to counter the repeated accusation that it is a hollow promise or empty box. The fire and rescue services are being regionalised by stealth through the regional management boards, the inevitable withering of the management capability of individual fire and rescue authorities and by the regional fire authorities that the Secretary of State will impose on any region that elects to have a regional assembly in a referendum. Incidentally, that demonstrates the untruth of the Government's repeated statement that any extra powers given to elected regional assemblies will be handed down from central Government, not drawn up from local government. Those extra powers will clearly come from a diminution of local government power and responsibility.

It is not appropriate to organise a vital, front-line emergency service around the political whim of a politician. We will never accept that public safety should be subordinated to the Government's regional agenda through the imposition of a sub-optimal regional structure. I emphasise again that we object not to the introduction of a supra-brigade level for certain purposes but to the transparently political use of existing Government office regions—*[Interruption.]* The Minister says that it is a lot of nonsense, but he has not produced a shred of evidence to support the argument that those are the optimum regions for the operational delivery of fire and rescue services.

Mr. Raynsford: I repeatedly told the hon. Gentleman in Committee—I am surprised that he did not hear—that in each of the Government office regions we have regional resilience forums, which ensure that we have the best possible resilience to cope with terrorist threats and other emergencies. How can he possibly suggest that it does not make strong operational sense to align the boundaries of the fire and rescue services' work in that regard with those of the regional resilience forums?

Mr. Hammond: What the Minister is seeking to do is reorganise the work of fire and rescue authorities, 90 per cent.-plus of which will be carrying out the community-based role that they have to perform along Government office region lines. He has never sought to evaluate—I stand to be corrected if he can produce some evidence, but I have never seen it—the most appropriate geographical arrangements for the delivery of a supra-brigade level.

Mr. Raynsford: If the hon. Gentleman had read the White Paper, he would know that we spelled out very clearly a definition of what responsibilities needed to be discharged at a national level, a regional level and a local level, including the community fire safety work. That underpins our proposals.

Mr. Hammond: That is very interesting, but it does not answer the accusation that the regions that have been selected for political purposes are self-evidently not the most appropriate ones for the delivery of fire and rescue services.

Mr. Raynsford *rose—*

Mr. Hammond: If the Minister wishes to intervene again, perhaps he will explain why the most appropriate unit for organisation of the fire and rescue service in the north-east has a population of 2.5 million spread over 8,000 sq km, while in the south-west, it is a unit with a geographical extent of 23,000 sq km, and in the south-east, it is a unit with a population of 8 million.

Mr. Raynsford: I repeat to the hon. Gentleman that it is because it is essential for operational needs that there is clear contiguity between the regional resilience forums and the fire and rescue service. That is very much about public safety. Will he now please withdraw the entirely unjustified allegation that this is a political arrangement? It is not such an arrangement because it is about public safety and the best arrangements that we can make to guarantee us against the risk of terrorism and other serious incidents.

Mr. Hammond: I do not remember the Minister rushing to the Dispatch Box to withdraw the inappropriate accusation that he made against me earlier in the debate, and I did not press the point at the time. I shall not withdraw my concern that one of the driving forces for the Government in taking this route and using the organisational units is that that approach fits extremely well with another important political initiative by the Department—the promotion of the regional structure in Britain.

If the Minister were to commission from Mott MacDonald or whoever else an independent report of the sort suggested by new clause 5, asking what the optimal sub-national organisation of England would be—we are now talking only about England—for operational fire and rescue purposes, it is theoretically possible that the answer would be a structure of 8,000 sq km in the north-east and 23,000 sq km in the south-west, with 2.5 million people in the north-east and 8 million people in the south-east. However, I very much doubt that that would happen, as it flies in the face of all intuition and logic. In the absence of such a report, I am deeply sceptical. That is why new clause 5 seeks to require that an independent study be carried out on the optimal organisational units for fire and rescue purposes. If those units are the Government office regions, fine, but I am prepared to bet that an independent report would find otherwise.

The new clause would also require an independent study to be carried out on the impact of the existing regional structure. That will be a structure of regional management boards and any regional combined fire authorities that the Minister has created at the time when the study is conducted. That is the best that we can

[Mr. Hammond]

do within the structure of the Bill, as the regional management boards are not created by the provisions, but are part of the national framework document.

If the proposed reports were carried out, they would show whether there is a better way of organising supra-brigade level activity and whether the Government office regions structure is really a cost-effective way of organising fire and rescue services, as well as what impact it is having on fire and rescue authority management capability, which appears likely inevitably to wither as a result of the transfer of responsibilities up to regional management boards.

That process would be entirely objective. If the Minister is confident that the best interests of public safety are served by the Government office regions and that they are the best and most appropriate units of organisation, he has nothing to fear in accepting the new clause and commissioning an independent report, so that we can all see some independent underpinning of the Government's position and some basis for his repeated assertion, which flies in the face of intuition, that this structure of organisation has not been adopted because it ties in with the ODPM's other agenda of regional government. The public would then be able to see for themselves whether the structure is designed primarily to enhance public safety rather than to advance the Deputy Prime Minister's regional agenda.

Amendments Nos. 3 and 14 address another frankly outrageous or preposterous—I shall put it that way, as that is the Minister's favourite word—provision: clause 2(2)(b). That provision allows the Secretary of State to create new combined fire and rescue authorities if efficiency, effectiveness and economy demand that he does so. That is fine, but it is not the case if the combined fire and rescue authority that he wishes to create is one whose boundaries coincide with those of a regional development agency region. In that case, he does not have to demonstrate that creating the authority will be in the interests of efficiency, effectiveness and economy; he can proceed with no hurdles and no best value criteria to be met. That seems a scandalous misuse of public responsibility, and amendment No. 3 would allow a combined fire authority for a region to be created without hurdles only if it was for a region identified in the report that would be required under new clause 5 as an optimum region—a region that, by definition, is the most appropriate one for the delivery of fire and rescue services.

If the Government reject new clause 5, amendment No. 14 offers an alternative route, as it seeks to delete all together the special treatment for a regional combined fire authority and to make all new combined fire authorities subject to the criteria set out in clause 2(2)(a).

New clause 9 addresses a different issue. It seeks to limit one of the extraordinary powers of the Secretary of State under the Bill. The power to create a combined fire and rescue authority mirrors the power under the 1947 Act to create a combined fire authority, but the power to appoint 50 per cent. of the members of that authority, minus one, is new. While protesting that fire and rescue remain a local service, the Government are not only grafting on a regional structure, but displaying their usual centralising instinct by taking draconian powers to appoint the members. Deployment of the power will fundamentally alter the nature of democratic accountability in these local services. If the Secretary of State can deploy the power to appoint 49 per cent. of members, the political balance in a combined fire authority, which might be an elected regional assembly area fire authority, will always be capable of being overturned by the Secretary of State's appointments. That seems a step too far in what is still supposed to be a democratically accountable service.

The Secretary of State will say that he needs the power to appoint as a reserve power in case fire and rescue authorities do not nominate people of what he considers high enough calibre.

Mr. Raynsford: Yes.

Mr. Hammond: Well, that is a bit of an arrogance. These are democratically elected local authorities.

7.30 pm

Mr. Raynsford: The hon. Gentleman will recall that, on Second Reading, my hon. Friend the Member for Denton and Reddish (Andrew Bennett), the Chairman of the Select Committee, whose work the hon. Gentleman so frequently quotes, made very early the point that the calibre of members appointed to fire and rescue authorities was not always of the highest. Does he recognise that there may be some truth in that, and that if there is a problem, it is appropriate to think about how the calibre of fire authorities could be enhanced?

Mr. Hammond: The Minister puts his point in very reasonable terms, and if he listens, he will see that I recognise the possibility of his needing the reserve power. That does not alter the preposterousness of suggesting that whenever the electorate choose badly Ministers can intervene. Where will it end? If people choose duff councillors, does he want to be able to intervene and replace them? That is the clear implication. What about duff MPs? Those are not unknown. Does he want to intervene and appoint new Members of Parliament?

The Minister quoted the Select Committee Chairman on Second Reading and in Committee and said that he thought there was a problem, and I aired those concerns at the recent LGA fire conference—they did not go down very well with the local government members there.

New clause 9 sets out a procedure to ensure that any Secretary of State appointment is only a last resort, when no appropriate nominees are offered by the appointing authority. We may have an objection in principle to such a power of appointment, but the new clause is drafted in a spirit of compromise, recognising the argument that reserve powers may be needed. Combined fire authority members are appointed by the authorities that would be fire authorities if not for the existence of the combined fire authority. Under the new clause, in circumstances in which the scheme gives the Secretary of State powers to appoint, he has to exercise them by taking names from lists submitted to him by those underlying authorities. Furthermore, if he does not believe that there are sufficient suitable people on the list, he can specify reasons for rejecting any of the nominees and ask the authorities to submit a further list, reflecting criteria that he has set down in his rejection.

I honestly do not think that I could have been more accommodating in wording new clause 9. Only if the second set of lists that the Secretary of State receives from the appointing authorities contains insufficient numbers of what he believes to be suitable candidates can he use the reserve power to appoint someone who is not on a list. That introduces some objectivity, local input and transparency to the process, because he has to account for his rejections. As rejection can be made only on grounds of suitability, there is scope for a challenge to his decisions.

The Minister is no doubt preparing a defence that this is all impossibly complex and will take too long, but there is a good analogy with the arrangements in the Police and Magistrates' Courts Act 1994, under which the Secretary of State selects a shortlist from a longlist submitted to him by local bodies, and then refers that shortlist back to the police authority to make the final appointment: a three-stage process that has not proved impossibly cumbersome but ensures proper interaction between the powers of the Secretary of State and the important role of local stakeholders.

The Minister has made it clear that if an elected regional assembly is set up in any region, he will appoint a combined fire authority for that region. I understood him to intend that it would be members of the elected regional assembly who would effectively make up the combined fire authority, but clause 3(3)(a) refers only to

"the appointment of members by the existing authorities"—

that is, the existing fire and rescue authorities as defined in clause 1—

"or by the Secretary of State".

There is no reference to elected regional assemblies having the power to appoint. Will he clarify the mechanics? I hope that the idea is not that the Secretary of State will simply make the appointments on some informal consultation.

Government amendments Nos. 7 to 11 give effect to a concession that the Minister made in Committee. They impose a requirement for an inquiry prior to the creation of a new combined fire authority or the variation or revocation of an existing authority established under the 1947 Act, except where the underlying authorities are all in agreement, or the combined authority is created as a result of local government reorganisation, or the Minister considers that the need for reorganisation is urgent.

Of course we accept that things can be urgent and that circumstances can change quickly, but it is difficult to envisage a situation in which public safety would require a management restructuring without delay. The Secretary of State has many powers under the Bill to intervene in an emergency or where an authority is failing. He can direct them to do or not do things, to share equipment and to take responsibility for each other's functions. It is almost inconceivable that in a real emergency the solution would be to alter the management structure and change the shape of the authority. That cannot be done overnight, and frankly a new fire authority cannot be instantly effective just because a Minister says that it should be.

Does the Minister have examples that support the need for that final exemption from the requirement for a public inquiry? I should say, however, not to be churlish, that this concession is worth noting as one of the few positive changes that the Government have been prepared to accept, and we are grateful for what we consider a significant additional protection.

Amendment No. 21 would introduce a test of failure by a fire and rescue authority before the Secretary of State can create a combined authority. With the exception of the circumstances of local government reorganisation, which is a pretty big exception, I agree with what the hon. Member for Teignbridge (Richard Younger-Ross) is seeking to do through that amendment. I also agree that there is no such requirement in the Bill. However, the amendment does not address the fact that most if not all combined authorities to date have been created as a result of local government reorganisation, which clearly should be recognised.

The hon. Gentleman is right to point out that there is a difference between failing in discharging statutory functions and the Secretary of State perceiving that there may be additional things that could be done differently or something that he does not like about how the authority operates. It is a difference of degree, and intervention by the Secretary of State is appropriate in the one case but not in the other. I therefore have a great deal of sympathy with amendment No. 21.

Amendment No. 22 sets out the voluntary route to a combined fire authority. Let me put a difficult case to the hon. Member for Teignbridge. If an elected regional assembly were established in any of the English regions, some fire authorities in the region might try to create a combined authority as an alternative to a regional combined fire and rescue authority. How would the hon. Gentleman respond to such an initiative? Would he support it in the interests of localism or abandon Liberal Democrat principles of many years to support the party's more recent desire to snuggle up to the Government as they promote their regional agenda? Does he support local authorities' right to retain their independence if they choose to do that? Amendment No. 22 could be used to achieve that.

I hope that amendment No. 23 is not an attempt at compromise. If it is wrong for the Secretary of State to appoint half the members of an authority, it is wrong for the Secretary of State to appoint a third. Since I am feeling charitable, I shall interpret amendment No. 23 as being complementary to and not a substitute for new clause 9 so that when all its safety-net provisions were accepted, the hon. Gentleman would still like the Secretary of State to be limited to appointing a third of the members of a new combined fire authority. I hope that that interpretation is correct. I am sure that the hon. Gentleman will reassure hon. Members about that.

Richard Younger-Ross: First, let me emphasise that Liberal Democrats have a clear commitment to the regions. That is why we tabled an amendment in Committee to give broader powers to an elected regional assembly. We would give the powers for fire services to such an assembly. The Bill makes such provision for Wales but, sadly, the Government and Conservative Members decided to reject a measure to devolve power

[Richard Younger-Ross]

from the centre to the regions in England. As the hon. Member for Runnymede and Weybridge (Mr. Hammond) pointed out earlier, there is a tendency to take powers up to regional level rather than from the top down.

Mr. Hammond: We could not support the amendment that the hon. Gentleman tabled in Committee partly because it would have given each region a responsibility for preparing a national framework.

Richard Younger-Ross: It dealt with a regional framework, but there may have been glitches in the parliamentary language. The hon. Gentleman was always quick to point out that the Government have far more resources to spend on drafting than Conservative Members do. I never complained in Committee about our lack of resources or the Short money that the Conservative party receives to help it. I simply stress that it is important that powers come downwards and do not necessarily go upwards.

In the context of new clause 5, the hon. Member for Runnymede and Weybridge made some extremely good points about existing boundaries. The points that the Minister made in his interventions were not especially strong. Existing boundaries were established for entirely different purposes. Their use for constructing regional assemblies is a mistake. I shall not repeat previous arguments about the great variety of area sizes and populations.

When preparing for the Bill, I visited several fire authorities. One of the control centres emphasised to me why a single control room for a region the size of the south-west would be inappropriate. In one control room, a tape was played of a small boy who dialled 999 to say that he could smell smoke. His mother was asleep upstairs on the bed with the baby.

7.45 pm

The controller asked the child where he lived. He could give the house name and the street name, but not the name of the town. The controller spent approximately 15 minutes talking matters through with the child. When the child named his school, the control room was able eventually to determine where the town was. It would be far harder for a single regional control room to work out such detail—not street names or the location of the chippie, as we discussed in Committee, but basic knowledge about where schools are—and thus identify the location of the incident. In the case that I mentioned, the child, the mother and the baby were all saved. I am not sure that that would have happened if there had been a regional control room.

Mr. Swire: I am grateful to the hon. Gentleman for giving way, especially as I have had to be absent from the Chamber for a little while, for which I apologise.

The hon. Gentleman makes a good point. When I visited the Devon fire rescue services centre, which he has visited often, I was impressed by its ability not only to locate a fire but to determine the equipment that was required to deal with it. For example, a specific number of vehicles and personnel would be sent to a burning timber yard. Of course, information is held on a computer, but local knowledge is also built up over many years. Anything that undermines that will disadvantage both the service and local people.

Richard Younger-Ross: The hon. Gentleman makes a good point well and I do not need to add to it. Conservative Members and Liberal Democrat Members accept that there does not necessarily have to be one control room to one authority, as currently happens. We accept that there might be some efficiency savings in combining some control rooms. However, the boundaries that the Government propose are fundamentally flawed. The Minister argued that there is currently a resilient regional network. That is a strong argument, but, if it is so strong, why will not he allow it to be tested? New clause 5 calls for a review—it states not that the boundaries should be changed but that they should be reviewed. If the review found that the Minister was correct, we would have to say, "Fair enough." However, he insists on forcing through inappropriate boundaries.

Let us consider amendments Nos. 21, 22 and 23. I thank the hon. Member for Runnymede and Weybridge for his broad support and I shall answer his questions. The Bill causes concern to the general public and especially those in the fire services because it states that

"it appears to the Secretary of State that for the purposes of this Act, in the interests of greater economy, efficiency and effectiveness, there should be a single fire and rescue authority for the combined area".

People outside the Chamber may read into the phrase,

"greater economy, efficiency and effectiveness"

simply economy savings. Those conditions are not strong enough to force authorities to combine. An authority should be forced to combine only if it is negligent or failing. Amendment No. 21 would ensure that authorities that function well could continue to provide the service that the public require. Only if they are failing will the Minister be able to cast them aside and force them to combine.

I take the point made by the hon. Member for Runnymede and Weybridge about reorganisation. In my haste to redraft clause 2, I assumed that, under clause 22, a combined authority would follow a voluntary request, as long as there had been a reorganisation. Perhaps something should have been added, but I think that clause 22 would cover the situation.

Clause 23 is complementary to new clause 9 rather than being an alternative. I think that new clause 9 has failings, but they are minor and not worth discussing in detail. The principles are broadly right.

The proposal in amendment No. 23 for "one third" rather than "half" is intended simply to limit the Secretary of State's powers. Let us suppose that he has decided to combine the authorities, and to appoint up to 49 per cent. of members. How easy would it be for those so appointed to find one person elected from the authorities to take their side? I suspect that it would not be very difficult—and if they could do it, in effect the Government would control the committee. Reducing the Secretary of State's say to a third would allow the Government to have a say, but would prevent them

from controlling the authority. Local authorities must be trusted; if we cannot trust them, there is no point in having them. Democracy relies on that trust.

As for Government amendments 7 to 11, I too am thankful that there was something on which the Government were prepared to concede, and I am glad that it was a Liberal Democrat amendment, supported by the Conservatives. I am not sure whether they proposed the same amendment and it went in after ours, or whether they added their names to ours, but the fact remains that the need for change was accepted in principle.

The hon. Member for Runnymede and Weybridge made a very good point about the meaning of the word "urgent". I need to do some things urgently, but some things need to be done more urgently than others. The definition of the word "urgent" is like a piece of elastic. The Minister must tell us in what circumstances he would need an urgent management arrangement. Management reorganisation, by its very nature, takes time. I am not certain that urgency is required in this case. We will not be churlish, though. We are thankful for the concessions that have been made, although they may be small pickings.

Mr. Parmjit Dhanda (Gloucester) (Lab): I am going to be parochial, and talk about control rooms or call centres rather than the more general subject of regionalisation. Although the Bill does not refer to control rooms in depth, they are a constituency issue.

In some ways, Gloucestershire has been penalised for being somewhat ahead of the game. Not so many years ago, the thinking tended towards tri-service rather than regional arrangements. My right hon. Friend the Minister will know how difficult it was to get an arrangement up and running in Gloucestershire involving three services in one building, control rooms working together, and a level of integration that has not been achieved elsewhere in the country. I gather that as recently as last week there was an attempt to integrate the three services in Wiltshire, but so far it has not proved possible to integrate the fire service with the other two. In our case, members of the fire service said that the arrangement could prove difficult and dangerous, and there was even talk of loss of lives. I am pleased to say, however, that at local level all three services have been pragmatic enough not just to do this but to make it work, in a £6 million centre.

Mr. Hammond: The hon. Gentleman mentioned the threat of a loss of lives, but let us talk about loss of money for a moment. As far as he is aware, has anyone told the authorities in Gloucestershire and Wiltshire how they will cover their financial exposure to the tri-service control centres that they have set up, at the Deputy Prime Minister's exhortation, when the regional control rooms go ahead?

Mr. Dhanda: The hon. Gentleman is getting very excited. I shall deal with his point shortly.

It would be helpful to know whether the Minister can give Gloucestershire certain assurances, not least an assurance that the £6 million tri-centre building and its facilities will survive.

In Gloucestershire, the extent of integration has gone beyond call centres. We now have a tri-service workshop. The three services work together to ensure that their equipment, machinery and vehicles are worked on not by the same set of engineers but under the same roof. Much can be learnt from that model. We do not want the region to lose it. As the Minister knows, the services have also set up a "blue skies group", which thinks through problems and does what it can to bring about even more integration. I hope that before any decisions are made about regional control centres the Minister will visit that centre, and take a good look at it.

I am trying to be pragmatic, as the hon. Member for Teignbridge (Richard Younger-Ross) has been, especially in Committee. I note that, whether deliberately or otherwise, he proposes in amendment No. 22 the insertion of paragraph (c) in clause 2 in addition to paragraphs (a) and (b) rather than their replacement by it. In other words, he is creating circumstances in which a more regional or consolidated structure would exist. That is certainly pragmatic.

If a regional structure is adopted for call centres and control rooms, I do not think there is a better example of best practice in the south-west than what we have managed to achieve in our tri-service centre. I should be interested to hear the Minister's view on our chances of ensuring that it remains in Gloucestershire and that the three services can continue to learn from the three levels of integration. I think that Gloucestershire is an ideal location, given the way in which they have worked together and made things happen.

Mr. Drew: I entirely agree with my hon. Friend the Member for Gloucester (Mr. Dhanda) that there is no better place in which to continue the experiment than the Gloucester tri-service centre.

Let me repeat what I said on Second Reading. In many respects this has been seen as the most controversial part of the Bill. Although we had our differences in Committee and although there have been disagreements about emphasis, there has been a good deal of consensus. It is about evolving change, and the same is true outside of this place. Both management and those working in the service have to a large extent agreed on the best way to make progress.

8 pm

However, this issue gives rise to some controversy, and I reiterate what I said on Second Reading. I have no fear about the way in which regional management boards would operate, in terms of the degree of strategic thinking and the need, in these days of terrorism and counter-terrorism, to consider how best we can operate and deploy our forces, but if we are talking about the making of decisions at a local level, the provision is not appropriate. Given the Gloucestershire experience—as my hon. Friend the Member for Gloucester said, the same attempt is being made elsewhere with varying degrees of success—it is somewhat short-sighted to throw everything away, in the hope that we can improve delivery by assuming that the regional structure is the only structure. There are all manner of problems in the south-west, but they are not just a south-west phenomenon; they are likely to arise elsewhere in the country. The strategic direction is right, but operational delivery, including the most important elements of call centre work, should remain as local as possible. We need also to consider how to improve the relationship between the three emergency services.

[Mr. Drew]

We must also consider the system of accountability. I make no apology for saying again that if we are to do the job properly, we must begin by considering the three emergency services with a blank sheet of paper. What is the best form of accountability? If the Opposition are arguing that accountability is best fulfilled through a modified police authority system, they can count me out because it does not work. We have too many authorities and in many respects we have the worst of all worlds. People are appointed as part of their county councillor functions, and magistrates are appointed through a system that anyone outside the political classes would find difficult to explain. Such authorities do not consist of happy people, and if Gloucestershire is anything to go by, the rate of inflation of police expenditure is far greater than that of any other authorities.

Mr. Hammond: All systems have their flaws, but is the hon. Gentleman suggesting that a police authority-style approach would work better if the Secretary of State simply appointed members, rather than receiving a long list from the local area and sending back a shortlist for local appointment?

Mr. Drew: What I am saying is that the proposed system—be it the Government's version or the Opposition's—is deeply flawed and is antagonising local people. The previous Conservative Government thought that they were being clever in taking the police out of local authorities' remits, but that decision has rebounded, in that there seems now to be a total lack of accountability to the wider populous.

We have an opportunity to consider how to deal with the three emergency services. If the Gloucestershire trust is anything to go by, we should consider the dilemma of the ambulance service. The Gloucestershire trust is the smallest trust. It is undermanned and underfinanced and regarded as very vulnerable. I urge the Government to consider carefully the arrangement between the three services in the context of our strategic direction. It will not help if we simply assume that fire authorities will deliver better services, while allowing the other two emergency services to drift in the wind. That is not acceptable. It will not constitute good delivery or build good relationships, and it will lead to greater confusion.

Mr. Raynsford: This has been an interesting debate on an even more interesting group of new clauses and amendments, which deal with combined fire and rescue authorities.

In order to understand part of the overall intention of new clause 5, which was tabled by the hon. Member for Runnymede and Weybridge (Mr. Hammond), it must be read in conjunction with amendment No. 3. It seeks to turn the clock back on the modernisation agenda, and to delay the action that both the Bain report and the White Paper argued were long overdue. I shall deal separately with two strands of the argument, the first of which is the impact of new clause 5(1)(a) in conjunction with amendment No. 3. The overall effect would be simple. First, it would remove clause 2(2)(b), which allows fire and rescue authorities to be combined so that their boundaries align with those of the English regions, and replace it with a requirement that within 12 months of any part of the Bill being enacted, an independent study be commissioned into the "optimum geographical areas" for organisation of the fire and rescue service.

Mr. Hammond: The Minister is surely wrong about that. All that amendment No. 3 does is to remove the exemption for CFAs that constitute a region coterminous with regional development agency regions, in order to satisfy the criteria under clause 2(2)(a). If the Minister is proposing a CFA for an RDA region and it meets the criteria under clause 2(2)(a), he has no difficulty.

Mr. Raynsford: My understanding is that amendment No. 3 would substitute the concept of a region as constituted for the purposes of regional development agencies legislation—in other words, a region as defined in terms of Government office regions—with a body that has emerged from the hon. Gentleman's review of the optimum geographical areas. If I am incorrect in that assumption I shall withdraw my remark, but that is my understanding of the affect of his amendment, and I shall proceed on that basis, assuming that he concurs.

There are a number of things wrong with the proposal, the most important of which is that it appears to take little account of the explanation and assurances that I gave to the hon. Gentleman in Committee. During those discussions, I made it clear that the only circumstances in which I envisaged using the provisions of clause 2(2)(b) were ones involving public safety, in which the fire and rescue authorities had failed successfully to work together to ensure resilience. The obvious example of that is a failure to agree on the siting of, or the operational arrangements necessary for the introduction of, a regional control room.

The context is important, because contrary to the claims made by the Opposition in Committee, we do not have an agenda of regionalisation through the back door. What we do have is an agenda of civil resilience, to ensure that the fire and rescue service is equipped to meet the challenges posed by the new dimensions of the terrorist threat and environmental disasters. To meet these challenges, the service must be closely integrated into the work of the regional resilience teams, which are based in the Government offices for the regions. These teams, in their turn, operate on a regional basis because it is a key principle within emergency planning that response structures should mirror emergency planning structures.

I should tell the hon. Member for Runnymede and Weybridge and the hon. Member for Teignbridge (Richard Younger-Ross) that it is preposterous—to use the word that the former has used a lot today—to suggest that there should be separate regional structures for the fire and rescue service and for the regional resilience arrangements. That could not work. It would be neither effective nor sensible, and it would not give us the protection that we need.

We could no doubt debate at length whether the Government office boundaries established by the previous Administration, which underpin the whole infrastructure, were the right ones.

Mr. Hammond: The Minister says that it would be preposterous not to organise the fire and rescue services

on the same geographical basis as the resilience structure. According to that logic, will we have regional police management boards and regional health service management boards?

Mr. Raynsford: No, the logic is that in terms of the geographical arrangement for the discharge of the responsibilities of the fire and rescue service, it is absurd to suggest another regional alignment that is entirely separate from the existing one. That would create confusion rather than coterminosity. I accept entirely that police authorities do not operate on that basis at the moment, but they are closely engaged in the regional resilience arrangements, and are putting arrangements in place to ensure that they can discharge their regional resilience responsibilities. As I have said, those are organised through the Government regional offices on the basis of the existing administrative regions—which, incidentally, were introduced by the Conservatives when they were in government.

On Second Reading on 26 January, the right hon. Member for Suffolk, Coastal (Mr. Gummer) acknowledged that the existing Government office regions were

"a compromise that fitted most of the Departments that then had regional organisations".—[*Official Report*, 26 January 2004; Vol. 417, c. 92.]

If we had time, an independent study such as that which the hon. Member for Runnymede and Weybridge suggests in new clause 5 might be an interesting activity in which to engage although, as he knows only too well, boundary debates tend to be long drawn out, fractious and unproductive. It is usually the Liberal Democrats who suggest such arrangements, which are a recipe for constant talk and debate, and no action. That is the key to why the hon. Gentleman has tabled the new clause. He wants long, protracted talk and delay, with no action, to avoid anything ever happening, because he is obsessed with the view that we are somehow committed to imposing regions by the back door, which is all part of some kind of European plot.

Mr. Hammond *rose—*

Mr. Swire *rose—*

Mr. Raynsford: I see the lemmings rising as one to rush over the cliff in their Europhobia.

Mr. Hammond: I am stunned that the Minister has gone off at a tangent on a completely different subject. I was rising simply to ask him whether he would be good enough to acknowledge that the Government office regions were created for an entirely different purpose, and that no one ever asked whether they would be the most appropriate unit for the delivery of an operational fire and rescue service.

Mr. Raynsford: As the hon. Gentleman knows only too well, the Government office regions were established by the previous Government on the basis—as I have quoted his right hon. Friend the Member for Suffolk, Coastal as recognising—that they were a compromise that fitted most of the Departments that then had regional organisations. Since then, they have developed considerably. They have taken on new functions, and new institutions have been created, such as regional development agencies, that follow the same regional boundaries. We are seeing a consolidation of arrangements within those regional structures and, most importantly, regional resilience is being organised on that basis. We have had the regional resilience forums for almost a year now. They are based in the Government offices, and it would be wholly counterproductive now to suggest alternative boundaries for one element—one emergency service—with an important contribution to make to that overall resilience.

Mr. Hammond *rose—*

Richard Younger-Ross *rose—*

Mr. Raynsford: I shall give way first to the hon. Member for Runnymede and Weybridge and then to the hon. Member for Teignbridge.

Mr. Hammond: The Minister says that we are seeing a consolidation of regional functions within those regional boundaries. A moment ago he denied that any regionalisation by stealth was taking place, but we see that consolidation as being precisely such regionalisation by stealth.

Mr. Raynsford: The hon. Gentleman must not confuse two matters. He will recognise that there has been administrative regionalisation, which his party, when in government, introduced on a substantial scale and which this Government have consolidated. A separate issue is the introduction of elected regional assemblies to allow a democratic—

Mr. Hammond: What about RDAs?

Mr. Raynsford: I have already said that we introduced regional development agencies, which consolidated the arrangements operating on a regional basis that the Conservative party set up. The Conservatives seem absolutely hellbent on disowning their own legacy, the things they thought appropriate when in power. That is an interesting insight, but I tell the hon. Gentleman once again that there is no agenda to impose elected regional assemblies by stealth. If people vote for them, there will be elected regional assemblies; if they do not, there will not be. What a marked contrast that is—

Mr. Swire *rose—*

Mr. Raynsford: I shall not give way to the hon. Gentleman at the moment, because I have already said that I will give way to the hon. Member for Teignbridge. I shall give way to him later, but I just want to make this point. As the hon. Member for Runnymede and Weybridge would do well to remember, his party did not give people any choice. It abolished regional tiers of government such as the Greater London council and some county councils, giving people absolutely no say. This Government are giving people choice. If they vote in favour of the regional assemblies, that will be their choice, and it is quite right that we should honour it.

8.15 pm

Richard Younger-Ross: I shall not get drawn into the regional assembly argument at the moment. The Minister mentioned delay, and said that he opposed the Conservative new clause 5 and amendment No. 3 because they would cause a delay in forming combined fire authorities. Is there something that the Minister needs to tell us? If he is talking of a delay, that must mean that he is thinking of combining fire authorities now. Is that the case, and which fire authorities is he thinking of combining?

Mr. Raynsford: The hon. Gentleman has got that wrong. I have already made it quite clear that the only circumstances in which we would use the clause 2(2)(b) powers—I said this about 10 minutes ago—would be in the interest of public safety where there had been a failure to put in place adequate arrangements to ensure regional resilience. That is an issue of public safety, and in those circumstances, we clearly could not delay while there was a long-drawn-out debate about the optimal regional boundaries. There would be an overriding priority to provide effective arrangements to ensure that the resilience that we have been talking about was in place. I hope that the hon. Gentleman recognises that.

Richard Younger-Ross *rose—*

Mr. Raynsford: I have undertaken to give way to the hon. Member for East Devon (Mr. Swire), but I shall give way once more to the hon. Member for Teignbridge.

Richard Younger Ross: I am sorry, but the Minister has mentioned delay. New clause 5 calls for a review of the boundaries within 12 months. The Minister appears to be saying that he can envisage a circumstance in which the resilience is deemed not to be in place and, within 12 months, he will therefore be forcing a combination of authorities.

Mr. Raynsford *indicated dissent.*

Richard Younger-Ross: The Minister is shaking his head. If that is not the case, he cannot use the excuse that the proposal in new clause 5 would delay the process.

Mr. Raynsford: No, I am afraid to say that the hon. Gentleman is getting more confused. We have said clearly that we will use the powers in clause 2(2)(b) only in the interests of public safety where there has been a failure to put in place arrangements that guarantee resilience. Those are the only circumstances in which we will use those powers, and if we have to use them, it is important that we should do so reasonably swiftly. I should have thought that the hon. Gentleman would agree with that. The amendment and new clause, however, would essentially mean that no progress could be taken until the body that was carrying out the independent review had not only been set up but had reported. As the new clause allows only that that would be set up within 12 months of the Bill's receiving Royal Assent, there could be years of delay during which there were inadequate public safety arrangements in a particular region. I cannot believe that the hon. Gentleman is seriously advocating that we should tolerate that position.

Mr. Hammond *rose—*

Mr. Raynsford: I have undertaken to give way to the hon. Member for East Devon, but I shall then give way to the hon. Member for Runnymede and Weybridge.

Mr. Swire: I am grateful, and I shall try to be quick. The Minister is entirely right in saying that people will be consulted democratically on whether they want regional assemblies, and I do not take issue with that. However, he does not say whether, if people vote against having elected regional assemblies, the Government will give them the option of disbanding the existing unelected regional assemblies. Will he assure us that, should people not vote for elected regional assemblies, there will be an option of doing away with the unelected regional assemblies?

Mr. Raynsford: That question is very wide of what we are debating tonight, and I think that you would call me to order, Mr. Deputy Speaker, if I moved into that territory. We have already made it quite clear that we will follow the views of the electorate on elected regional assemblies and that there will not be an assembly if the electorate vote against it. There will then be a continuation of the status quo.

Mr. Hammond: The Minister has been very generous in giving way. Given that he has been prepared to state categorically that he will use the powers in clause 2(2)(b) only in the event of a failure of regional resilience, how has he been able to give an unequivocal undertaking that if an elected regional assembly is created in any region, he will create a combined fire authority for that region? He cannot know in advance that the hurdle set by clause 2(2)(a) will be cleared.

Mr. Raynsford: No, but as I was intending to say to the hon. Gentleman later, the power to create a regional fire and rescue authority in the event of an elected regional assembly coming into existence will be provided in the relevant legislation—in the elected regional assemblies Bill. He will recall that in just the same way, the London Fire and Emergency Planning Authority—LFEPA—was established under the Greater London Authority Act 1999, which created the Greater London authority. That is the appropriate way of establishing such bodies, but it would not happen under these powers.

I hope that that puts the hon. Gentleman's mind at rest. I realise that he is living in a realm of paranoia because of the word "region" and the effect that it has on his party, but I assure him that there is clear logic behind our proposals, and that they fit together consistently.

Mr. Hammond: It is not paranoia; it is just a concern about the propriety of the Government giving unequivocal commitments that they will do something

that, on the Minister's own admission, they do not even have the power to do. They are depending on some future legislation to give them that power.

Mr. Raynsford: As the hon. Gentleman knows only too well, we have published a White Paper and given a commitment to publish draft legislation, which we hope to do in July this year. There will also be a vote in a referendum at some subsequent date, probably in October. That, of course, is dependent on good progress being made with the other matters that have to be dealt with before the referendums can take place.

We have strayed far from the provisions of the Bill, and I would like to come back to the matters in hand. I have given assurances about the use of clause 2(2)(b); they are on the record. If we need to act on grounds of public safety, it will by definition be something that has to be done quickly, so I cannot accept the constraint that subsection (1)(a) and amendment No. 3 would place on the ability of the Secretary of State to take urgent action to protect the public.

Subsection (1)(b) has a rather different objective from subsection (1)(a). It seeks again to require the Secretary of State to commission an independent study, but this time into the success of regional management boards—including, if I read the intent of the hon. Gentleman correctly, any negative impact on the management capability of individual authorities of having some of their functions pooled at regional level. Here, I can reassure him that we are thinking along similar lines.

Of course any responsible Government will want to assess and evaluate the impact of their policies, including those required under the fire and rescue national framework. But the independent evaluation that the hon. Gentleman suggests need not await a study commissioned

"within 12 months of the coming into force of any part of this Act".

That role has already been given to the independent Audit Commission, which has agreed to take on the task. Indeed, it has already published, on 25 February, a consultation paper setting out its draft comprehensive performance assessment framework for fire and rescue authorities. It proposes to implement the framework early next year, with outcomes publicly reported before autumn 2005.

As the hon. Gentleman would expect, value for money will of course be to the fore, but the commission also specifically plans to assess the effectiveness of the work undertaken through regional management boards and to report on the management capability of individual fire and rescue authorities. It plans, in other words, to address the very issues about which he expressed concern, and it plans to address them sooner rather than, as the amendment envisages, later. Additionally, we are required by clause 24 to report periodically to Parliament on the delivery of the national framework, which of course includes regional collaboration. There will therefore be every opportunity for Parliament to keep a close watch on this matter. Because they are on the one hand damaging, and on the other unnecessary, I therefore ask the hon. Gentleman not to press his new clause and the linked amendment to a vote.

Mr. Hammond: Will the Minister explain to the House what form that reporting to Parliament will take?

Mr. Raynsford: As the hon. Gentleman knows, we are committed to report on the national framework and to lay it before Parliament. Indeed, any significant amendments to it will be laid before Parliament as well. It will of course be open to Parliament to decide how, or if, it wishes to take these matters up and to scrutinise them. I have no doubt that the Select Committee may wish to consider some of the issues involved; it has shown a keen interest in them. Indeed, it will also be open to Opposition parties to seek debates on relevant matters if they choose to do so.

Turning to new clause 9, also tabled by the hon. Gentleman, we find a solution in search of a problem. It sets out in elaborate detail a process for the appointment of members of fire and rescue authorities when the Secretary of State chooses to exercise the power in clause 3(3)(a). I am not going to dwell too long on the detail of that process, although I point out in passing that it could involve no fewer than six distinct stages, and that at its heart is a transparent attempt to create a stand-off between individual fire and rescue authorities and the Secretary of State over who should form their number.

Instead, I shall focus on the substance. The issue of Secretary of State appointments was debated in Committee, although, as I recall, debate was curtailed when the hon. Gentleman moved rather swiftly to a vote. I acknowledged then that there were concerns, but I emphasised that the motivation was not to enhance central control but to improve the delivery of a vital public service. Clause 3(4) makes it clear that Secretary of State appointees—if they are made—will be a numerical minority, and will not be allowed to take part in votes on precepting. Only elected members will be able to make decisions about how resources are allocated.

When appointment is considered necessary, however, those elected members will make decisions with the benefit of expertise that they themselves may not possess. I was frank and honest in Committee that, when combination is undertaken to tackle failing authorities it could well, in our view, be contradictory and counter-productive to restrict appointments to existing authority members. When capacity is needed to deliver improvements and modernisation, clause 3 could be used to bring into the new authorities the wider experience and expertise—be it managerial, financial or professional—that the existing authorities may lack. But to guarantee that the experts will be chosen for their ability, these will be open, advertised appointments made in accordance with the principles of public life that underpin the code of practice of the Commissioner for Public Appointments. Thus they will be made on merit, with openness and transparency and with full regard to equal opportunities. But in line with the seventh principle, they will also be proportional; they will not involve the endless to-ing and fro-ing advocated in new clause 9.

Given all those safeguards, it should be clear to the House that we will use the power carefully and responsibly—if ever we come to use it. I must once again

[Mr. Raynsford]

stress that we have these powers available only for circumstances in which there may be a failing authority and it is necessary to achieve a combination to tackle the problems relating to it, and when sufficient expertise is not otherwise available.

Mr. Hammond: The Minister describes this as a reserved power, but does he envisage that power being built into the scheme for the CFA, so that, if there were to be a 49 per cent. Secretary of State appointment, it would be within the scheme rather than applying only in specified circumstances—for example, when the CFA has demonstrated a failure such as that of which the Minister speaks?

Mr. Raynsford: As I have already made very clear, these are reserve powers that we would use only in certain rather limited circumstances. It is certainly not our intention to put a scheme in place that would provide for such arrangements to be made according to a prearranged plan. As the hon. Gentleman knows only too well, we have set maximum limits on the number of appointees. That does not mean that we would appoint that number of people, however. In certain cases, it might be appropriate to make only a very small number of appointments—if, for example, there were a serious weakness in terms of financial expertise or expertise in another area of responsibility regarded as very important. That would, however, be judged on a case-by-case basis. So far as the elected regional assemblies are concerned, arrangements for the appointment of the members of the regional fire authority will be contained in the legislation that brings the assemblies into existence.

Amendment No. 14 repeats one that the hon. Member for Runnymede and Weybridge tabled in Committee and was rejected. Indeed it repeats something that he earlier tried to achieve through new clause 5 and its linked amendment No. 3. Amendment No. 14 seeks to remove the current clause 2(2)(b), which allows fire and rescue authorities to be combined so that their boundaries are aligned with those of the English regions. As I said earlier, in tabling it again, the hon. Gentleman appears to have taken little account of the explanation and assurances that I gave him during our exchanges in Committee. I made it clear that the only circumstances in which I envisaged using the provisions of clause 2(2)(b) were ones of public safety.

Mr. Hammond: I apologise to the Minister. When I intervened on him earlier to make a point about amendment No. 3, I was of course referring to amendment No. 14. I had got myself confused between the two. Given what he has just said, can he envisage any circumstances in which he could not do what he has just described under the powers granted to him in clause 2(2)(a)? Surely, in circumstances in which public safety required a CFA to be created urgently, it would be in the interests of greater efficiency and effectiveness, if not economy, to use those powers. Is it not the truth that clause 2(2)(b) is simply redundant?

Mr. Raynsford: No, it is not. It is available only in limited circumstances, but it is very important because one can envisage circumstances in which existing fire and rescue authorities were operating with a reasonable degree of economy, efficiency and effectiveness but had failed to come together on the resilience issues in a way that ensured an effective arrangement at regional level to provide the resilience that we are seeking. In those circumstances, it would be necessary for us to act in the interests of public safety.

The hon. Gentleman mentioned public safety issues, and I have just highlighted some of those. An example that I have often cited, which any Secretary of State would need to take very seriously indeed, would be a failure to agree on the siting of or operational arrangements for regional control rooms. I emphasise again that this is not a cavalier provision and that my assurances about its use are on the parliamentary record. On the basis of those assurances, I ask the hon. Gentleman to withdraw his proposal.

8.30 pm

Amendment No. 21, tabled by the hon. Member for Teignbridge, is designed to limit the use of clause 2(2)(a)—but, strikingly, not the use of clause 2(2)(b), about which he appears to have less concern—to circumstances in which one or more of the authorities concerned are failing to discharge their duties. Clause 2 as currently drafted provides the Secretary of State with the power to combine existing fire and rescue authorities into a larger single authority in the interests of greater economy, efficiency and effectiveness. In doing so, it accepts that the work of the fire and rescue service—work to which I have paid tribute on many occasions—must be performed effectively, but acknowledges that it must also be performed as economically and efficiently as possible. It is the council tax payer who funds a significant proportion of the cost of the service; it is the general taxpayer, through central Government, who funds the rest.

It is perfectly possible—indeed, independent studies confirm it—that we might have an excellent, responsive service at a local level costing significantly more than an equally excellent and responsive service elsewhere. If combination can maintain that quality at a lower cost to the taxpayer, freeing up moneys to be reinvested in fire prevention work and the promotion of community fire safety, I doubt that many in the House would wish to prevent it, but amendment No. 21 would. It says that there must first be a failing authority—one not performing its legal duties—before a larger unit can be created.

The case for combination, may be based not on failure, but on the proven ability of larger authorities to rise to the challenge of delivering the best service for the lowest cost. The Secretary of State still needs to make that efficiency case, not least at the inquiry that we will now be holding in response to the hon. Gentleman's persuasive arguments in Committee to the effect that an inquiry should be mandatory. On his restrictive and counter-productive amendment, however, we are not persuaded, and I ask him to withdraw it.

Amendment No. 22, also proposed by the hon. Member for Teignbridge, appears to be the product of a misunderstanding. The Bill as currently drafted allows the Secretary of State under clause 2(2)(a) to make a combination order on the grounds of economy,

efficiency and effectiveness. Such an order may, among other things, give effect to a draft scheme submitted by the existing authorities themselves under clause 2(3)(a). Amendment No. 22 would duplicate the meaning of those provisions read in tandem, and add nothing further. I therefore ask the hon. Gentleman to withdraw it.

Amendment No. 23 was tabled by the hon. Member for Teignbridge in Committee, but circumstances prevented us from debating it. Had we done so, I hope that I would have persuaded him that it amounts simply to an arbitrary and artificial restriction on the Secretary of State's ability to appoint the necessary expertise in situations where combination has been undertaken to tackle failing authorities.

Clause 3(4) already makes it clear that Secretary of State appointees to combined fire and rescue authorities will be a numerical minority, and clause 3(5) that they will not be allowed to take part in votes on precepting. As I have already said, Secretary of State nominees will be appointed only after open advertisement and in accordance with the code of practice of the Commissioner for Public Appointments. They will also be appointed solely on merit.

With all those safeguards, amendment No. 23 really does tilt at windmills. Ensuring that Secretary of State appointees are in a minority maintains the democratic principle that local representatives should have the final say in matters of disagreement. Restricting them to one third presupposes that our objective is to have as many as possible when, in fact, our intention is to have only as many as necessary. We no more wish to appoint 49 per cent. than 10 per cent. Rather we wish to ensure that combined authorities have the skills and expertise that they need to deliver a modernised and cost-effective service. I therefore hope that the hon. Gentleman will withdraw his amendment.

I now move on to Government amendments Nos. 7 to 11. Government amendments Nos. 7 and 8 fulfil a promise made in Committee. I said then that I would further consider an amendment from the hon. Member for Teignbridge that would have made an inquiry mandatory in every case where the Secretary of Sate proposes to create a combined fire and rescue authority or to vary or revoke a scheme creating one.

I explained that we were sympathetic to the underlying purpose of the amendment, and confirmed that it was our intention in normal circumstances to hold an inquiry, as well as carrying out the specific consultation required under clause 2(5). I also explained, however, that there might be circumstances in which the needs of public safety meant that we could not await the outcome of a potentially lengthy inquiry before taking action.

The example that I gave—and have repeated today—was fire and rescue authorities failing successfully to work together to meet the demands of civil resilience by establishing a regional control room. I therefore undertook to find a form of words that embodied the spirit of the amendment while ensuring that the needs of public safety remained paramount. That is what we have tabled today. As well as an exemption for public safety, it exempts from a mandatory inquiry situations in which those affected by the Secretary of State's proposals are happy with them and those where the combination, variation or revocation is simply a consequence of a wider local or regional government boundary change. In all other cases, an inquiry will now be the norm. I hope that hon. Members will welcome the steps that we have taken to accommodate the wishes of the Standing Committee.

Mr. Hammond: Something registered an alarm bell there. The Minister spoke of what would happen as a result of a local or regional government boundary changes. My interpretation was that the Government amendment referred to local government boundary changes undertaken under the Regional Assemblies (Preparations) Act 2003 rather than to the regional boundary changes themselves. I had interpreted the provision as meaning that things could proceed where there was a change in local government boundaries—nothing to do with regions.

Mr. Raynsford: I think that the hon. Gentleman is right, and I will certainly check it. The wording is quite technical, so I will write to him about the point.

Government amendments Nos. 9 to 11 also fulfil a promise that I made in Committee to reflect further on the circumstances in which holding an inquiry might not be possible or appropriate. The amendments apply to existing combination schemes—that is, schemes made under the Fire Services Act 1947. I have already outlined our approach towards new schemes and to their future variation or revocation.

As with Government amendments Nos. 7 and 8, an inquiry will now be the norm. The only exceptions—I trust that they are not now contentious—are an exemption for public safety, an exemption in situations where those affected by the Secretary of State's proposals are happy with them, and an exemption where the variation or revocation is simply a consequence of a wider local or regional government boundary change. I trust that hon. Members will welcome our steps to accommodate the wishes of the Standing Committee, and I commend the amendments to the House.

Before I conclude, I should like to deal with some of the issues raised by the hon. Member for Teignbridge and by my hon. Friends the Members for Gloucester (Mr. Dhanda) and for Stroud (Mr. Drew).

The hon. Member for Teignbridge asked about local knowledge and the operation of a control room. He posed an interesting example of controllers talking to a young child and trying to identify the location of a call. I have to tell him that the arrangements being put in place to procure a new communications or call system for operation by the fire service—to be operated through regional control centres—will use the latest modern technology, which has the capacity to pinpoint very precisely the location from where a call has been made. That obviates the need for a lengthy process of having to talk through the problem of location.

It is fundamental to have the best modern technology, which makes it possible to identify the location of the call and then to direct and guide the fire and rescue service to that particular location. I have seen some of the best new systems being introduced, so I am well aware of the scope for improving the effectiveness of the service through the introduction of new technology.

[Mr. Raynsford]

On the notion that new clause 5 is not particularly objectionable because it requires only a review, I have to say that it does not require only a review. When linked with amendment No. 3, it would block any move to a region other than those that satisfy the conclusions of the review proposed by the hon. Member for Runnymede and Weybridge. It is not simply a benign and ideal Liberal Democrat debating chamber opportunity for endless discussion about optimal regional boundaries—and if it were, it would, as we all know, rarely, if ever, lead to conclusions.

My hon. Friends the Members for Stroud and for Gloucester made important points about regional control rooms and the possible implications for Gloucester. I recognise the achievement in creating the tri-service centre in Gloucester, which my right hon. Friend the Minister without Portfolio visited recently—he told me how impressed he was by what he saw. I have been invited to visit it, and I have indicated that I will be happy to when a convenient moment becomes available in my busy diary because I want to see more of the good work that is being done there.

I am also well aware of the anxieties in Gloucester about the implications of a move towards regional control rooms. I say to my hon. Friends that there is no reason why a move to regional control rooms would threaten the continued operation of the Gloucester centre. In the first place, Gloucester will be open to bid as a location for the regional control room. No decisions have been taken on an appropriate location, and I am sure that my hon. Friends will make a persuasive case on the merits of Gloucester.

Mr. Robert Key (Salisbury) (Con) *rose—*

Mr. Geoffrey Clifton-Brown (Cotswold) (Con) *rose—*

Mr. Raynsford: I am answering the points made by my hon. Friends.

If it were decided to locate the regional control room elsewhere—no doubt conflicting proposals will be advanced by other hon. Members, some of whom have not been in the Chamber for very long, and certainly not as long as my hon. Friends who have sat through the whole debate—only 10 per cent. of the existing tri-service centre's work load is fire-related, and 90 per cent. of it is not, and it is therefore questionable whether such a decision would threaten the continued operation of the Gloucester centre. However, we want to discuss the issue in detail with all concerned because I understand the anxieties.

Mr. Clifton-Brown: Will the Minister give an undertaking this evening on behalf of the Government that, if there is any cost involved in moving the fire element of the tri-service centre away from Gloucester, the council tax payers of Gloucestershire will not have to bear it?

Mr. Raynsford: I am delighted to see the hon. Gentleman, whom we missed in Committee because he was frequently absent. I am glad to see him this evening on this brief appearance after several hours of debate. I assure him that cost-effectiveness is one of the main considerations, and we will certainly examine the financial implications, including the potential savings that will come from the establishment of a regional control centre, for all authorities involved before final decisions are taken. I assure him that the issues will be examined impartially.

My hon. Friend the Member for Stroud asked about accountability. One existing fire and rescue authority in England, the London Fire and Emergency Planning Authority, is already constituted on regional lines, and it was created under the Greater London Authority Act 1999. It is thoroughly accountable, and, interestingly, it includes not only directly elected members of the Greater London authority but representatives from London boroughs. It is an interesting example of achieving a proper framework of accountability within the regional structure.

With those comments, I hope that the House will agree that the Government amendments should be endorsed, and I ask the hon. Member for Runnymede and Weybridge to withdraw his amendment.

Mr. Hammond: I could say a great deal, but I must speak against the backdrop of the Minister's filibuster. I shall give him the benefit of the doubt and assume that the failure of the annunciator system allowed him to go on for rather longer than he wanted to.

The Minister has not attempted to make a case for the existing Government offices for the regions being the optimum basis for the organisation of our fire and rescue services. All we have heard from him is the ludicrous charge that because we introduced Government offices for the regions in the first place, it is somehow our fault. In view of the time, I do not intend to use any more of it up, but simply urge my hon. Friends to support new clause 5 in the Lobby.

Question put, That the clause be read a Second time:—

The House divided: Ayes 149, Noes 263.

Division No. 88] **[8:43 pm**

AYES

Allan, Richard
Amess, David
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Bellingham, Henry
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burnett, John
Burstow, Paul
Butterfill, Sir John
Calton, Mrs Patsy
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clifton-Brown, Geoffrey
Collins, Tim
Cotter, Brian
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Foster, Don *(Bath)*
Gale, Roger *(N Thanet)*
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hammond, Philip

Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Llwyd, Elfyn
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Ottaway, Richard
Page, Richard
Paice, James
Pickles, Eric
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Rendel, David
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thurso, John
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Hugh Robertson and Mr. Mark Francois

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Baird, Vera
Banks, Tony
Barnes, Harry
Battle, John
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Bennett, Andrew
Best, Harold
Blackman, Liz
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E - Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burnham, Andy
Cabom, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Chapman, Ben *(Wirral S)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Corbyn, Jeremy
Cousins, Jim
Cox, Tom *(Tooting)*
Crausby, David
Cruddas, Jon
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Drew, David *(Stroud)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Patrick *(Bedford)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howells, Dr. Kim
Hughes, Beverley *(Stretford & Urmston)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
McCabe, Stephen
McDonnell, John
McIsaac, Shona
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Merron, Gillian
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg

Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Olner, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pickthall, Colin
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Noes:
Charlotte Atkins and Mr. John Heppell

Question accordingly negatived.

New Clause 7

Directions Relating to Particular Classes of Fires and Emergencies

'(1) The Secretary of State may direct a Fire and Rescue Authority to take, or not to take, action specified in the direction in relation to—

(a) a fire of a type or occurring in circumstances specified in the direction, or

(b) an emergency of another kind of a type or occurring in circumstances specified in the direction.

(2) A direction under this section may require a fire and rescue authority to act outside the authority's area.

(3) A direction under this section may be varied or revoked by a further such direction.

(4) A direction under this section shall be made by order.'.—*[Mr. Hammond.]*

Brought up, and read the First time.

Mr. Hammond: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following:

New clause 13—*Fire safety*—

'(1) The Secretary of State may give direction to a fire and rescue authority to inspect the fire safety of one or all of—

(a) schools;

(b) residential and nursing homes;

(c) homes in multiple occupation;

in the authorities' area.

(2) The Secretary of State shall give such direction to a fire and rescue authority as conferred by subsection (1) of this Clause if requested to do so by a local authority or fire and rescue authority for the area of that authority.

(3) Where inspections are made under subsections (1) or (2) the Fire and Rescue Authority shall make a report detailing, in particular how fire safety may be improved by—

(a) the installation of fire sprinkler or misting systems;

(b) alteration to means of escape;

(c) passive fire protection measures;

(d) fire and smoke alarm system.

(4) Where reports are received by the Secretary of State under subsection (3) of this Clause the Secretary of State shall consult with—

(a) the existing authorities in question;

(b) any persons he considers appropriate as to whether further legislation is required to require the retro fitting of such measures and to what extent it is practical to do so.

(5) The Secretary of State shall after such consultation as carried out under subsection (4) of this Clause publish the results of such consultation.'.

Amendment No. 5, in page 6, line 18, leave out Clause 10.

Mr. Hammond: Amendment No. 5 would pave the way for new clause 7 by removing clause 10 from the Bill. Clause 10 gives the Secretary of State the power to intervene directly in a fire or incident. I shall spare the Deputy Prime Minister's blushes, given that he is in the Chamber, and not repeat the lurid image that was painted in Committee of him sitting in the basement of No. 26 Whitehall ordering fire engines around Britain.

Conservative Members believe that that arrangement is not appropriate. Systems need to be established to allow professionals to handle operational situations through existing arrangements such as reinforcement, which the Bill provides for. The Under-Secretary may envisage a situation following an unconventional terrorist attack, but powers in the Civil Contingencies Bill provide for the direction of resources in such an emergency. *[Interruption.]*

Mr. Deputy Speaker: Order. If hon. Members are not listening to, or taking part in, the debate, would they either leave the Chamber or listen quietly? I am having difficulty hearing the hon. Gentleman who is addressing the House.

Mr. Hammond: It would be more appropriate to set down procedures for co-operation and the control of major incidents than to use the ad hoc power in clause 10. New clause 7 sets out the same powers of direction, but does that in advance, and in relation to a type of fire or incident, or a fire or incident that occurs in specified circumstances. It provides that such direction would be made by order, which would enable parliamentary scrutiny of the arrangements that were put in place.

We do not understand the need for the Secretary of State's role of hot direction under clause 10. Fire and rescue authorities should be established and charged with their functions. The Bill contains provisions to put in place co-operation and reinforcement procedures, and new clause 7 would give the Secretary of State all the powers that he needs, in advance, to set out precise procedures, control arrangements and allocation of responsibilities in specified circumstances. Clause 10 confers an unreasonable and disproportionate power that will undermine the professionalism of the service and question the reinforcement and contingency arrangements that will routinely be put in place under the Bill. There is much more that I could say, but in view of the time, I shall now conclude.

Phil Hope: Amendment No. 5 would remove the Secretary of State's power to direct a fire or rescue authority in the event of a specific fire or other emergency, and new clause 7 would replace that power to direct with an order-making power similar to that in clause 9. The amendment reflects a misunderstanding of what clause 10 is intended to cover. To clarify and repeat what was said in Committee, it will be invoked only when an emergency is imminent, or upon us, and when urgent action is thus necessary.

For example, the Secretary of State will be able to direct a fire and rescue authority to respond when an unforeseen emergency occurs for which the fire and rescue service has been unable to plan and there is no time to make the necessary order under clause 9. Such a direction will remove any concern an authority might have had about a possible conflict between its local responsibilities and the need to respond to an incident not covered by its core duties.

Clause 10 will also allow a measure of central co-ordination when a fire or other emergency occurs on such a massive scale that a local or even regional response is insufficient. That might include a catastrophic fire, widespread and serious flooding or an emergency such as a terrorist event on the scale of 11 September 2001. During such an extreme or unusual event, it is vital for the Secretary of State to offer direction should circumstances dictate it so that events can be reacted to swiftly and urgently on the ground. In such circumstances, there would be no time for the Secretary of State to make an order—

It being Nine o'clock, MR. DEPUTY SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [26 January].*

The House divided: Ayes 153, Noes 265.

Division No. 89] **[9:00 pm**

AYES

Allan, Richard
Amess, David
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Bellingham, Henry
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burnett, John
Burstow, Paul
Butterfill, Sir John
Calton, Mrs Patsy
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clifton-Brown, Geoffrey
Collins, Tim
Cotter, Brian
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Doughty, Sue
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Foster, Don *(Bath)*
Gale, Roger *(N Thanet)*
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Llwyd, Elfyn
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Ottaway, Richard
Page, Richard
Paice, James
Pickles, Eric
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Rendel, David
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thurso, John
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Hugh Robertson and
Mr. Mark Francois

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Baird, Vera
Banks, Tony
Barnes, Harry
Battle, John
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Bennett, Andrew
Best, Harold
Blackman, Liz
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burnham, Andy
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Chapman, Ben *(Wirral S)*
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Corbyn, Jeremy
Cousins, Jim
Cox, Tom *(Tooting)*
Crausby, David
Cruddas, Jon
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Drew, David *(Stroud)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Patrick *(Bedford)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howells, Dr. Kim
Hughes, Beverley *(Stretford & Urmston)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
McCabe, Stephen
McDonagh, Siobhain
McDonnell, John
McIsaac, Shona
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Merron, Gillian
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Oiner, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pickthall, Colin
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Short, rh Clare
Simon, Sio[circ]n *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wyatt, Derek

Tellers for the Noes: Charlotte Atkins and Mr. John Heppell

Question accordingly negatived.

MR. DEPUTY SPEAKER *then proceeded to put forthwith the Questions necessary for the disposal of the business to be concluded at that hour.*

Clause 2

POWER TO CREATE COMBINED FIRE AND RESCUE AUTHORITIES

Amendments made: No. 7, in page 2, line 40, leave out 'may' and insert 'must'.

No. 8, in page 2, line 42, at end insert—

'(8A) The Secretary of State is not required to cause an inquiry to be held under subsection (8) (but may do so) if—

(a) in a case within subsection (8)(a), the existing authorities in question agree to the making of the scheme,

(b) in a case within subsection (8)(b), the combined fire and rescue authority and any other authority which would, apart from the scheme, be a fire and rescue authority under section 1 and which would be affected by the variation or revocation, agree to the variation or revocation,

(c) in either case, it appears to the Secretary of State that the scheme, variation or revocation is to be made solely for the purpose of giving effect to an order under Part 4 of the Local Government Act 1972 (c.70), Part 2 of the Local Government Act 1992 (c.19) or section 17 of the Regional Assemblies (Preparations) Act 2003 (c.10), or

(d) in either case, the Secretary of State considers that, in the interests of public safety, the scheme should be made, varied or revoked without delay.'.—*[Phil Hope.]*

Clause 4

COMBINED AUTHORITIES UNDER THE FIRE SERVICES ACT 1947

Amendments made: No. 9, in page 4, line 22, after '(4)', insert 'varying or'.

No. 10, in page 4, line 23, leave out 'may' and insert 'must'.

No. 11, in page 4, line 23, at end insert—

'(7) The Secretary of State is not required to cause an inquiry to be held under subsection (6) (but may do so) if—

(a) the combined authority and any other authority which would, apart from the scheme, be a fire and rescue authority under section 1 and which would be affected by the variation or revocation, agree to the variation or revocation,

(b) it appears to the Secretary of State that the scheme is to be varied or revoked solely for the purpose of giving effect to an order made under Part 4 of the Local Government Act 1972 (c.70), Part 2 of the Local Government Act 1992 (c.19) or section 17 of the Regional Assemblies (Preparations) Act 2003 (c.10), or

(c) the Secretary of State considers that, in the interests of public safety, the scheme should be varied or revoked without delay.'.—*[Phil Hope.]*

Clause 19

CHARGING

Amendments made: No. 12, in page 9, line 10, leave out subsection (2) and insert—

'(2) An order under subsection (1) may authorise charging for extinguishing fires, or protecting life and property in the event of fires, only in respect of fires which are at sea or under the sea.

(2A) An order under subsection (1) may not authorise charging for emergency medical assistance.'.

No. 13, in page 9, line 29, at end insert—

'(8) The references in subsection (2) to [odq]sea[cdq] are not restricted to the territorial sea of the United Kingdom.'.—*[Phil Hope.]*

Order for Third Reading read.

9.13 pm

Mr. Raynsford: I beg to move, That the Bill be now read the Third time.

Let me remind the House of the key measures contained in the Fire and Rescue Services Bill that will help to make the service a better service for the public, and better for those who work within it. This is, as all hon. Members will be aware, the first major legislation on fire and rescue matters for 57 years. It comes after a long period in which the fire and rescue service performed its traditional functions with creditable efficiency, commanding the confidence of the public and ensuring a swift response to fires where they broke out. However, it was also a period in which there was a growing awareness of the need for the service to undertake a more extensive role. First, it began to be increasingly involved in other areas of emergency work, notably road traffic accidents. Secondly, it became increasingly conscious of the importance of prevention. We now know that however good a fire brigade is at responding to the threat of fires when they occur and getting to the scene of fires quickly—the brigades are extremely good and perform with commendable courage and commitment in discharging those responsibilities—we know also that in too many instances people die unnecessarily because they are overwhelmed before a fire brigade can reach them, and in many cases before the fire brigade is even alerted. That emphasises the importance of a greater focus on fire prevention and measures to avoid unnecessary fires occurring in the first place.

It is right that new legislation should put a strong focus on helping to save more lives and to create safer communities. It should contain a new duty on all fire and rescue authorities to promote fire safety. It should give greater encouragement to fire and rescue authorities to work constructively within their communities to identify risks and to ensure that effective preventive measures are in place.

It is vital also that the fire and rescue service should recognise the much wider responsibilities to which fire brigades respond as a matter of course in dealing with road traffic accidents and major emergencies alongside traditional firefighting. It is important also that we recognise the growing importance of provision to underpin national resilience, through powers to ensure a co-ordinated and strategic response by fire and rescue authorities to specific emergencies, including flooding on a massive scale, a major terrorist incident or catastrophic fires.

Mr. Redwood: Does the Minister think that the world would be a better place if more authorities charged for rescuing cats and dogs, or fewer?

Mr. Raynsford: The right hon. Gentleman has raised an interesting issue that I shall address briefly later in my speech. The world will be a better place as a result of the Bill, which will put far greater emphasis on the

[Mr. Raynsford]

importance of fire safety and fire prevention work. That is the ultimate objective if we are to save lives and avoid unnecessary fires. Issues about whether charges should be made for certain relatively small aspects of the work of fire and safety services are second-order questions. I shall return to them, but the more important objectives of saving lives, of preventing unnecessary fire and of reducing the number of people whose lives are either ended or blighted by unnecessary fires or other disasters are the priorities that the Government consider to be fundamental.

The Bill will ensure that the fire and rescue service has a clear sense of direction and the means to deliver it. The measure will give statutory force to the fire and rescue national framework, which provides, as has been demonstrated in this evening's debates, the national leadership that was called for so clearly by the independent review of the fire service, which was chaired by Sir George Bain. The review highlighted the failures over many years, and of successive Governments, to address the needs for change in the service and the need to give leadership. We have recognised that responsibility to effect change and to introduce new arrangements that give a proper sense of direction and a momentum for change to the fire and rescue service.

Through our new intervention powers, we shall be able to ensure that fire and rescue authorities act in accordance with the requirement of the national framework and that there are safeguards in place against a failure to provide the necessary arrangements to underpin national resilience and public safety.

Mr. Swire: Before the Minister rubbishes the Fire Brigades Union, which I am sure that he will not, does he recognise that it says that there are some positive steps contained within the Bill? However, it goes on to say that, basically, the underlying proposals

"downgrade the rescue role of the fire service and produce cuts across the service under the guise of local Integrated Risk Management plans."

The Minister has obviously failed to convince that audience. How can he convince other people if he cannot convince the professionals within the fire service that the Bill is not about regionalisation and cost saving?

Mr. Raynsford: The hon. Gentleman is speaking as if the events of the past two years never took place. He may have been oblivious to what happened, but most hon. Members know perfectly well that there was a difficult and controversial dispute and that inevitably the FBU took up positions that were not wholly supportive of the Government's position. We nevertheless are driving forward a reform agenda that aims both to improve the quality of the fire services and their effectiveness in preventing fires and enhance their well-earned reputation for bravery and effectiveness in dealing with fires and putting them out. The Government have never done anything other than salute the courage and commitment of fire service workers who do a difficult and dangerous job very well. However, it is important to look at ways in which we can make it easier to prevent fires and, by doing so, reduce the risk that firefighters face when they respond to fires.

As for the hon. Gentleman's regional fantasies, an extraordinary characteristic of all our debates has been the Conservatives' Pavlovian response as soon as the word "region" is mentioned. They behave as if they are puppets manipulated by someone who wants to continue dancing to the UK Independence party tune, but we are sensible, pragmatic and forward-looking in our approach, and are not affected by the dogma that the Opposition unfortunately—

Mr. Hammond: Will the right hon. Gentleman give way?

Mr. Raynsford: I shall do so in a moment, but the hon. Gentleman should listen to what I have to say, because he is, I am afraid, equally guilty of Pavlovian reactions to any references to Europe or regions and is happy to dance to the UKIP tune.

Mr. Hammond: The Minister has added "Pavlovian" to "preposterous" and "paranoid" as his favourite adjectives to describe me. He is obviously stung by his inability to deal with the charge that inappropriate regionalisation is being imposed on the service. He has moved away from defending himself against that attack, and in the past hour or so he started to refer to Europe and the UKIP. Would he tell me when I have ever referred to Europe or, indeed, the UKIP in the context of the Bill?

Mr. Raynsford: I have a long memory, and I recall the many occasions during the passage of the Local Government Act 2003 and during our discussions on the Bill when references to regions produced the utterly predictable response that this was all a European plot to impose inappropriate structures on Britain. That response was entirely unjustified and indicative of a party obsessed with the long forgotten ideological causes that motivated it in the era when Baroness Thatcher was Prime Minister. One day, its members will wake up, realise that the world has moved on, and become a better Opposition party. Sadly, however, it will be a long time before they have the responsibility of government.

We are committed to ensuring more effective collaboration between fire and rescue authorities and more cost-effective services, which involves working together at a regional level on a number of responsibilities that are best discharged at that level. Our White Paper set out clearly the Government's view that certain responsibilities need to be discharged at a national level. We made clear our commitment to give leadership and show the way forward for the fire and rescue services in the White Paper, the national framework and the Bill, but we accept that a number of services are delivered best and most cost-effectively at regional level. Regional resilience requires co-ordination with the other emergency services at a regional level. The demands of coping with major threats such as that of terrorism require organisation on a scale that can only be discharged effectively at regional level. The introduction of regional control rooms will bring substantial benefits, including considerable gains in cost-effectiveness. The average cost of answering an emergency call in London is £18, but in the Isle of Wight the equivalent cost is £168. Such wide discrepancies are

simply not sustainable, and we have to move forward in a way that guarantees an effective service that delivers the most cost-effective outcomes, but does so on the basis of the absolute underlying principle that public safety and a quick response to any emergency are fundamental.

Mr. Hammond: Does the Minister have any evidence that the closing down of 40 of the fire control rooms in England to leave only nine covering the whole country will improve public safety? If he has such evidence, why did not the Select Committee uncover it and include it in its report?

Mr. Raynsford: As the hon. Gentleman knows only too well, although he chose not to refer to it, the Mott MacDonald study looked very carefully at that issue. It concluded that the previous recommendations of some three years earlier had not been implemented and acted upon, and that there was an overriding case for moving to regional control rooms. It even suggested that there was a possibility of moving to three supra-regional control rooms for the whole of England. In the end, it decided that a basis of nine regional control rooms in the English regions was probably the best outcome.

The arguments are clear and they have been spelled out; they are to do with ensuring the most cost-effective systems, but also the most effective and up-to-date systems. That includes new technology that enables the pin-pointing of calls in order to direct fire and rescue teams in the most effective way to the location of a fire or emergency and arrangements that allow integration with the other emergency services through the new Firelink communications system. All those things are about improving effectiveness, giving a better service to the public and responding more effectively to a wide range of possible eventualities.

Mr. Flook: Has the Minister any idea which of the regions will move more quickly? Does he have any idea whether the south-west will be moving towards regional control centres more quickly than other regions?

Mr. Raynsford: I hope that the hon. Gentleman will know—we said it often in the Committee, of which he was a member—that the process has involved all regions setting up regional management boards, which are in place, and they will be considering over the next few months the detailed arrangements for implementing what is required to be implemented at a regional level. I have always made it clear that some issues need to be handled nationally, some need to be handled regionally, including regional control rooms and other things, and some need to be handled locally. Getting that arrangement right is fundamental to delivering the best possible service. Of course, response and community engagement are best handled at a local level, and that will continue to be the case in all circumstances and all parts of the country.

We also recognise that fire and rescue authorities must work with each other and other bodies to deliver their new functions. In the course of this evening's debate, we have highlighted areas where, on the fire prevention and community engagement agenda, it is clearly advantageous for fire and rescue authorities to work with other bodies, including local authorities, individuals and community groups, to ensure the most effective outcomes. The message about joint working and working across traditional barriers is also very important, and such activity will be facilitated by the Bill.

We are also ensuring that fire and rescue authorities have appropriate powers and obligations to enter into mutual assistance schemes to support the discharge of all their core operational functions. We will continue to maintain the existing ability for fire and rescue authorities to charge for particular services while continuing to exclude the possibility of charging for fighting fires and not extending charging powers other than in circumstances in which it is clear that that is appropriate and can be done in a way that in no way damages public safety and security. I have always said—and I repeat it tonight—that public safety is the overriding priority. Ultimately, that determines our whole approach to the future of the fire and rescue service.

The Bill will help to make the fire and rescue service a better place for all who work in it by repealing outdated legislation to allow a modern approach to recruitment, training and development; by bringing forward new powers to create new multiple pension schemes while protecting existing pension provision; and by taking reserve powers to ensure effective negotiating machinery for the fire and rescue service that recognises its changing role and includes representation of all its employees.

Mr. Roger Williams (Brecon and Radnorshire) (LD): I asked the Minister about devolution on Second Reading. I am still not clear whether the Government intend to devolve the setting up of pay negotiating bodies and pension provision to the Welsh Assembly. It is not clear in the Bill.

Mr. Raynsford: The hon. Gentleman makes a fair point, and I am not in the least surprised that he is confused. The provisions are governed by clause 60, which says:

"In its application to Wales, the following provisions of this Act have effect as if for each reference to the Secretary of State there were substituted a reference to the National Assembly for Wales".

On a cursory reading of the Bill, especially if they started at the front rather than the back, people might be tempted to believe that the Secretary of State has powers to determine matters in Wales. The policy objective is the devolution of all policy functions and finance matters to Wales. The one matter that is reserved is pensions, for reasons that he will fully understand.

I understand that the Welsh Assembly Government intend to continue to operate the current arrangements for negotiation and bargaining on pay and conditions at a UK level, and I know that the Scottish Executive are equally committed to maintaining that arrangement, which will continue as long as all the parties agree that it should, and it will be a voluntary arrangement reached by the constituent parts of the United Kingdom.

Mr. Williams: I thank the Minister for that clarification. Will there be any provision to ensure that Welsh fire and rescue services and employers are represented on the pay negotiating bodies?

Mr. Raynsford: That will be a matter for the national joint council, which will consider changes to the rather cumbersome existing structures.

[Mr. Raynsford]

The hon. Member for Runnymede and Weybridge (Mr. Hammond) is looking for bits of paper to prove that the Secretary of State will have inevitable intervention powers here. I remind him that we have made it clear that we have such powers but will use them only if the NJC fails to come up with satisfactory amendments to the existing arrangements to allow the whole system to operate effectively.

In June 2003, we published our fire and rescue White Paper, responding to the challenge set out by the independent review of the fire service led by Sir George Bain. It outlined our vision for a fire and rescue service better able to meet the challenges of the 21st century—a service that saves more lives by protecting the public and creating safer communities. The Bill is crucial to delivering that vision, and I commend it to the House.

9.33 pm

Mr. Hammond: The 45 minutes that have been allocated for Third Reading constitute a totally inadequate time, so I shall be brief.

We have had our differences in these debates, but our proceedings have been generally constructive. I say to the Minister that regionalisation is an issue but Europe, in the context of fire and rescue services, thankfully, is not. I want to reiterate our strong support for the modernisation agenda as originally presented, with its emphasis on local management; its focus on prevention and education and the matching of resources to risk to life through genuine risk-based integrated risk management plans; and, critically, its reform of working practices, freeing up resources for that prevention agenda and for the new focus that we need on the response to terrorism.

We were nervous when Ministers declared the result of the IRMPs in advance by saying that modernisation would pay for the firefighters' pay settlement. We were alarmed, as the Minister knows, when the targets were relaxed last summer, as they were a key justification for the modernisation programme. We had fears about the balance between local, national and regional dimensions, especially when we read the Bill and the framework documents, but we have remained supportive throughout of the Bill's core. At its core, the programme is sound.

We acknowledge that, for exceptional circumstances, there is a need for a supra-brigade response, especially to deal with the new threat of terrorism. We have always recognised the benefits of co-operation between authorities, not only in response to unconventional threats but across the board to create appropriate units for providing the best possible service to the public. However, a balance needs to be struck between the national, regional and local tiers. We need to focus on the needs of the service, not unrelated considerations. We must also ensure that the service is driven from the bottom up, with democratically accountable local fire and rescue services working together so that the service is provided at the appropriate level.

Mr. Redwood: Is my hon. Friend worried, as I am, that regional management might mean another tier of management, with higher salaries, more inefficiency and enormous reorganisation rather than the drive for job losses and greater cost control that the Minister imagines?

Mr. Hammond: All the evidence shows that the introduction of a regional tier increases, not decreases, bureaucracy. The Select Committee report pointed out that no evidence had been presented to show that there would be a reduction in bureaucracy. I stress to my right hon. Friend that a bigger concern is that sucking away certain powers to the regional management boards will leave some smaller fire and rescue services with a management structure that withers on the vine. I wonder whether the Government's medium-term to long-term objective is to emaciate fire and rescue authorities to the point when regional combined authorities become inevitable.

We share the Government's view that the Bill recognises the wider role of fire and rescue services by including statutory functions for road traffic accidents and other forms of emergency. We appreciate and approve the focus on prevention and education. Many other aspects of the measure are long overdue acknowledgements of the work of the fire and rescue services.

The Bill suffers from two significant flaws. First, the balance between national and local powers is wrong, with the Secretary of State's huge reserve powers having the potential to undermine the role of local, democratically accountable fire and rescue authorities. The Minister is at pains to emphasise that they are reserve powers, but only time will tell.

Secondly, we are worried about the imposition of an arbitrary and irrelevant regional structure on the fire and rescue service. That structure was designed for a different purpose and no evidence has been adduced for the proposition that it is the most appropriate way in which to run a fire and rescue service. The Government's agenda is nowhere more evident than in their proposal to reduce the number of control rooms throughout England from 49 to nine. No evidence has been produced to show that that is in the interests of public safety. We believe that it will prove sub-optimal and that the motivation for the regional agenda is extraneous to the fire and rescue service.

Our preference is for a fire and rescue service that is based on the maxim, "Quality services locally delivered." We support a service that would confer clear functions and duties, including best value, on local fire authorities, which are accountable to their communities. That would lead them to work together, for example, by merging control rooms and sharing equipment, to discharge those functions, and they would always answer to their communities, not the Secretary of State.

We accept that the Secretary of State must play a role in national preparedness to deal with a terrorist or other major incident, but that must not snuff out the stand-alone capability of our local emergency services, which will surely happen with regionalisation.

At the heart of the Bill is a positive agenda, which we support. It has been spoilt by the inability to resist the Whitehall obsession with total control of every last detail, and by the subordination of its aims to the regional agenda. We will not vote against it tonight, but

urge our noble Friends to try again—as we have tried—to get the Government to see the case for restoring local fire authorities' lead role in the new structure. We want a bottom-up, collaborative approach based on geographical units that are relevant to the fire and rescue service, not some other agenda, so that we end up with a service that is truly rooted in our local communities and is the stronger for it.

9.40 pm

John McDonnell: I thank my right hon. Friend the Minister for the way in which he has handled the Bill. I thank him both for his inclusiveness in involving us in discussions, and for the open and transparent way in which he explained the details of the Bill. Much in the Bill reflects the views of firefighters, fire managers and fire authorities. It reflects a modern fire service, and the range of services that are now provided. I am grateful to the Minister for addressing continuing concerns, particularly the clear establishment of minimum standards to be set through guidance across the country but also the advocacy of maximum quality of service.

Clause 32, however, still causes concern. It relates to guidance in the context of industrial relations. Let me sound a note of caution. The Bill arrived in the climate that followed one of the bitterest disputes in 25 years. We introduced legislation giving Government powers to impose a settlement, and we introduced a sunset clause that will, we hope, reach fruition shortly as a result of the constructive discussions that have taken place. What I do not want is for clause 32 to be interpreted by this or any future Government as a way of interfering in industrial relations again, and imposing settlements on firefighters. Tonight they will be on shift—men and women who risk their lives daily to protect us and our communities. We do not want to drag them into the bitterness of another dispute like last year's.

9.42 pm

Richard Younger-Ross: It has been a pleasure and an honour to serve on the Committee, and to lead for my party today. My father was a firefighter in the London docks during the war, and as a child I was brought up with the fire service.

As has been said, there is much in the Bill to support. As we said on Second Reading, and as my hon. Friend the Member for Kingston and Surbiton (Mr. Davey) has made clear, we wholeheartedly believe in the modernisation process. Most of our debates have been very constructive. The Minister, for instance, was able to accept an amendment that we tabled in Committee; at least, he produced a similar amendment today providing that there should—not must—generally be an inquiry, which is an improvement. Nevertheless, some parts of the Bill could do with a little more improvement. Like the hon. Member for Runnymede and Weybridge (Mr. Hammond), we intend to ask those in the other place to consider how they might be able to improve it.

I want to make five brief points. The Bill still tends towards centralisation. We reject the Secretary of State's power to force fire authorities to combine even when they are working well. We believe that if an authority is to combine with another, that must be at its instigation, because of reorganisation or because it is failing in some way. I do not believe that the Secretary of State's power to act for the sake of what are, effectively, cost savings is democratic. It pulls the rug from under local democracy.

A lot still needs to be protected in terms of democracy. The Secretary of State is taking powers to remove elected members from committees. He can determine that a person is not fit to serve. When the Secretary of State can say, "We do not think this councillor is fit to perform this duty", a stiletto is pointed at the heart of local democracy. That is not a power that the Secretary of State should ever have. Local authorities determine who should be on their committees, and it is up to them to say who is fit to perform the role; it is not a matter for the Secretary of State.

On accountability, we need still to consider what comes to this House and what does not. The Secretary of State has again turned down the reasonable request—from the hon. Member for Runnymede and Weybridge—that the national framework be considered in this House via statutory instrument. As was said earlier, it is flawed and it is very disappointing that we will be unable to consider it.

Mr. Redwood: Does the hon. Gentleman think that the Bill will entail big council tax rises to pay all the reorganisation costs?

Richard Younger-Ross: The Bill should save money, and we accept the principle that reorganisation should involve a cost saving. However, achieving parity for firefighters could involve an increase in costs, which we would support. That would be reasonable in order to secure equal pay for equal work.

Mr. Hammond *indicated assent.*

Richard Younger-Ross: I note that the hon. Member for Runnymede and Weybridge nods.

Some spurious arguments were advanced today in respect of a well-thought-out amendment to establish a boundary review. Most people accept that, in this context, the regions of the south-west and the south-east are nonsense. They were created for different purposes and are not suitable as fire authority regions. Regardless of whether the other place can change the Bill's wording, I urge the Minister to accept the need for a boundary review at some point.

We were nearly able to discuss sprinklers and their installation on Report, but we just ran out of time. The Minister gave a very good answer in Committee to the question of fitting sprinklers in new buildings, but we did not address their retrospective fitting. I urge those in the other place to table amendments to establish a review of existing properties, so that we can consider the practicalities of the retrospective fitting of sprinklers in schools, care homes and houses in multiple occupation. The cost of doing so could be saved through reduced insurance costs, and if we can save lives through such retrospective fitting, we should do it. That is not to say that we should give up on passive fire protection systems; rather, we see sprinklers as an additional protection. I urge the Minister to ask his noble Friends in the other place to look at the proposal sympathetically. There is a way forward, and I am sure that suitable wording and processes can be found to make it a reality.

9.49 pm

Mr. Drew: I shall continue the process of handing out plaudits by handing out mine to Ministers. They have listened, and within reason we have made good progress. As the lack of a Division at the end of Third Reading will show, this is a consensual Bill.

I agree with what the hon. Member for Teignbridge (Richard Younger-Ross) said about sprinklers. To an extent, this has been a "something and nothing" Bill. The "something" is that at long last, we are introducing legislation that reflects a modern fire and rescue service, unlike the antiquated legislation that has been in place for so long that most people cannot remember why it was enacted. But other issues, such as sprinklers, have been deliberately avoided or regarded as inappropriate for this Bill. We had a useful debate on such issues in Committee, and my hon. Friend the Member for South Dorset (Jim Knight) spoke very knowledgeably about what needed to be done, as one would expect, given his expertise. The Bill might not be the right vehicle for such matters, but they cannot remain an off-stage discussion.

Mr. Hammond: The hon. Gentleman is absolutely right, and there has been consensus on both sides that once the research has been properly concluded, the issue of sprinklers must be addressed, if appropriate. From his discussion with his right hon. Friend the Minister, is it his understanding that the Secretary of State has the power to move forward on that agenda without the requirement for further primary legislation, or will we be waiting for a further primary legislative opportunity?

Mr. Drew: I certainly believe that that is the case, and I hope that it will be confirmed soon after tonight's debate, but I understand the problem, because that matter will affect other Departments and other Bills. I hope that my right hon. and hon. Friends on the Front Bench have heard and taken on board the hon. Gentleman's point.

Richard Younger-Ross *rose—*

Mr. Drew: I had better not give way, because we need to allow other people to contribute.

Another point that has been clearly made from this side is that we do not see the Bill as a cuts package in any way. Elements of it may involve a degree of rationalisation, but we have not discussed—

Mr. Redwood: Will the hon. Gentleman give way on that point?

Mr. Drew: No, but I will sit down in a moment to allow the right hon. Gentleman to contribute.

The key issue is how the resources are reallocated. If we want a modern fire and rescue service, working with the other emergency services, it is crucial for it to be properly funded. As I have said on numerous occasions, I have no problem with the regionalisation agenda as a strategic direction, but the Bill is not the way to deliver that, and it must not be used to do the work on the ground. If there are resources available, we must reinvest them not just in equipment but in the people who, as my hon. Friend the Member for Hayes and Harlington (John McDonnell) said, are there day and night, doing the work, and are to be commended. If we are to make the fire service fit for purpose in the 21st century—particularly against the background of the developments that we are, sadly, seeing in this world of ours—we must make sure that those people have the resources to do the job properly.

9.52 pm

Mr. Redwood: The hon. Members for Stroud (Mr. Drew) and for Hayes and Harlington (John McDonnell) are being a little optimistic tonight—perhaps whistling in the dark—knowing as they do that they are under a three-line Whip to vote for the Bill, which I suspect is a harbinger of cuts and reductions in the fire service that they love and want to support.

Mr. Hammond: Just for the record, I should tell my right hon. Friend that the hon. Member for Hayes and Harlington (John McDonnell) has not been shy, when fire and rescue matters have been before the House in the past, about defying his Government's Whip and voting with the Opposition.

Mr. Redwood: I quite agree, and I am delighted that my hon. Friend has reminded the House of the hon. Gentleman's entirely honourable record. I was simply trying to persuade the hon. Gentleman that he should use his independence and freedom yet again, because I think that the Minister is selling him a pup on this important issue.

I fear that this will be a typical Labour modernisation. We will see cuts in the service on the ground, among the people who have to deliver on not-very-good pay, but a massive expansion of bureaucracy, management and the administrative cadres. We will see large-scale recruitment of extra people called regional-this and regional-that: there will be regional chief executives, regional finance directors, regional chief officers, regional deputy chief officers and regional assistant chief officers across the country, who will be on huge salaries with cars and all sorts of perks. At the same time, the Minister will want to achieve some offsetting cost reductions. He will not achieve enough, but I am sure that he will squeeze the service on the ground. He therefore wants to go ahead with the plan to cut the number of centres around the country that deal with the emergencies and allocate the work. That is why he has got it in for the counties: he hopes that he can achieve some savings from demolishing county fire administration and replacing it with much dearer, grander, more expansive and more multi-layered administration at regional level.

Mr. Hammond *rose—*

Mr. Redwood: I see that my hon. Friend is provoked yet again.

Mr. Hammond: I was thinking that my right hon. Friend might want to try to provoke the Minister into a response by pointing out that his Department's internal estimates are that the cost of setting up the nine regional control centres, including the cost of redundancies from the existing control centres—because there will be

considerable redundancies—is in excess of £100 million. Perhaps my right hon. Friend could provoke the Minister into a denial of that figure.

Mr. Redwood: That is the sort of figure that I would have guessed, and I am delighted that my hon. Friend, who has studied this much more closely than I have, has done this very accurate costing. Of course there are going to be redundancies and cuts—I think that some hon. Members who value the fire service have been misled on this occasion—and of course there will be a massive expansion of jobs and non-jobs as the regions are set up. This is an attempt to drive England into a series of regions that are neither natural, sensible nor efficient. This is not the way in which anyone with any sense of history, tradition, business practice, efficiency or service delivery would organise things.

It makes absolutely no sense to have a fire region covering everywhere from Dover to Milton Keynes, but leaving out London at the very heart of that region, when all the main transport links go through or just round the edge of London within the Greater London area. It makes no sense to suggest that Cornwall, Devon and Somerset all wish to be lumped together. People in Exeter do not want to look to Bristol or Truro; people in Truro do not want to look to Plymouth or Bristol; and people in Bristol are not wild about either Exeter or Plymouth.

It is dangerous for the Government to think that they can impose this "redprint" for ruin, this regionalisation, on the fire service as the soft underbelly of local government in Britain. The Government hope that the counties will not regard this as such a strong attack on themselves as the complete abolition of the counties and their replacement with regional government would be. They hope that they can start the process off by tackling it service by service, and they have picked on the poor fire service in this Bill.

The Minister should think long and hard before trying to destroy the very good administration and delivery that exists in the many county fire services around the country. He should understand their esprit de corps, and their sense of loyalty, place and tradition, which are very important in a badged and uniformed service such as the fire service. He should also understand that there will be no such loyalty or sense of achievement and tradition if he insists on introducing these expensive regional quangos above the county services.

Mr. Hammond: Does my right hon. Friend agree that, as the responsible level of management is moved further from local communities to regional tiers, it is likely that local people will become more sceptical about whether the integrated risk management plan changes that are being introduced on the ground are really changes for the better and not just cuts? The further away they are, the more likely people are to be sceptical.

Mr. Redwood: My hon. Friend is right. These measures involve cuts in local democracy and accountability and in certain local jobs that need doing, coupled with the massive expansion of a new alien bureaucracy at regional level, which will be dearer, worse and less efficient, and without that sense of place, presence, tradition, efficiency and loyalty that is so important in the delivery of these services in proud metropolitan boroughs and proud counties around our country. England is a country of cities and counties; it is not a country of regions. Regions are entirely artificial constructs, and they cause anger, disagreement and dissension. I have never met anyone in Liverpool who wanted to look to Manchester for their government. I have never found people in Sunderland very willing to accept the sovereignty of Newcastle. Labour Members who represent many of those cities should understand that, and realise just how unpopular—as well as expensive and undesirable—this regionalisation will be.

Unfortunately, once again, there is not enough time to debate the intricacies of the Bill. I would, however, like to make a few comments on charging. We had a very unsatisfactory response from the Minister in our interesting mini-debate on this subject earlier today. At one stage, I thought that he was using his intelligence and common sense to accept our proposition that it would be quite wrong to start charging people who had been damaged in a serious motor accident, when the fire service turned up to rescue them. At one point, he seemed to have rejoined the human race and to be saying, "Yes, that would be inhuman, it would be wrong. I will give the House a guarantee that people will not have to reach for their credit card when the fire service turns up." I then asked him whether he would put that on the face of the Bill, but he said that there was no need, as he had given his word.

My hon. Friend the Member for Runnymede and Weybridge then tried to make the words clearer, so that he could then withdraw his amendment that would have prevented such charging, and the Minister backed off. He said that the Bill gave powers, but there was no present plan, and that after the next general election, if the Government were still in office, they might want to look at the matter again, and that perhaps studies would soon emerge that would mean that they would want to do that. He suggested that the power was there, but that perhaps local discretion had to be exercised.

The Minister used weasel words. He left open the possibility that people will be charged when they have had a serious accident. I would be happy to give way if the Minister wants to revise his view and categorically state that that there was never any intention whatever to charge people when they had been involved in accidents in their cars. I see from the Minister's—

It being Ten o'clock, MR. SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [26 January].*

Bill accordingly read the Third time, and passed.

BUSINESS OF THE HOUSE

Motion made, and Question proposed,

That, at the sittings on Tuesday 16th, Wednesday 24th and Thursday 25th March—

(1) consideration of any Lords Message relating to a Government Bill may be proceeded with, though opposed, until any hour; and

(2) the Speaker shall not adjourn the House until any Lords Message relating to such a Bill has been received or any Reasons Committee appointed at that sitting has reported.—*[Mr. Ainger.]*

Hon. Members: Object.

NORTHERN IRELAND AFFAIRS

Ordered,

That Mr Harry Barnes be discharged from the Northern Ireland Affairs Committee and Mr Stephen Hepburn be added.—*[Mr. John McWilliam, on behalf of the Committee of Selection.]*

PETITION

Muscular Dystrophy (Research Funding)

10.1 pm

Bob Spink (Castle Point) (Con): A bid submitted to the Department of Health for research funding could provide treatment that would substantially extend life and improve the quality of life of those who suffer from Duchenne muscular dystrophy. The bid was co-ordinated by the Right to Survive Campaign—a coalition of the Muscular Dystrophy Campaign, Parent Project UK and the Duchenne Family Support Group. Hon. Members will be aware of the terrible impact of the disease on individuals and their families, and they will understand my constituent's motives for compiling a petition.

I wish to present a petition, which states:

To the Honourable the Commons of the United Kingdom of Great Britain and Northern Ireland in Parliament Assembled

The Humble Petition of Mr. and Mrs. Luxton and others of like disposition sheweth

That a consortium bid to the Department of Health for "molecular patch" Duchenne research, in the amount of £2.4 million, for funds under the White Paper on genetics for research into gene therapy for single gene disorders, has been submitted in October 2003.

Wherefore your Petitioners pray that your Honourable House shall urge the Government to bring pressure on the Secretary of State for Health to support the bid, but in any event, to ensure that the research is funded and goes forward.

And our Petitioners, as in duty bound, will ever pray.

To lie upon the Table.

MMR Vaccinations and Autism

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Ainger.]*

10.2 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I wish to discuss issues around clinical ethics and research ethics in the work done at the Royal Free hospital by the inflammatory bowel disease group since 1995. Before I start, I would like to declare my interests. I was a member of an all-party group that recently visited the American society of clinical oncology conference for four days in Chicago, which was organised and funded by the pharmaceutical company Aventis. I am a member of the British Medical Association medical ethics committee, although I am not speaking for that body. I also spent a number of years as a member of the central Oxford research ethics committee, which gave me direct experience of many of the issues that I will deal with tonight. I am a member of the all-party group on autism, and my father is a recently retired professor of paediatrics.

Autism is a serious condition, and all of us in the House need to be aware of how distressing it is to parents and other family members and how challenging and troubling autistic spectrum disorders are to the children and their families. The controversy surrounding the work of the inflammatory bowel disease group at the Royal Free should not detract from the need to improve the health and social care provided to the children or the need for more research into causation, diagnosis and treatment of developmental delay or regression in children. None of the criticisms that I make of the researchers, the ethical regulators and the Legal Services Commission should be taken to extend to the parents who gave their consent and co-operation to those studies in good faith. As we know, many of them still support the individuals involved and perhaps see no problem in what they did.

In the scandal over Dr. Andrew Wakefield's failure to declare financial and conflicts of interest when his research group's article was published in *The Lancet* six years ago, the welfare of the children who were his research subjects seems to have been forgotten. Documents revealed by the investigative journalist Brian Deer and by *The Sunday Times* raise major doubts about a far more serious matter than publication misconduct. By that, I mean doubts and allegations about whether children were exposed to unacceptable risks and unnecessary procedures.

I do not make those allegations lightly, conscious as I am of the need to avoid the abuse of parliamentary privilege, but there is very clear evidence pointing towards unethical conduct by the researchers—or by one or some of them—and equally strong evidence of failure and incompetence by the research ethics committee. The papers to which I refer are published on Brian Deer's website: www.briandeer.com

In 1996, and subsequently, researchers in the inflammatory bowel disease study group subjected children to a battery of invasive tests. Those included upper GI endoscopy, which is passing a flexible telescope down the throat into the stomach and upper gut through the mouth or nose; ileo-colonoscopy, which is passing a flexible telescope through the anus and

rectum right round the large intestine and into the small bowel; and spinal taps, which is passing a needle into lower back to drain some of the fluid that bathes the brain and spinal cord. Those procedures are not trivial on consenting adults, let alone on autistic children, who must be heavily sedated or even anaesthetised. In addition to those tests, the children underwent blood tests, brain scans and monitoring of electric currents in the brain.

Glenda Jackson (Hampstead and Highgate) (Lab): Will the hon. Gentleman give way?

Dr. Harris: I shall certainly give way to the constituency MP for the Royal Free hospital.

Glenda Jackson: I am delighted that the hon. Gentleman remembers that the hospital is in my constituency. Is he disputing the fact that the hospital's ethics committee was concerned, particularly about the fact that the project required children to undergo, as he has just pointed out, an intensive regime of investigation? The hospital's ethics committee put that point to the senior clinical investigator, Professor John Walker-Smith, who replied:

"I can confirm that the children would have these investigations even if there were no trial."

Dr. Harris: That is the key question, which I shall deal with. If that were the case, there would be less of a problem, although there would not be no problem at all. I do not believe that that was right then or that it is now.

In 1996, just as now, there were tough rules to protect children from being exposed to risk for research purposes. We are not judging this case by the standards of today but by the standards of 1996, when four separate sets of guidelines applied. The guidelines were published and circulated by the Department of Health in 1991, the British Paediatric Association—now the Royal College of Paediatrics and Child Health—in 1992, the General Medical Council in 1994 and the Royal College of Physicians in 1996. The guidelines made it clear that children should not be exposed to anything more invasive or risky than a blood test unless certain conditions—likely specific clinical benefit to the child—were met; that proper approval be sought in advance from a research ethics committee; that the advice and instructions of the research ethics committee be followed to the letter; that changes to the agreed arrangements be agreed in advance by the research ethics committee; and that patients or their parents be given all the necessary information about risks for them to able to give adequate and adequately informed consent.

The research ethics committee was bound by the same guidelines to refuse permission for any tests or procedures that were more than minimal risk if they were not in the best interests of the individual child. That means that so-called non-therapeutic research—as it was called at that time—where there was no likely clinical benefit to the child in terms of therapy, was not allowed to involve anything worse than a blood test.

I shall quote some of the guidance that existed around that time. The BPA guidelines 1992 state:

"Children are unique as a research group for many reasons. They are the only people, in British law, on whose behalf other individuals may consent to medical procedures. Many children are vulnerable, easily bewildered and frightened, and unable to express their needs or defend their interests . . . The physical integrity of children, as of all other people, is protected by law. Unless they, or their parents or guardians acting on their behalf, agree to it, nothing can be done lawfully that involves touching them . . . Parental consent will probably not be valid if it is given against the child's interests. This means that parents can consent to research procedures which are intended directly to benefit the child, but that research that does not come into this category can only be validly consented to if the risks are sufficiently small to mean that the research can be reasonably said not to go against the child's interests."

The Department of Health guidelines 1991 are similarly clear:

"Where the proposal is for non-therapeutic research, all of the above applies"—

criteria for other patients—

"but in addition the child must be subject to no more than minimal risk as a result of his/her participation."

The local research ethics committee

"should note that those acting for the child can only legally give their consent provided that the intervention is for the benefit of the child."

The BPA was very clear about what sort of procedures were considered minimal risk, low risk and high risk:

"High risk procedures . . . should be carried out only when research is combined with diagnosis or treatment intended to benefit the child concerned. It would be unethical to submit child subjects to more than minimal risk when the procedure offers no benefit to them, or only a slight or very uncertain one."

Glenda Jackson: Is the hon. Gentleman disputing what Professor Humphrey Hodgson, the vice-dean and campus director at the Royal Free and University college medical school, said in a statement issued on behalf of the school and the Royal Free Hampstead NHS trust:

"The committee, after clarifying a number of issues . . . and having taken expert advice, approved the protocol submitted.

The clinical management and the investigation of these children was performed at the Free by a dedicated team of consultant paediatric gastroenterologists, in full consultation with and agreement of the parents of the affected children."

Dr. Harris: I disagree with the Royal Free when it says that the protocol was subject to rigorous ethical analysis, and I shall say why I do not think that the necessary requirements were met.

Glenda Jackson: Will the hon. Gentleman give way again?

Dr. Harris: I wish to make some progress, if I may.

According to papers released to *The Sunday Times* by the strategic health authority, the research ethics committee did not appear to ask an independent outside expert—that is, someone who is independent and outside and expert—whether the battery of tests could be considered of therapeutic value to the children. In fact, after publication of the paper, the research ethics committee tried to claim that it was not even its job to

[Dr. Harris]

make a judgment about whether procedures were in the children's best interests. That in itself is a shocking admission of incompetence, so the Department of Health should investigate every ethics approval that the committee has ever given for research on children, to see whether anything else was allowed through—in effect, on the nod.

The published paper stated that the investigations had been granted clinical ethical approval by the ethical practices committee of the Royal Free, but the research ethics committee says, in a letter from the chairman to the dean, dated 24 July 1998:

"On 9th July you wrote to me for my comment on the letter of Professor David Hull. In his letter Professor Hull states: 'I see that the investigations were approved by the Ethical Practices Committee of the Royal Free Hospital NHS Trust.' This is, of course, incorrect. We did not approve the investigations."

However, the paper says clearly that the investigations were approved by the ethical practices committee of the Royal Free hospital. They cannot both be right. I suspect that both are wrong, in some ways, but one at least is wrong.

As it happens, the researchers had submitted their application in a form to which approval might have been given, even if the research ethics committee had looked at it properly. The researchers asked for permission to carry out the tests on 25 children with a condition known as disintegrative disorder, which is also known as disintegrative psychosis or Heller's disease. DD is a much worse form of developmental disorder than autism, and the researchers stressed in their application that it is separate from autism. They said, in paragraph 5, "Scientific background", that

"disintegrative disorder differs from autism in the loss of motor and self-help skills and usually, too, in the lack of more complex stereotype behavioral patterns".

The researchers were clear on that point, and it is still the accepted view today. DD is of later onset and involves significant loss of acquired skills. DD is rare and, in a few cases, can be caused by a metabolic disorder that can be detected by high lactate levels in the cerebrospinal fluid. It could be argued that doing spinal taps on such children would allow doctors to diagnose a metabolic disorder, or to rule it out. Since such diseases are not treatable, generally speaking, the benefit is limited, but at least a benefit can be argued. However, no major group of doctors in the UK argued at the time, or argues now, that spinal taps be performed on children with autism for any clinical benefit, and certainly not as an excuse to obtain cerebrospinal fluid for private research contracts.

Despite getting research ethics approval to perform the tests only on children with disintegrative disorder and despite the researchers stating that the tests were clinically necessary to benefit the children, the published research shows that not one of the 12 children had DD. One was diagnosed "Autism? DD?", but not one had DD. Most had autism. In another paper published later in 1998—an abstract in *Gut*—the authors admit to carrying out the tests on 30 children, only two of whom had DD. By 2000, some 60 children had been subjected to endoscopies, according to an article in *The American Journal of Gastroenterology*, of whom only two had DD. When the research ethics committee gave approval for the application it saw, it made it clear that any changes to the proposed tests or the group of children should be cleared with it in advance. That is standard, and it is written in the letter of approval. The research ethics committee received no such request to change the protocol, so up to 30 children were experimented on with no proper ethical approval and with no likelihood of individual clinical benefit.

Glenda Jackson: Is it not the case that, in the initial request, the criteria for investigation were that children "should have disintegrative disorder; have symptoms and signs of intestinal dysfunction, and there was a parental request for investigation to be undertaken"?

Is it not also the case that disintegrative disorder is a syndrome that is part of the autistic spectrum?

Dr. Harris: The selection criteria at paragraph 7 of the protocol application include "presence of disintegrative disorder"; the applicants state that the syndrome is separate, and it is established in their argument that it could be caused by something that would make a CSF test worth doing, but not by autism. Autism was not mentioned in the scientific background; had it been, I suspect that the procedure would rightly not have been permitted. When CSF tests on autistic children were required for Legal Services Commission purposes, no hospital in the UK gave ethics approval and children had to be taken to America for the tests. I hope that the hon. Lady understands the point that I making—*[Interruption.]* I want to continue.

It turns out that Dr. Wakefield was receiving undisclosed funding for at least four of the children from the Legal Aid Board for some of the results. A central component of the deal was genetic analysis of fluid collected from those spinal taps, with further undisclosed payments for genetic analysis of biopsy samples from the bowels, following endoscopy. The evidence strongly suggests that, from start to finish of his research, Dr. Wakefield withheld the information about his legal aid board funding interest from the REC.

The question in the protocol application under paragraph 10 was,

"How are the substances for the study being provided, and how is the study being funded?"

The reply was

"Clinical research at the Royal Free Hospital (ECR)".

There was no mention of any Legal Aid Board funding. The failure to disclose that information suggests that even the approval Dr. Wakefield received for 25 children with DD may be invalid. It also seems clear that he had no ethical approval to carry out those procedures on any child who did not have DD.

Without ethical approval, the consent that the doctors obtained from the parents may not be valid. Without a valid consent, doctors could face action for assault. I do not dispute that the parents gave consent in good faith, knowing that there was REC approval for the study—albeit apparently for a different study from the one that was carried out—but even valid parental consent does not make it lawful to conduct high-risk research procedures on children with no likely clinical benefit.

Glenda Jackson: Will the hon. Gentleman give way?

Dr. Harris: I must conclude, so that the Minister has time to reply.

The whole affair seems dubious. It is not just that there was non-declaration of interest, nor that up to 30 children were exposed to invasive procedures under those tests, but that many more may have been thus exposed in tests agreed and funded by the Legal Services Commission with no ethical oversight at all.

The GMC—currently the Government's favoured path—cannot investigate or judge the LSC. It cannot look into the actions of non-medically qualified management. It cannot make recommendations to prevent any such practices from happening again, nor can it look for similar acts. That is why an independent inquiry is needed—not a hospital inquiry. The accused cannot investigate themselves, especially because, as the letter read out by the hon. Member for Hampstead and Highgate (Glenda Jackson) shows, they have already declared themselves not guilty.

An independent inquiry is needed and the Government must order one. After all, such activities could still be going on at the Royal Free or elsewhere. Children need protection from that sort of research behaviour. If the Government cannot guarantee that it is no longer happening at the Royal Free or anywhere else, they have no choice but to order an independent inquiry.

10.18 pm

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): I congratulate the hon. Member for Oxford, West and Abingdon (Dr. Harris) on securing a debate on this important subject.

Like all Members, I care greatly about the health and safety of children and I am reassured that some of the infectious diseases that used to be devastating in childhood are now seen only rarely, if at all in some cases. It is easy to forget the impact that some of those diseases had. Nowadays, parents in the UK never see their children crippled by polio. Diphtheria and tetanus are exceptionally rare in children. Since the meningitis C vaccine was introduced in the UK in the 1990s, it has cut the rate of that terrible disease by 95 per cent.

Immunisation in the UK has been greatly successful at protecting children against preventable diseases, and all those achievements have happened because of effective vaccination programmes. In particular, measles cases fell from more than 70,000 a year in 1987—before MMR was introduced—to fewer than 100 per year in 1999. Before MMR, there were between 15 and 20 deaths each year, but no child has died of acute measles for a decade.

One of the greatest achievements was the prevention of congenital rubella syndrome and the avoidance of rubella-associated terminations of pregnancy. In 2001, there was not one single case of congenital rubella syndrome in England and Wales in which a woman acquired the infection in this country. Let us not forget mumps. Before MMR, it was the commonest cause of viral meningitis and lead to around 1,200 hospital admissions a year. The MMR vaccine has dealt a hammer blow to these three serious diseases of childhood and has released children from the risk of death and disability as a consequence, which is something with which I know that the hon. Gentleman and my hon. Friend the Member for Hampstead and Highgate (Glenda Jackson) agree.

The hon. Gentleman indicated that he is well aware of the significant media interest in MMR following the findings of an investigative journalist, Mr. Brian Deer, from *The Sunday Times*. Mr. Deer raised several concerns about the research carried out at the Royal Free hospital that first claimed a link between MMR and autism. The first concern was an alleged conflict of interest, and the editor of *The Lancet* has made it clear that the information now makes the original *Lancet* paper "fatally flawed". The second concern is about ethics approval for the research carried out at the Royal Free hospital, and I shall address that matter next.

As the hon. Gentleman emphasised, ethical approval, especially regarding children, is an essential part of medical research, and such medical research involving children is a matter of increasing concern. It can be an important means of promoting child health and well-being, but as the Royal College of Paediatrics and Child Health clearly recognises in its "Guidelines for the ethical conduct of medical research involving children",

> "Children are unique as a research group for many reasons. They are the only people, in British law, on whose behalf other individuals may consent to medical procedures. Many children are vulnerable, easily bewildered and frightened, and unable to express their needs or defend their interests."

The importance of evaluating the possible benefit, harm and cost of research on human beings, and the possible ways of carrying out that research, are key issues. The benefits of research can be great, especially if the condition being investigated is common or if the research has a high chance of success. Possible harm must be assessed with equal care, and possible considerations of harm include questions of how invasive the type of intervention is, how severe the risks associated with the research procedures are, and how likely damage is to occur. These are common-sense issues that are difficult to question. Any parent would expect that research carried out on their children should have addressed those issues thoroughly and carefully, but balancing the pros and cons of research is often complex, as I know that the hon. Gentleman appreciates. Research ethics committees play a vital role in considering the issues and advising on what is acceptable and what is not.

Ethics committees are faced with the paradox of trying to be both stringent assessors and an approachable forum to help researchers to resolve problems. They have to compromise between aiming for the perfect protocol in advance and encouraging researchers to respond to families' unpredictable responses, which might require changes to research design later on.

Questions have been raised about whether the lumbar punctures and colonoscopies that were carried out on children at the Royal Free were justified. Both interventions are invasive and are not undertaken lightly. Lumbar puncture—during which cerebrospinal fluid is extracted from the spinal cord for examination—is undoubtedly unpleasant and is not risk-free. Colonoscopies are unpleasant and distressing to the patient, and carry the risk of complications, such as perforation of the bowel.

Should children at the Royal Free have undergone such investigations? Professor Sir David Hull and Professor Brent Taylor raised concerns in 1998. The research team believes that the investigations were

[Miss Melanie Johnson]

justified, but I cannot say what was clinically justified for each of the children in the study. However, that shows why the approval of research proposals by ethics committees is so important.

Glenda Jackson: Is it not also the case that the independent ethical committee raised those very issues in 1996, before permission was given for the investigations to proceed?

Miss Johnson: I am not an expert on all the details of the arrangements and I would not want to disagree with what my hon. Friend suggests, but we need to be certain that the right processes are being carried out. Ethics is about good practice. As the Royal College of Paediatrics and Child Health recommends, each research ethics committee that considers a project involving children should be advised by people with a close practical knowledge of babies and children. The ethics committee also needs to have, or to have access to, the appropriate expertise to cover the breadth of issues dealt with by the research proposal. That is demanding because of the complexity of much of the research undertaken. Input from independent experts is a means of ensuring that the committee can cover all the issues.

The hon. Gentleman made an important point about the management of research at the Royal Free. I am sure that the hospital and my hon. Friend, as the local MP, will take careful note of his points and that the hospital will consider his concerns in the light of the statements it has made.

The General Medical Council is considering serious matters of research and ethical conduct. We must await its deliberations and its indication of how it intends to take them forward in using its statutory powers. I assure the House that should aspects of the case require further scrutiny or investigation at that point, we will give them the most serious consideration and act appropriately. I assure the hon. Gentleman that we are waiting for the outcome of the GMC's deliberations and will give them careful consideration. I trust that the Royal Free will also look at what he said and think about the appropriate response.

Dr. Evan Harris: I am grateful to the Minister for her considered response. I raised my concerns with her some days ago. Does she accept that the GMC cannot consider the conduct of, and the procedures that were funded by, the Legal Services Commission because that is not part of the inquiry? Does she also accept that there may be other practices elsewhere of which she and the Department of Health may wish to take note? Are there not grounds for considering a wider inquiry, because there may be another form of investigation—by the Crown Prosecution Service—for which the GMC would want to wait?

Miss Johnson: It is conceivable, although perhaps not likely—it is not for me to comment on the likelihood either way—that the case has not been brought to a final conclusion. The LSC has refused to grant further financial support for the litigants' case and it appears that it will not continue. However, notwithstanding the privileges that the House enjoys, it would not be appropriate for us to comment on something on which theoretically, if not practically, legal proceedings were still pending.

I take the hon. Gentleman's point about the ethics committees. I am sure that the Royal Free has listened carefully to what he said.

Question put and agreed to.

Adjourned accordingly at twenty-eight minutes past Ten o'clock.

House of Commons

Tuesday 16 March 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES BILL *[Lords]*

Considered; amendments agreed to; to be read the Third time.

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Common Fisheries Policy

1. **Mr. Alex Salmond** (Banff and Buchan) (SNP): What recent representations he has had from the Scottish fishing industry on the common fisheries policy; and if he will make a statement. [160301]

The Parliamentary Under-Secretary of State for Scotland (Mrs. Anne McGuire): My right hon. Friend the Secretary of State for Scotland and I have had no specific representations from the Scottish fishing industry recently, but as Scottish Members we have received written communications from the Scottish Fishermen's Federation. We are fully aware of the industry's concern and I am a member of the ministerial steering committee for the UK-wide fisheries study undertaken by the Prime Minister's strategy unit.

Mr. Salmond: Is the Minister aware that, as of today, if half the Scottish white fish fleet goes to the major haddock fishing area at a time of record haddock stocks, it will be forced to discard the fish caught dead over the side into the sea? Everyone knows that the map on which the regulations are based is wrong—it is admitted by the European Commission, the Scottish Executive and fisheries Ministers here—and over the past four weeks we have been promised appropriate changes within days, so as of today what is the Minister going to do to prevent thousands of tonnes of quality fish being used to feed seagulls? What exact intervention does the Secretary of State propose to make to prevent that fishing disaster and environmental obscenity?

Mrs. McGuire: The hon. Gentleman, as usual when he tries to advocate a case, goes into hyperbole. I think that references to an environmental disaster, which I have read in this morning's press, do no credit to his case. However, there is no need for the Secretary of State to step in because, as the hon. Gentleman knows, the fisheries Department has been in weekly contact with the Commission since the beginning of the year to deal with the variations that he has raised. We hope that those outstanding issues will be resolved soon. The Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Exeter (Mr. Bradshaw), the Minister with responsibility for fisheries, is awaiting the proposals from the Commission, and I understand that it is treating it as a matter of some urgency.

Dr. Gavin Strang (Edinburgh, East and Musselburgh) (Lab): Has my hon. Friend had time yet to read the report of the Royal Society of Edinburgh inquiry into the future of the Scottish fishing industry? Does she support the recommendation that the International Council for the Exploration of the Sea should consider abandoning virtual population analysis as the principal method of determining stock sizes? Those are, of course, the stock sizes that the European Union uses to determine the total allowable catches and quotas for our fishermen.

Mrs. McGuire: I thank my right hon. Friend for the question. The Royal Society of Edinburgh has published an authoritative report over the past couple of days. It would be premature for me to comment on any one of the 35 recommendations, but I know that the acting fisheries Minister in Scotland has already said that he welcomes the report and, obviously, we will take those recommendations into consideration when looking at the strategy unit report. It is also worth highlighting, however, that the Royal Society of Edinburgh has clearly indicated that there is absolutely no merit in our withdrawing from the common fisheries policy and that we have to resolve these issues within the framework of a reformed common fisheries policy.

Mr. Peter Duncan (Galloway and Upper Nithsdale) (Con): The Minister will recall that in January I asked her whether she could give me one positive result arising out of Scotland's membership of the common fisheries policy over 30 years. She has had nine weeks to consider the matter. Can she give me one positive outcome?

Mrs. McGuire: The hon. Gentleman is being naive or disingenuous or both, because the reality is—he and his party need to realise it—that, if we did not have a framework for fisheries management in the North sea under the common fisheries policy, we would have to invent one. We share our fisheries stock and our fisheries area with other members of the European Union, so the question that he asks is totally naive.

Mr. Alan Reid (Argyll and Bute) (LD): Does the Minister agree that the common fisheries policy has failed because it is over-centralised, and that it needs to be replaced by a new system managed by regional management committees, involving fishermen working with Government and scientists in order to produce a policy that is both sustainable and fair in enforcement?

Mrs. McGuire: The hon. Gentleman will be aware that one of the platforms on which we conduct our negotiations in the European Union is that we are keen

to have reform of the common fisheries policy, with more decentralisation of stock management. We are probably nearly, if not totally, at one on that.

Whisky Strip Stamps

2. **Pete Wishart** (North Tayside) (SNP): When he last met the Chancellor of the Exchequer to discuss the introduction of whisky strip stamps. [160302]

The Secretary of State for Scotland (Mr. Alistair Darling): I have regular discussions with my right hon. Friend the Chancellor on a wide range of matters.

Pete Wishart: I get a strong sense that the Chancellor intends to pursue the introduction of these costly and fraud-prone strip stamps in tomorrow's Budget, which would have a dramatic effect on the whole Scotch whisky industry, including Dewar's, Blair Atholl and Edradour in my constituency. Will the Secretary of State urge him, at the eleventh hour, to consider properly the National Audit Office report that concludes that the financial basis for strip stamps is at best unreliable? Will he also ensure that the Scotch whisky industry's own sensible counter-fraud proposals are once again thrust in front of the Chancellor before he brings that red box into the Chamber tomorrow?

Mr. Darling: I have seen the NAO report, and the hon. Gentleman is right in that it says that far more work needs to be done on the exact figures, but what is not in doubt is that fraud is a problem. Having spoken to the Scotch Whisky Association, I know that it is aware of that. He will appreciate that, as the Budget statement is just over 24 hours away, it might be best to wait and see what the Chancellor proposes, and I do not think that I should say any more in advance of that.

Mr. Michael Connarty (Falkirk, East) (Lab): First, I want to put on record my thanks to my hon. Friend the Economic Secretary for meeting Mr. Vivian Imerman, the owner of Whyte and Mackay, at my request to discuss the problems that may arise with strip stamps on whisky bottles. At Grangemouth in my constituency there will be an added cost to the production process, putting an extra £4 million on top of the £20 million that is being invested there, but the biggest problem is the pay-back time for the excise duty. It is possible to have a fiscally neutral pay-back time, above 140 days. Will my right hon. Friend take that up with the Chancellor to ensure that, if the system is to be introduced, it is at least fiscally neutral and the tax does not cripple the industry?

Mr. Darling: My hon. Friend is right in that there have been many discussions, including the meeting to which he referred. However, I repeat that, with the Budget statement so imminent, it would not be wise for me to speculate about what might be in it.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): May I first draw attention to my entry in the Register of Members' Interests?

The Secretary of State will be aware of the pitfalls of unintended legislation. Perhaps he will recall the advice given two years ago by many Members of Parliament to the Treasury in respect of the oil industry—advice that went unheeded, with the result that many jobs were lost. As the Scotch spirits industry represents about 68,000 jobs in Scotland, will he urge the Chancellor not to play fast and loose with this important industry and to listen to the wise counsel from throughout the House, that strip stamps will not produce the revenue gains that he intends and could have serious consequences for the industry?

Mr. Darling: I was not aware of the hon. Gentleman's entry in the Resister of Members' Interests, but I will have a look at it. If he is pleading guilty to liking the stuff, I expect that a few more of us could join him. He mentioned the oil industry and the whisky industry. Of course, the Government are alive to the importance of both, but we must also be alive to other considerations for the wider public good. I assure him that, whatever the Chancellor announces, he will have had regard to all the relevant factors. Normally, I like to be helpful to the House, but at this stage, having been a Treasury Minister, everything tells me that I should say nothing further.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): While not wishing to say anything further, will my right hon. Friend none the less take into consideration the fact that the National Audit Office, in examining the statistical evidence of fraud, accepted that there was a possible variation in its scale between £10 million and £1 billion? Given that wide range, does he accept that more work needs to be done before a final decision is taken, and that that would allow more time for the industry's own proposals to be examined more rigorously?

Mr. Darling: There is a limit to how many more times I can say nothing in particular, despite seven years' experience of trying very hard. The point that my hon. Friend makes about fraud is similar to the one made by the hon. Member for North Tayside (Pete Wishart). What is beyond doubt—here, there is common ground—is that fraud is a problem in the spirits trade. The question is how best it can be dealt with. As I have said many times—subject to you, Mr. Speaker, I may do so on a few more occasions—given that the Chancellor is making his Budget statement tomorrow, I cannot usefully or prudently add anything to it.

Mr. Peter Duncan (Galloway and Upper Nithsdale) (Con): I doubt whether the House has quite grasped the notion that the Secretary of State describes. Last month, we established that he was not consulted before the Government again raised the spectre of whisky strip stamps, so he may not have heard the Economic Secretary to the Treasury confirm that the industry's counter-proposals were received in time for consideration, and that their timing should not of necessity rule them out. Given that they were submitted in time and would eliminate more fraud more quickly, what is the basis for the Chancellor's not being persuaded by them?

Mr. Darling: As I said just a few moments ago, the Chancellor is coming here tomorrow afternoon—perhaps that fact has passed the hon. Gentleman by—to deliver something called the Budget, in which he sets out his proposals and takes into account all the matters that

have been raised. In order to vary my answer, I ask the hon. Gentleman to reflect on the fact that, had Conservative policies continued during the past seven years, an extra £1 in duty per bottle of whisky would have been charged.

Mr. Duncan: Perhaps I can elicit a further response from the Secretary of State. Whose side is he on in this debate? Will he stand up for the 40,000 Scots jobs that are at risk, or is he the new "Gordon's gopher" in the Scotland Office, doing the bidding of one who would be future leader? By way of observation, whose side is he on?

Mr. Darling: The hon. Gentleman is confused as to just how many jobs there are in the industry, which does not surprise me. As I discovered the other day, this is the man—a member of the Conservative and Unionist party—who has predicted that if it is elected, it will destroy the Union of the United Kingdom. This is the same man who thinks that the Mersey Tunnels Bill is Scottish business, so it is hard to take him entirely seriously. But as I have said on many occasions, I am in the very happy position of always being in complete agreement with whatever the Government happen to be doing.

Electoral Arrangements

3. **Mr. George Foulkes** (Carrick, Cumnock and Doon Valley) (Lab/Co-op): When he expects to announce the membership of his commission on common boundaries and electoral systems. [160303]

The Secretary of State for Scotland (Mr. Alistair Darling): The process to establish an independent commission to look at boundary differences and voting systems in Scotland is under way. I hope to announce its chairman and membership shortly.

Mr. Foulkes: I welcome the setting up of this commission, not least because I was one of the people who suggested that it be set up. The Secretary of State can answer this question directly as it does not relate to the Budget or any other such matters. Can he get the commission up and running as soon as possible, and will he ensure that it reports in time for us to legislate for common boundaries for the Scottish elections in 2007?

Mr. Darling: I doubt whether this issue will be covered in the Budget, so perhaps I can be a little more helpful. As I told the House when we discussed these matters, I am anxious to get the commission up and running as quickly as possible. The question of voting systems is a live issue in Scotland, and no good would be served by simply letting things drift. I have written to the leaders of all the parties in this House with Scottish representation, asking them to put forward names for consideration. That process is under way, but I am anxious to get the membership established as quickly as possible, because I want the commission to start its work and to reach its conclusions as quickly as it can, insofar as that is consistent, of course, with its obligation to look at all these matters thoroughly.

Mr. James Gray (North Wiltshire) (Con): It is now more than a month since the Secretary of State announced—on 9 February—that the commission will be set up and will start work "straight away", and that he will consult the other parties about its chairmanship and membership. More important, will the Secretary of State confirm what he meant when he said that the commission

"will consider the case for change"?—[*Official Report*, 9 February 2004; Vol. 417, c. 1151.]

Is it possible that it will conclude that there should be no such change? Could it perhaps agree with the hon. Member for Cunninghame, North (Mr. Wilson), who said of the Bill in question:

"I cannot find any conceivable public interest that will be served by it. On the contrary, it is, as we all know, simply the legislative follow-up to a political fix."—[*Official Report*, 9 February 2004; Vol. 417, c. 1180.]

Could the commission come to that conclusion?

Mr. Darling: What the commission will not be able to do is to reopen the question of whether there will be a reduction in the number of Members of Parliament representing Scottish constituencies. If I remember rightly, that is one of the matters that my hon. Friend the Member for Cunninghame, North (Mr. Wilson) was concerned about. It cannot do that, but it will examine the consequences, assuming that the changes to Scottish local government go through, of having four different systems for electing people in a comparatively small country. As to the hon. Gentleman's first point, I am anxious to make progress in setting up the commission. In that respect, if he would like to have a word with the leader of his Scottish party about replying to my letter, that would be most helpful.

Mr. Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): When the commission meets, will my right hon. Friend ensure that it reflects not just on the problems caused by having five different electoral systems in Scotland or the problems of having different boundaries for MSP and MP constituencies, but on the fact that different boundaries will apply—as well as to MSPs and MPs—to local authorities, local enterprise companies, health boards and many other aspects of government? Will the Secretary of State work with the First Minister to ensure that the commission begins to tackle those problems, too?

Mr. Darling: It will certainly look into the problems that arise from the lack of coterminous boundaries between Westminster parliamentary constituencies and those that apply in Holyrood, but I am anxious not to pile too much work on the commission. Otherwise, the point made by the my right hon. Friend the Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes) is relevant, and we will end up with the commission never reporting, which would not be helpful. There is some concern about the fact that, for the next few years, boundaries will not be coterminous, which can lead to all sorts of difficulties and misunderstandings. This is a matter on which there is almost a parliamentary consensus that something must be done, but probably no consensus on what precisely should be done. I have explained what issues need to be examined and I should like, through you, Mr. Speaker, to urge party leaders who have yet to reply to me to do so rather quickly if they have any names to recommend.

Heroin Addiction

4. **John Mann** (Bassetlaw) (Lab): What assessment he has made of the use of (a) subutex, (b) naltraxone and (c) methadone in the treatment of heroin addicts in Scotland. [160304]

The Parliamentary Under-Secretary of State for Scotland (Mrs. Anne McGuire): The specific forms of treatment for individuals are regarded as a decision for medical practitioners and the treatment regimes for heroin addicts in Scotland are devolved and a matter for the Scottish Executive.

John Mann: It is unusual for Scotland to keep its achievements under wraps, but the methadone programmes in Scotland are significantly more advanced and better than those in England and Wales. Does the Minister agree that, having been ahead of the game by some 10 to 15 years, Scotland should now catch up with other countries, such as Sweden, France and Australia, that are even further ahead? They not only have effective methadone programmes in place, but have moved on to even more successful programmes using buprenorphine and naltraxone.

Mrs. McGuire: I thank my hon. Friend for his interest in the way in which we have tackled this terrible blight in Scotland. I know that he has actively campaigned on the issue of drug misuse and treatment in his own constituency and that he facilitated a recent heroin inquiry, which has driven some of the agenda in his own area. He is right to say that we have invested significant energy and resources in tackling drugs in Scotland: additional resources have certainly been invested in recent years. I will draw my hon. Friend's comments to the attention of my colleagues in the Scottish Executive.

Financial Sector

5. **Jim Sheridan** (West Renfrewshire) (Lab): What assessment he has made of the recent performance of the financial sector in Scotland. [160305]

The Secretary of State for Scotland (Mr. Alistair Darling): The financial services sector in Scotland remains of crucial importance to the health of the Scottish economy. Output has continued to grow in recent years and the sector currently employs more than 100,000 people in Scotland.

Jim Sheridan: I thank my right hon. Friend for his answer, but does he share my concern that despite the excessive profits, which of themselves are welcome, the workers who have generated them are worried about losing their jobs through outsourcing? Some of the profits should be reinvested into training employees who are rightly concerned about losing their jobs.

Mr. Darling: I fully understand people's concern about the outsourcing of some jobs within the financial services sector, particularly in call centres. However, it is encouraging that some institutions—the Royal Bank of Scotland, for example—examined the position and decided to keep the work in-house. In any growing and dynamic economy, some jobs will be relocated elsewhere in Europe or other parts of the world, but it is encouraging that more jobs are being created in Scotland, including in some call centres. I notice that a recent independent survey found that many people in the financial services sector expected to be recruiting this year. That is encouraging.

Finally, in relation to the general profitability of Scottish companies, it is a very good thing that there are so many profitable institutions in Scotland. If we want a growing economy and more employment in Scotland, we need to encourage the growth of profitable companies. That is the best way for our economy to thrive in the future.

Mr. David Marshall (Glasgow, Shettleston) (Lab): I welcome the success of the Scottish financial sector, but does my right hon. Friend accept that most people would agree with my hon. Friend the Member for West Renfrewshire (Jim Sheridan) that some of the profits are excessive and unfairly distributed? Those profits benefit the few, not the many, and employees and consumers should get a fairer and better deal from the financial sector. Will my right hon. Friend convey to the Chancellor of the Exchequer the suggestion that a windfall tax be levied on excessive profits?

Mr. Darling: No. I have to tell my hon. Friend that I am not attracted to that. The distribution of a company's profits is a matter for its shareholders or members, and employees must sort out their remuneration with their employers. However, the problem in Scotland has too often been that we have not had enough companies that were profitable. More people would be employed if we had more profitable companies, and such companies would expand and continue to do well. Scotland happens to be the home of some of the largest banks in the world. I, for one, would like to encourage that. I am sorry that I cannot agree with my hon. Friend's proposal. Instead, we should concentrate on trying to get more profitable sectors in the Scottish economy, because that is the way to achieve long-term success.

ADVOCATE-GENERAL FOR SCOTLAND

The Advocate-General was asked—

Devolution

15. **Mr. Alan Reid** (Argyll and Bute) (LD): What devolution issues have been raised with her since 10 February. [160317]

16. **Annabelle Ewing** (Perth) (SNP): What devolution issues have been raised since 10 February. [160318]

17. **Miss Anne McIntosh** (Vale of York) (Con): What devolution issues she has considered since 10 February. [160319]

The Advocate-General for Scotland (Dr. Lynda Clark): Since 10 February, there have been 39 devolution issues intimated to me. Almost all related to criminal matters, including pre-trial delay, the system for setting the punishment part of life sentences, failure to communicate information required by sea fishing measures, and self-incrimination. In the civil sphere, minutes related to the refusal of scheduled monument consent and breach of prison rules.

Mr. Reid: The Advocate-General referred to sea fishing measures. I draw her attention to the Fisheries Jurisdiction Bill. Does it contain anything that she believes would be incompatible with European law? If so, why? What consequences would there be for the UK if the Bill were to become law?

The Advocate-General: I have a copy of the Bill, and have even read it. I hate to disappoint the hon. Gentleman, but it is not really for me to advise him about the Bill. The Bill is interesting, but has one or two obvious problems.

Annabelle Ewing: The Advocate-General is Scotland's senior Law Officer at Westminster. Has she seen the full advice from the Attorney-General on Iraq?

The Advocate-General: The hon. Lady is right to say that I am the senior Scottish Law Officer here, but I remind her that the convention means that it would not be appropriate for me to give any information about that.

Miss McIntosh: This is the first Question Time since the Advocate-General gave notice that she is to leave the House at the next election, so it is appropriate to pay tribute to the work that she has done. Her close neighbour the Secretary of State has distanced himself from her on the Front Bench today. I should have liked there to be a contest between them, but I am sure that the right hon. Gentleman will wish her well in her career.

The Advocate-General said today, for the second consecutive month, that one of the devolution issues raised with her was pre-trial delays. Will she put my mind at rest that she will preserve the 110-day rule to the best of her ability? It has served extremely well to protect people accused of a crime from unnecessary delays before their cases are brought to trial, but I gather that it may be at risk. I hope that she can assure the House that the matter will be resolved, and that the 110-day rule will be kept in Scotland.

The Advocate-General: I am grateful to the hon. Lady for her good wishes and hope to be with her for a little longer. She knows that the 110-day rule is a matter of criminal procedure that falls within the remit of the Scottish Executive. It has been an admired feature of the Scottish system for many years and ensures that accused are tried within a reasonable time and not kept in prison. It has been changed in the past, however, and the European convention on human rights bears upon trial within a reasonable period. The Scottish Executive have examined the matter and will consider it in the round, and we will see the results in due course.

CONSTITUTIONAL AFFAIRS

The Parliamentary Under-Secretary of State was asked—

Supreme Court

18. **Mr. Tam Dalyell** (Linlithgow) (Lab): What representations the Department has had from Scottish lawyers on the establishment of a supreme court. [161258]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): The Department for Constitutional Affairs received responses from eight people readily identifiable as Scottish lawyers and, separately, from eight Scottish legal organisations in response to the Department for Constitutional Affairs consultation paper on the creation of a supreme court for the United Kingdom.

Mr. Dalyell: What contribution will be made from Scottish resources—court fees paid by civil litigants in Scotland—to the running of a supreme court?

Mr. Leslie: The question of running costs will be scrutinised during the passage of the Constitutional Reform Bill. In England and Wales, costs are recovered by full-cost recovery from the fees imposed on litigants. That would obviously make sense in other jurisdictions but it is clearly a devolved matter for Scotland, and we will continue to discuss it with the Scottish Executive.

Mr. Nick Hawkins (Surrey Heath) (Con): After that non-answer, which reveals that the Minister does not know the answer to the question, perhaps the Minister will acknowledge the huge concern north of the border at the lack of consultation by the Government on the supreme court and its creation. He mentioned that he has received representations, but will he have the grace to acknowledge that there is strong concern within the Scottish Parliament, which was not consulted properly, the Scottish media and all the Scottish legal organisations? This is yet another Government shambles—they do not consult properly and just indulge in constitutional vandalism.

Mr. Leslie: I do not know whether the hon. Gentleman noticed that when the Scottish Parliament debated many of those issues the motion was passed overwhelmingly. We have discussed the fee issue with the Scottish Executive. As I have said, we have full-cost recovery in England and Wales for civil litigation, and it would make sense in other jurisdictions too. However, the matter is devolved, and it is therefore important to discuss it with the Scottish Executive so that they can help to resolve it, which is a straightforward process.

Annabelle Ewing (Perth) (SNP): Will the Minister accept that if the UK Government bulldoze the proposals through, it will, as senior legal figures in Scotland have stated on numerous occasions, be at the expense of the independence and integrity of the Scottish legal system?

Mr. Leslie: No, not at all. It is right that the Bill is scrutinised properly, and the other place has made it known that it would prefer more scrutiny. I hope that the concern about scrutiny is genuine and not just a mechanism to oppose the Bill wholesale. The principle—separating the judiciary from the political realm—is simple and important, and I would have thought that the hon. Lady would welcome it.

19. **Kevin Brennan** (Cardiff, West) (Lab): If he will make a statement on the progress of plans to establish a supreme court. [161259]

20. **Mr. David Kidney** (Stafford) (Lab): What the timetable is for establishing a supreme court. [161260]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): The Government are committed to the objective of the Constitutional Reform Bill being enacted in this Parliament.

Kevin Brennan: I thank my hon. Friend for that answer. I understand that the objection to the supreme court by Lord Chief Justice Woolf, which might have caused some delay, is not based on the principle of whether we should have a supreme court. Indeed, he might be in favour of it if it has a new building. On that basis, will my hon. Friend draw the attention of Lord Chief Justice Woolf to the Lyons report on the devolution of jobs away from London and suggest using a building such as Cardiff city hall? That building would be available for use, and the Government could house the supreme court there and satisfy Lord Chief Justice Woolf at the same time.

Mr. Leslie: My hon. Friend is right in that many hon. Members and noble Lords are keen to know the location of the proposed UK supreme court, and we are working on those proposals. However, it would be wrong and potentially commercially prejudicial to our case if we were to start disclosing preferred options. My hon. Friends might seek to locate such a body outside the capital city, but I personally think that it would be best to have a UK supreme court based in the UK's capital city.

Mr. Kidney: This is not a bid for Stafford to host the new supreme court's building, welcome though justices of the supreme court would always be in Stafford if they chose to visit. As the House has modern procedures for pre-legislative scrutiny, including ad hoc Joint Committees with members of the other place, and for the carry-over of Bills from one Session to the next, would it be possible to withdraw the Bill in the other place and start again here?

Mr. Leslie: Following the vote that took place in the House of Lords last week and the Lords' decision to have a Select Committee scrutiny process, we are in discussion with other parties about exactly what that would entail. Our intention is to ensure that the legislation is enacted in this Parliament, and we do not see any reason why that should not be possible. We are happy to discuss the scrutiny process as long as it is not just a device to prevent progress.

Mr. David Heath (Somerton and Frome) (LD): Now that we have this delay—occasioned entirely by the incompetence of the Bill's genesis—will the Government use it profitably by engaging with the Select Committee in the other place to find satisfactory means for judicial appointments, to satisfy the requirement for judicial accommodation and to strengthen judicial independence? When the Bill comes to this House, whether carried over or not, will the Minister ensure that it is debated on the Floor of the House, as befits a major constitutional issue, and that we have sufficient time to examine all the consequences of one of the most important Bills in this Parliament?

Mr. Leslie: I realise that the hon. Gentleman is cynical about our desire to see scrutiny of the proposals, but we do want to engage in dialogue, here and in the other place, about the Constitutional Reform Bill. It is an important measure, and because of its constitutional nature it would be subject to special scrutiny arrangements, including proceedings on the Floor of the House. We want to ensure that we have a genuine measure of scrutiny of the proposals, but if Opposition parties are really intent on killing the Bill they should say so, instead of hiding behind the cloak of scrutiny.

Mr. Alan Duncan (Rutland and Melton) (Con): Let me say in passing that the Appellate Committee of the House of Lords can sit wherever it wants, even now. I echo the question from the hon. Member for Somerton and Frome (Mr. Heath). Our view is that there is no need for a supreme court, and we are pleased that ill-conceived legislation to set one up and abolish the position of Lord Chancellor will receive some much-needed scrutiny. In the other place, the Constitutional Reform Bill will now be thoroughly analysed and dissected, but the danger is that when it arrives here it will receive less mature study. Indeed, it may simply be rammed through. I am afraid that the Minister's answer was unsatisfactory. Will he give a firm undertaking—which he did not give a moment ago—that the Bill, as with every constitutional Bill in the past, will have all its legislative stages taken on the Floor of the House? All the Minister did was refer to special scrutiny arrangements. What might those be, in terms of parliamentary procedure? Will he also confirm that all stages will be handled by a Secretary of State?

Mr. Leslie: I am not quite sure what the hon. Gentleman's last comment means, but it is important that we have good scrutiny in both Houses. The House has devised thorough and long-standing mechanisms for scrutinising all Bills, and I do not think that there would be any specific need to change completely the way in which we scrutinise this Bill compared with other Bills. We will obviously listen to all Opposition parties' views on, and proposals for, the Bill's scrutiny requirements through the usual channels. However, let us be absolutely clear that the proposals are quite simple. On the supreme court, for example, do we want our judiciary to be in the political realm or not? I do not know whether the hon. Gentleman needs to think about that for several years. I suspect that he is opposed to the proposal, and if he is, he should say so. I think this House's scrutiny capabilities are quite adequate.

Mr. Dennis Skinner (Bolsover) (Lab): Is it not becoming increasingly obvious that the Tories, with

only a tiny proportion of democratically elected Members of the House of Commons, are using their in-built majority in the House of Lords to scupper proposals such as the Constitutional Reform Bill, as they did a few days ago? Will my hon. Friend convey the impression of a lot of people on our side of the House—the democratic side of the House of Commons—that Labour MPs in increasing numbers are fed up to the back teeth with the shenanigans of the Tory majority in the House of Lords, and that the proposal to abolish the House of Lords is gaining strength week after week? Let's get on with it.

Mr. Leslie: It is difficult to follow the emphasis that my hon. Friend put on the point, but he is right to say that the Conservatives have more peers than there are Labour Members of another place. That is clearly a situation that the Conservative party would wish to preserve for ever, hence its opposition to change—that is the nature of its conservatism. I hope that the Constitutional Reform Bill will have the chance to be scrutinised in this House. It would be wrong for the other place to prevent the House from scrutinising the Bill, because this House is clearly supreme in our Parliament.

Sir Patrick Cormack (South Staffordshire) (Con): Will the Minister now confirm precisely who was consulted, and by whom, before the reshuffle last July when we were suddenly told that there was going to be a supreme court? When he answers, will he confirm that the Tories do not have a majority in the upper House?

Mr. Leslie: On the hon. Gentleman's latter point, if he had been listening to my words, he would know that I said that the Conservatives have more peers in the other place than the Labour party. If that is not clear enough for him, I do not know what is. I was not a Minister at the Department for Constitutional Affairs before the reshuffle, so I was not personally involved in the discussions in the lead up to that. I suspect that that is probably a question for the Prime Minister.

Courts (London)

21. **Simon Hughes** (Southwark, North and Bermondsey) (LD): What plans there are for the amalgamation of courts in London. [161261]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): I am advised by the Greater London Magistrates Courts Authority that it proposes to amalgamate the Barnet and Hendon magistrates courts, and also the Bow street, Horseferry road and Marylebone magistrates courts, although no date has yet been set for completion of that. The Court Service is investigating the co-location of West London county court and West London magistrates court.

Simon Hughes: I am grateful for the Minister's helpful reply. He may be aware that there was a great outcry last year when there was a proposal for three family court centres in London, but none in south or west London. The Greater London Magistrates Courts Authority changed its mind and provided five, which was welcome. Will he ensure that before any decisions are agreed, there is careful consideration of whether all parts of London, and all Londoners, can get relatively easy access to the courts? Will he ensure that the courts are cheaper for the authorities to attend and that there is a fair distribution of courts of all sorts throughout the whole of London so that justice can be done not only for all, but in all parts of London, all the time?

Mr. Lammy: Access to justice was at the core of the Courts Act 2003, which passed through the House towards the end of last year. The unified Court Service will ensure that differentiation between the magistrates courts committees on one hand and the Court Service on the other will be brought to an end. We are able to get that flexibility so that justice is seen to be done locally throughout London and, indeed, the rest of the country.

Electoral Register

22. **Dr. Alan Whitehead** (Southampton, Test) (Lab): What plans the Department has to undertake a review of the current arrangements for recording those eligible to vote. [161262]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): Although my Department has no plans to carry out such a review, the independent Electoral Commission has reviewed electoral registration procedures, which formed part of the proposals in its "Voting for Change" report in June 2003. The Government are currently considering the recommendations made by the commission.

Dr. Whitehead: Does my hon. Friend accept that if we look at the latest returns for registered parliamentary electors we see what is effectively a slow collapse of registration in a number of urban and inner-city areas? Does he accept that if that trend continues, it will in the long term undermine the integrity of the electoral process? Will he consider measures targeted on urban areas to rectify the problem?

Mr. Leslie: My hon. Friend will know that my hon. Friend the Member for Vale of Clwyd (Chris Ruane) recently held a debate on this matter in Westminster Hall. I know that it is of concern to a number of colleagues who have noticed changes in the electoral register, either inflating or decreasing the numbers. In many cases, that is due to population change, but perhaps local returning officers are being more accurate and assiduous in putting names on the register, ensuring that there is no duplication and so forth. We have new powers for rolling registration, and we have given returning officers extra powers to canvass, making sure that our registers are accurate. I hope that that gives my hon. Friend the Member for Southampton, Test (Dr. Whitehead) some assurance.

Sir Nicholas Winterton (Macclesfield) (Con): Does the Minister accept that the integrity of the electoral register is vital, and that there should be safeguards so that when people register—people have registered cows, dogs and children—checks are undertaken by the appropriate officer to ensure that all those who are registered genuinely have the right to vote? Bearing in mind that

we are moving towards having more postal voting, what additional safeguards will be introduced to ensure the integrity of the electoral register?

Mr. Leslie: I agree: the sound integrity of our electoral register is important. I have not visited the hon. Gentleman's constituency and seen any instances of cows and dogs being registered, as he suggests, and to my knowledge they are not on the register in my constituency. We want to make sure that the new powers available to registration officers are used to ensure, by door-to-door canvassing as well as the paper canvass process, that we get the best possible electoral register.

Jury Service

23. **Mr. Gordon Marsden** (Blackpool, South) (Lab): What assessment has been made of the adequacy of employee protection for those called for jury service. [161263]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): The Government strongly support the idea that people should feel secure in the workplace. The Minister with responsibility for courts is in discussion with the Minister for Work to ensure that adequate protection is put in place for those employees summoned for jury service.

Mr. Marsden: My hon. Friend is aware of the case of my constituent who was employed on a construction site when he was summoned for jury service. He accepted, and informed his employers. They wrote direct to the Court Service without his knowledge in an attempt to have him excused, and when that request was refused, they sacked him. Does my hon. Friend agree that that raises disturbing questions about employee protection, particularly when employees have not been employed long enough to have recourse to an employment tribunal? Will he, his colleagues and officials look at other mechanisms, such as temporary protection and the arrangements that I understand pertain in Canada?

Mr. Lammy: My hon. Friend is right. The Contempt of Court Act 1981 can be brought to bear where it can be seen that an employer has interfered with the judicial process, but we need to do more in this area, particularly as we begin to implement the Criminal Justice Act 2003 to ensure that more people on the electoral roll are able to do jury service. People need to feel secure in their employment when they are doing jury service. We have undertaken to do more; conversations are going on within government, and I hope that we will be able to come forward with something shortly.

All-postal Voting Pilots

24. **Angela Watkinson** (Upminster) (Con): What action has been taken to prevent fraud in all-postal voting pilots. [161264]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): Any electoral system is potentially open to fraud, but it is important to remember that a number of electoral offences and safeguards are already in place, including an offence of applying undue influence on a voter and the offence of personation. The European Parliamentary and Local Elections (Pilots) Bill builds on existing sanctions so that, for example, it would be an arrestable offence to cast a postal vote as someone else without their consent in the pilots. Other measures are being used, including measures to combat ballot paper forgery and the use of secrecy warnings on postal voting literature.

Angela Watkinson: I thank the Minister for his reply, but he will be aware of the opportunities for fraud in houses in multiple occupation, where there is a frequent turnover of occupants, all of whom receive their mail through the same letter box. Will he therefore consider introducing special safeguards to ensure that the declarations of identity that accompany ballot papers from those properties relate to the person named on the ballot paper?

Mr. Leslie: It would not be right to inflate the notion that there is a big problem with houses in multiple occupation and postal voting, because there is no specific evidence that there is. However, I accept the hon. Lady's concerns, which she shares with other hon. Members, about a single letter box serving a number of flats. Recently, in Brighton and Hove, a team visited houses in multiple occupation to make sure that ballot papers were properly delivered, and we want to build on that, possibly in the all-postal pilots.

LEADER OF THE HOUSE

The Leader of the House was asked—

Members' Services

32. **Mr. Eric Illsley** (Barnsley, Central) (Lab): What proposals he has submitted to the Select Committee on the Modernisation of the House of Commons on the provision of personal digital assistants to hon. Members. [161273]

The Deputy Leader of the House of Commons (Mr. Phil Woolas): My right hon. Friend the Leader of the House has submitted no such proposals—

Mr. George Osborne (Tatton) (Con): Why not?

Mr. Woolas: Hang on! However, my right hon. Friend welcomes the fact that the Information Committee has looked at personal digital assistants and other hand-held technology, and has already made recommendations to the advisory panel on Members' allowances, which, for the benefit of the House, was formerly known as the Speaker's advisory panel.

Mr. Illsley: I am grateful to my hon. Friend for his reply. He will be aware, as most Members are, of the huge growth in e-mail to Members and the time needed to deal with the vast amount of electronic correspondence. Does he agree that the provision of hand-held personal digital assistants will enable

Members to access the PDVN system remotely, provided that the two are linked, giving them more time to deal with that growing electronic mail?

Mr. Woolas: My hon. Friend is a technophile, and is using the new technology to the advantage of his constituents. I am pleased to tell the House that my right hon. Friend the Leader of the House is also a technophile, and is keen to make progress on the matter. As I said, proposals have been submitted to the advisory panel, and I invite my hon. Friend to write to the Senior Salaries Review Body and put the case for the new technology.

Sir Patrick Cormack (South Staffordshire) (Con): As someone who is not a natural technophile, may I ask the Minister whether he is aware that Members can become so submerged in information that they are unable to make decisions?

Mr. Woolas: It is patently obvious to all Members of Parliament that it is entirely possible to become submerged in information and not get on with the job in hand. However, in response to the hon. Gentleman's serious point, Members of Parliament, whatever their party, are better able to serve their constituents if they have access to new technology. I am sure that he agrees that the new provisions that have been introduced have benefited our constituents.

Human Rights Act

33. **Mr. David Heath** (Somerton and Frome) (LD): Whether the ministerial statement under section 19 of the Human Rights Act 1998, of compatibility with the European convention on human rights, is reviewed at each stage of consideration of a Bill. [161274]

The Leader of the House of Commons (Mr. Peter Hain): The Minister's statement of compatibility with the ECHR is formally reviewed when a Bill passes to the second House. However, it is intended that Parliament should be able to take the convention rights into account as part of normal debate. For this reason Ministers in charge of Bills will wish to be as forthcoming as they can in replying to questions from any Member about compatibility at any stage of the Bill's passage.

Mr. Heath: I am grateful to the Leader of the House for that answer, but I am not sure that the process is sufficiently complete. We have a certificate from a Minister when a Bill is published, but it is nonsense that is not repeated at any stage, despite the fact that a Bill can be almost entirely rewritten during consideration in Committee or on Report. Surely it would be more appropriate if, at each stage, a Minister said that the Bill still complied with the Act and, if it did not, explained why not. I remind the Leader of the House that the amendments may not be in the name of the Minister. They may have been tabled by others who do not have access to the same legal advice as Ministers.

Mr. Hain: I understand the hon. Gentleman's point. He is aware that the Joint Committee on Human Rights monitors legislation that is before Parliament and plays a valuable role. If any incompatibility issue arose, it would spot that. Equally, the hon. Gentleman will understand that it is an obligation under the Act that we come into line with ECHR compatibility, unless a statement is made giving very good reason why we should not. So there is no way in which any Minister will find himself or herself out of compliance with that requirement of the legislation.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I am glad that the Leader of the House mentioned the Joint Committee on Human Rights. I wanted to ask him about the Committee's report published today, which states that there is a risk that emergency regulations made under the Civil Contingencies Bill would violate the European convention on human rights. The Government have promised that an amendment will be tabled so that the maker of regulations under the Civil Contingencies Act would have to make a section 19 statement. Does the Leader of the House plan to spread that principle more widely to other secondary legislation? What happens if the statement says that the regulations are not compatible? Would they still be legally enforceable?

Mr. Hain: I think that the answer to the hon. Gentleman's last question is yes. I will look afresh at the points he makes, but, as I say, it is a requirement on all Ministers to inform the House about compatibility, and in the event that there are very good and persuasive reasons for incompatibility, that must be explained to the House as well. I do not think that that arises in this instance.

Standing Committee Papers

34. **Kevin Brennan** (Cardiff, West) (Lab): If he will propose to the Select Committee on the Modernisation of the House of Commons that it examine ways of simplifying Standing Committee papers. [161275]

The Deputy Leader of the House of Commons (Mr. Phil Woolas): My right hon. Friend the Leader of the House accepts that the provision of information to Members—those serving on Standing Committees and others—may benefit from some modernisation.

Kevin Brennan: I thank my hon. Friend for that encouraging answer. Is it not the case that the purpose of the Modernisation Committee is not to deal with the trivial issues that are sometimes debated such as hours, but to improve the opportunities for Members to scrutinise the Executive? Is it not daft that in Standing Committees Members have to consult at least four different bits of paper when they are trying to follow a Bill's progress, including the explanatory notes to the Bill, the selection list and the amendment paper? Could not all that be on one screen, on which hon. Members could see what was being discussed, what difference the amendment would make and what the explanation for it was? Why cannot we get on and modernise, as has been done in other institutions, such as the National Assembly for Wales?

Mr. Woolas: I saw the frown of the Chairman of the Procedure Committee deepen with every question. The

answer to the question from my hon. Friend the Member for Cardiff, West (Kevin Brennan) is yes. My right hon. Friend the Leader of the House accepts that there is a case for reassessing from time to time the form of all our Committee papers, and if there is a way of making the scrutiny of Bills easier for all Members in all parts of the House through modernisation, that should be considered. I suggest that my hon. Friend write to the Leader of the House in his capacity as Chair of the Modernisation Committee to ask how that may be taken forward.

Sir Nicholas Winterton (Macclesfield) (Con): I am grateful to the Deputy Leader of the House for mentioning the Procedure Committee. I personally believe, as I think the Leader of the House might, that the matter may well be one for the Procedure Committee. Bearing in mind the fact that Members chosen by you, Mr. Speaker, chair Standing Committees, I should have thought that the Chairmen's Panel should also discuss the matter. The hon. Member for Cardiff, West (Kevin Brennan) asked a very good question. Will the Leader of the House discuss the matter with me and consider which bodies of the House could take it forward?

Mr. Woolas: I am grateful to the hon. Gentleman for that question. I can confirm that my right hon. Friend the Leader of the House would wish to do that. We all recognise the difficulties that arise in relation to amendments in Standing Committees, especially when several are tabled overnight. I am sure that all Members are grateful for the guidance of the Chairmen of Standing Committees on discussing amendments in accordance with the right procedures. It therefore makes sense, as the hon. Gentleman suggests, to consult them.

Mr. Paul Tyler (North Cornwall) (LD): Does the Minister recognise that it is not only the hon. Member for Cardiff, West (Kevin Brennan) who finds the proceedings of Standing Committees incomprehensible? There is a great deal of evidence that the public find those proceedings completely beyond them. Given that they are the people who send us here, and that they are often interested in the way in which we deal with legislation, do the Minister and the Leader of the House propose to consider the problem from the point of view of accessibility to the public? The proceedings of Standing Committees contrast sharply with those of Select Committees, which the public do find comprehensible.

Mr. Woolas: I thank the hon. Gentleman for that question. The Modernisation Committee has been taking evidence from members of the public around the country, and one of the findings of that consultation exercise exactly confirms his point. If it is sometimes difficult for Members to understand these procedures, they are often impenetrable to members of the public. The thrust of the Modernisation Committee's work is accessibility to, and understanding of, this House; that is one of the prime goals of this Government. I am grateful for the hon. Gentleman's support for that goal as a member of the Modernisation Committee. In achieving it, however, we must not forget the checks and balances of our system that give rights to Back Benchers: that would be like throwing the baby out with the bathwater.

Developments in vCJD

12.32 pm

The Secretary of State for Health (Dr. John Reid): With permission, Mr. Speaker, I should like to make a further statement about the action that Government are taking following a blood transfusion incident involving variant Creutzfeldt-Jakob Disease—VCJD. On 17 December last year, I informed the House about the implications of the incident and gave an undertaking to keep it informed of any major developments. As you will know from our conversation last night, Mr. Speaker, I regret that an inaccurate press report appeared before I was able to make this statement to the House. I believe that it has been replicated in another inaccurate press report this morning.

The House may recall that my Department had become aware of a patient who had contracted variant CJD after receiving a transfusion of blood from a donor who went on to develop variant CJD himself. That is a possible, not a proven, causal connection. I told the House that a further 15 patients had been identified who had received transfusions from donors who had gone on to develop variant CJD. I said in my statement of last December that the Health Protection Agency, working with the National Blood Service, was in the process of contacting the individuals concerned. I can now report that all surviving individuals have been contacted and informed about the circumstances of their case.

As on previous occasions when we have become aware of new information about blood and variant CJD, we have ensured that action has been taken on a precautionary basis to reduce the risk of a transmission of the disease. I stress that we are acting on a precautionary basis—the basis on which we have introduced a range of measures since 1997. For instance, since 1998 we have ensured that blood products are made only from plasma imported from countries that are free of, or have very few cases of, variant CJD. We introduced leucodepletion—removal of the white cells—of all blood for transfusion from 31 October 1999. Two years ago, in 2002, we instructed the National Blood Service to use only imported fresh frozen plasma for the treatment of children born after 1996. That will come into effect for newborn children this month, and will be extended to older children as soon as is practicable.

In the light of the transfusion incident that I reported last December, the chief medical officer asked the expert Advisory Committee on the Microbiological Safety of Blood and Tissues for Transplantation to consider whether there was a need to take any further measures on a precautionary basis. That request was made with the proviso that such measures should not have an unmanageable adverse impact on the safety or availability of blood. We are therefore talking about a balance of risk, given that, with a need for about 800,000 transfusions and 3 million blood components a year, the dangers of a shortage of blood are obvious to all.

Our experts met on 22 January to discuss a number of options for further strengthening the protection of the blood supply in addition to those that I outlined to the House in December. On the basis of all the information available, and taking a precautionary approach, our experts concluded that the United Kingdom should exclude from donating blood people who have previously received transfusions of whole blood components since January 1980. They also advised that additional measures should be introduced to improve further the effectiveness of the use of blood in hospitals.

I have accepted the chief medical officer's advice to accept that recommendation of the advisory committee. The group of people excluded from donating blood will therefore be limited to those who confirm that they have received a transfusion in the UK since 1 January 1980. It is generally accepted that there would have been no exposure to BSE—bovine spongiform encephalopathy—in the UK before that date.

I stress that the risk attaching to that group of blood donors is uncertain, but we are taking those measures as a precaution because the risk may be slightly higher among that group than among the population as a whole. Excluding those donors will inevitably lead to a reduction in the supply of blood available for transfusions. Although the National Blood Service estimates a loss of 52,000 donors, I am pleased to report that it has put in place measures to help to compensate for those losses, and hospitals are being encouraged to make the best possible use of blood. In the meantime, I should like to take the opportunity to thank the blood donors in the group affected by the change for their contribution towards saving and improving patients' lives.

At the meeting on 22 January, the Advisory Committee on the Microbiological Safety of Blood and Tissues for Transplantation acknowledged that a period of some weeks would be needed to allow the blood services to put in hand the preparation of communication material for donors and the setting up of training programmes for blood service staff. It recommended 5 April as the date for implementation, and the National Blood Service asked us to time our public announcement to coincide with a point three weeks before implementation. That is why I am making this statement to the House today. Those steps are being put in motion as I speak.

The advice of the Advisory Committee on the Microbiological Safety of Blood and Tissues for Transplantation and the National Blood Service is that we should identify people who have received a previous blood transfusion by self-reporting, using questionnaire screening, when they come forward to give blood. That action is being implemented now. Another group of potential donors will be people who had an operation in the past but are unsure whether they had a blood transfusion at that time. I have asked the advisory committee to consider whether any further action is required as part of the general review of the measures, and to report back to me.

Earlier in this statement, I mentioned that this process was about balancing risks. I now turn briefly to the other part of the process, which involves ensuring that blood in hospitals is put to the best possible use. I consider blood that has been donated voluntarily to be a precious resource for our health service. We therefore have a responsibility to donors and patients alike to ensure that it is used to the best possible effect. That said, it is clear that the best-used blood is often the unit of blood that is not used when it is not needed. I am, therefore, concerned that blood transfusions should be made only where there is a clear clinical need.

[Dr. John Reid]

It has been widely acknowledged that more blood is ordered and more is used than is clinically necessary. Considerable efforts have been made over the past five years to encourage more efficient use of blood in clinical practice. In 2002, all four of the United Kingdom's chief medical officers launched an initiative to ensure that the "better blood transfusion" strategy is an integral part of NHS care, to make blood transfusion safer, to avoid unnecessary use of blood in clinical practice and to provide better information to patients and the public. We have seen good progress in taking this initiative forward.

I am pleased to report that NHS trusts have been introducing improved arrangements to oversee all aspects of transfusion, and developing protocols for transfusion practice, based on national guidelines. Work is also being undertaken in a number of other key areas such as the development of additional guidelines for trusts on the resources needed to implement "better blood transfusion" and the establishment of the role of specialist practitioners of transfusion. While this progress is encouraging, we cannot be complacent. The expected loss of supply as a result of today's announcement means that we need to increase our efforts in the more appropriate use of blood. The chief medical officer is producing a revised approach to push forward the "better blood transfusion" strategy.

I hope that my statement has provided the House with a clear indication of the path that we have chosen and why we have chosen it. I would like to end by stressing two things. First, as I said last December, we are following a highly precautionary approach. I understand that people may have concerns about the implications of this announcement, but I would emphasise again that this action is being taken because of an uncertain but slight risk. People should, indeed, continue to have a blood transfusion when it is really necessary. Any slight risk associated with receiving blood must be balanced against the significant risk of not receiving that blood when it is most needed.

My second point is that, particularly at this time, people who can do so should continue to donate blood. Blood donation is a safe procedure and people should continue to donate blood regularly. We place great value on those who already donate and would welcome new donors. I am sure that the whole House is deeply grateful to all of them.

Mr. Andrew Lansley (South Cambridgeshire) (Con): I am grateful to the Secretary of State for giving me the opportunity to see his statement in advance. I am sure that hon. Members are also grateful to him for returning to the House to give further details, which he undertook to do on 17 December. His statement will come as no great surprise, in the light of some of the research that has been published since his December statement. I am particularly aware, for example, that in *The Lancet* of 6 February, Llewelyn et al reported on the surveys of patients identified by the national CJD surveillance unit as receiving blood transfusions. Looking particularly at the case that the Secretary of State highlighted in his December statement, they concluded:

"The chance of observing a case of vCJD in a recipient in the absence of transfusion transmitted infection is about 1 in 15,000 to 1 in 30,000."

So, it clearly must be right, in the light of such an analysis, to proceed on the basis that blood transfusion was the source of infection in the case in question. Indeed, Herzog and others, in *The Lancet* of the same date, considered the risk of intravenous transmission, concluding that it should be treated on the same precautionary basis as the avoidance of consumption of infected beef products.

The case in question, which the Secretary of State told the House about on 17 December, arose from a blood transfusion in 1996. The precautionary process of leucodepletion was instigated, as he said, in 1999, so the first question that arises is, what has been the relevance and effectiveness of that process? The particular case in question does not tell us whether leucodepletion has succeeded in reducing or even removing the risk of infectivity being introduced through blood transfusions. What conclusions, if any, have he and his advisers reached on the effectiveness of that process over the last four and a half years?

Turning to the measures that the Secretary of State has announced, I am aware that he says that the 5 April date is intended to give the National Blood Service time to respond. Will he confirm that it will also, presumably, allow an accelerated call to donors, should that be necessary? I understand that the blood service may have about a week's supply, which is, in the circumstances, a very healthy stock of blood to have available, but it needs to be replenished continuously, so it is important to ensure that there is no drop-off in donations, even in the short run.

Can the Secretary of State confirm, as he did previously, that there has been advance co-ordination with the Scottish and Welsh Administrations? I understand that the National Blood Service looks after England and north Wales, but clearly there are separate arrangements in Wales, Scotland and Northern Ireland. Perhaps he can confirm that those Administrations are taking parallel measures.

Can the Secretary of State also explain the intentions in relation to those who have transfusions in future? Presumably, those who have had transfusions since 1980 will be excluded, but the logic of his statement is that those who have transfusions after 5 April this year will not be excluded, because they, by definition, will receive blood that we have made as safe as we can make it.

The Secretary of State talked about the measures that the chief medical officer is taking for a revised approach on "better blood transfusion". I do not wish to be difficult with the right hon. Gentleman, but I have to say that he described a process. He did not describe any outcomes, so perhaps he will tell us what progress has been made in reducing the use of blood products in the national health service to the minimum level that is clinically necessary, because we need to compare that progress inside the NHS with a reducing profile of blood donations.

The figures that I have received suggest that 2.38 million units were donated in 2001–02 and 2.365 million in 2002–03, while 2.31 million units is the estimate for this financial year and that for next year is 2.275 million. That is a 1.5 to 2 per cent. reduction year on year in the number of blood donations. What the Secretary of State has described today represents a 3.2 per cent. reduction

in the donor base, so this year, other things being equal, there might be a 4 to 5 per cent. reduction in blood donation.

In those circumstances, it is important either for the marketing campaign to be able to compensate for that reduction—presumably, the Secretary of State knows that there is no certainty about that—or for NHS use of blood donations to make additional progress. However, there is no measure in the right hon. Gentleman statement of the progress made up to now.

What further research is the Secretary of State putting in hand? I understand that he has taken advice from the Advisory Committee on the Microbiological Safety of Blood and Tissues for Transplantation, but when I asked him recently about advice from the Spongiform Encephalopathy Advisory Committee he said that that body would be included, as others would. SEAC has particular expertise in the infectivity and transmission of BSE. We know that, so far, 146 variant CJD cases have been identified, so information is progressively being established about the characteristics of persons infected with new variant CJD and conclusions can be drawn. At some point, it will be necessary to balance the harm that could be done by such highly precautionary measures—even if it could be mitigated—against the unknown benefits of a highly precautionary approach.

In that context, in the past disposable instruments were used for tonsillectomies. Known harm clearly resulted from the practice for an unknown and unquantifiable benefit, and that decision had to be reversed. I would hate to reach the position where harm resulted from a persistently highly precautionary approach.

The Secretary of State said that the use of imported fresh frozen plasma that is virally inactivated is to be extended to older children. That development was first announced in August 2002, with the intention that such plasma would be used from the end of 2003. The right hon. Gentleman is now saying that virally inactivated fresh frozen plasma will be used for newborn children. Presumably a timetable exists for extending that use to children born since January 1996. When does the Secretary of State anticipate that timetable will, as a matter of some importance, be completed?

The right hon. Gentleman did not mention the infectivity of urine-derived products. In the past, the Department has said that it does not acknowledge any such evidence, but, in *The Journal of Biological Chemistry* in 2001, Shaked and others suggested that there was such a route of infectivity. If highly precautionary approaches are sought, perhaps the Secretary of State will comment on his attitude to that aspect.

I entirely share the right hon. Gentleman's regret at newspaper stories this morning and would not wish the Government to proceed other than on the basis of scientific evidence. Continuing research is needed because a highly precautionary approach is being taken in the absence of evidence about the true route of infectivity. If the Secretary of State is right and the public listen carefully, they will recognise that that is the right way to proceed. Blood is a vital resource for the NHS and we greatly value those persons who donate it. Blood must be used efficiently and effectively, but we must also encourage people to give blood to the NHS in the hope that that will meet the health service's continuing needs.

Dr. Reid: I thank the hon. Gentleman for his comments and particularly for his reference to the manner of publication and reporting. His reaction, as we would expect, was responsible. I hope that any reporting of this issue will be sober and non-sensational.

The hon. Gentleman referred to a series of publications and produced some statistical evidence. I will not comment on their substance, but I agree that a range of statistical evidence has been placed in the public domain, albeit not of a causal nature. We proceed with caution, despite the fact that there is no proven causal relationship between the description I reported in December of a possible link between someone who had donated blood and someone who had received blood.

At the time when leucodepletion came into effect, our experts believed that the only source of infectivity was through white cells. Leucodepletion is the removal of white cells from the plasma. More recent research suggests that there could be infectivity in other blood components, which is why we are taking further action. As the hon. Gentleman knows, we are guided by experts. We believe that leucodepletion has been effective and efficient in countering risks. I am certainly not aware of any evidence to the contrary.

The hon. Gentleman referred to the chief medical officer's "better blood transfusion" strategy, which is currently being reinforced. Hospitals are encouraged to run pre-operation assessment clinics and to advise patients of the various alternatives. Hospitals are also encouraged to use the technology that allows doctors to rescue and give blood back to patients during an operation. That technology is readily available and should be used when a patient needs more than two units of blood.

It is too early to make an overall assessment of the complete effectiveness or otherwise of the strategy but we continually monitor it and believe that it is making an improvement. When we have completed a comprehensive and robust assessment, we will place that information in the public domain.

The hon. Gentleman expressed the hope that the three weeks before 5 April will be used at least in part to encourage people to donate blood to compensate for any effect that today's statement may have. I share his hope, which is part of the reason for giving the blood service proper time to produce publications and circulars before this statement.

The hon. Gentleman is correct in stating that current blood stocks are relatively high—from memory, we have 62,000 units. This morning, I spoke with, among others, the manager of the National Blood Service, Dr. Angela Robinson, and with individuals in Scotland. My hon. Friend the Minister of State spoke to our colleagues in Wales yesterday. We confirm that we shall do everything possible to ensure that the level of blood donations is maintained.

The decision to import fresh frozen plasma from the United States to treat certain groups was taken to reduce the possible risk of variant CJD. There have been no reported cases of vCJD in the United States and we thought it important not to introduce different risks

[Dr. Reid]

with this initiative. Viral inactivation of US-derived fresh frozen plasma was therefore introduced in this country.

We hope to complete by the end of this year our plans for ensuring that all children are treated using the fresh frozen plasma method. We hope that that timetable will not slip.

My hon. Friend the Minister responded to a recent question on urinary infection. There is no evidence of urinary infection occurring—although, as we adopt a precautionary approach, we obviously keep an open mind. I cannot report the specific contents of the discussions with the spongiform encephalopathy expert group, but I will write to the hon. Gentleman on that point.

Mr. David Hinchliffe (Wakefield) (Lab): Over the years, I have met a number of families whose members have suffered from variant CJD. The view commonly held is that Governments have not been as open and frank about the problem as might have been hoped. I want to place on record my appreciation for the fact that the Secretary of State addressed that concern in his statement before Christmas and in his statement today. Those who have had to deal with this terrible problem in relation to family members will also appreciate the fact that the Government have been open and honest and have come to the House as soon as possible to give the information that has been available.

I want to press the Secretary of State on one point. He has referred to the fact that there will be some reliance on self-reporting by future blood donors about whether they have had transfusions since 1980. My experience of self-reporting in the NHS is that it is somewhat unreliable on occasions, and I would welcome his comments on whether we have the capacity in relation to electronic records to ensure that when there is no self-reporting of previous transfusions, that fact is comprehensively checked before individuals are allowed to donate.

Dr. Reid: I give my hon. Friend a straight answer: we do not have that capacity in relation to records; otherwise, we would not be relying on the normal method of self-reporting. It is not an entirely proactive dependency, because when people currently go to donate blood, they are screened in relation to a range of issues and materials, and that is when the questioning will take place. That leaves an outstanding question, as my hon. Friend says, as some people may not intentionally deceive but may be unable to remember, perhaps in relation to the circumstances of being operated on, or may be ignorant as to whether they received blood. I have therefore asked the expert group to consider further what might be done in that respect. All this information is considered on the balance of risk.

I make no apology for stressing once again that no proven, causal connection has yet been established between blood donation and the blood recipient, in relation to the transfer by blood of variant CJD. We are taking a highly precautionary approach, however, in relation both to being as open as possible when information is given to us and disseminating it as quickly as possible, and in attempting to minimise any possibility of avenues remaining that we have not closed off.

Mr. Paul Burstow (Sutton and Cheam) (LD): First, may I thank the Secretary of State for his courtesy in allowing sight of the statement well in advance, which has provided a chance to reflect on the issues that he has brought to the House's attention? He has done that in a timely fashion, for which I am very grateful.

The Secretary of State says that he is taking a highly precautionary approach. Clearly, securing the supply of blood for transfusion is a key concern. Can he therefore amplify that part of his statement on supply, and tell us what measures he is taking now to safeguard it? What plans does he have, immediately and in the longer term, to increase the numbers of blood donors, not least because, at the moment, only about six in every 100 people in this country donate blood? Is the National Institute for Clinical Excellence to be involved in any way in undertaking work on the use of alternatives to transfusion, such as erythropoietin and the use of patients' own blood? Can he comment on the timeline that has been discussed in respect of making available US-sourced blood plasma for older children, which we hear will be by the end of the year? What about other at-risk groups, such as haemophiliacs?

Can the Secretary of State say what assessment has been made of the future availability and safety of non-UK sourced blood plasma? The right hon. Gentleman has referred to the report and work being done by the chief medical officer. Can he tell us when he expects the revised approach to the blood transfusion strategy to be published, and whether that strategy revision will include a more co-ordinated approach, involving the National Patient Safety Agency, in order to reduce risks? In particular, what plans does he have to deal with concern about the risk of the re-use of surgical instruments after brain biopsies, and is new guidance planned in respect of that, to deal not only with those cases in which vCJD has been diagnosed but in other cases?

I understand that the Department is currently undertaking work on a risk assessment of possible vCJD infection in large pools of plasma and the effects of dilution. Can the right hon. Gentleman tell us when that work will be concluded and when the results will be published?

Finally, can the Secretary of State say what support is offered to those affected donors to whom he has referred today, and to others who might be concerned? Will there be more than just leaflets and information? For example, will other services and support be offered in those cases in which it might seem appropriate?

The Secretary of State is absolutely right: blood is a precious resource; we must do everything possible to safeguard the supply in this country; and we must applaud those who give, and encourage more to do so.

Dr. Reid: On the question of whether support will be available, I certainly hope that it will be, not only from the National Blood Service but from NHS Direct and other parts of the NHS. As for the expert group, which is looking, almost incident by incident, at each of those

dependent on blood plasma, many cases need to be examined. Obviously, the risk in those cases is even less than the low risk that we have discussed today, because the nature of plasma is that it is a reservoir normally constituted from plasma from a range of people rather than from one person. Nevertheless, great efforts are being made by the expert incident group to examine that risk and to see how it can reassure itself and any recipients as quickly as possible. I cannot give him a finish date for that—he will understand that it is laborious even compared with some of the other laborious work in connection with this matter—but I am sure that it is being done as fast as possible and always in a manner that is commensurate with getting the information correct.

The hon. Gentleman mentioned the question of stocks. As I said earlier, stocks are pretty healthy at present. The exclusions that I have mentioned today will, it is estimated—it is not a hard and fast number—reduce the number of blood donors by about 3.2 per cent. and the number of donations by about 3.6 per cent. In absolute numbers, that is about 52,000 people, who would give about 56,000 donations. That is comparable with the annual net reduction, and with extra publicity and extra effort, we can make sure that that stock is maintained.

In relation to the timeline on children, the only information that I can give the hon. Gentleman is what I said earlier: it will happen at the end of the year. We do not believe that any problem exists with the US-derived plasma that we have received. In common with the hon. Gentleman, I thank those who donate blood.

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): I thank my right hon. Friend for his carefully considered and sensitive statement. In common with my hon. Friend the Member for Wakefield (Mr. Hinchliffe), I remind him about those of us who have families in our constituencies who have had to deal with the dreadful trauma of vCJD over a number of years, and who have now formed a network in Scotland, England, Wales and even Northern Ireland. Those families are only too happy to offer whatever experience they can and to be consulted by my right hon. Friend the Secretary of State and others. They, too, will greatly welcome what he has had to say about research and blood transfusions and his appeal that people should continue to make blood donations.

Dr. Reid: Yes, indeed. I know that my right hon. Friend has taken a great deal of interest in, and given a great deal of support to, those who have found themselves in difficult circumstances because of this issue. Of course, I have spoken already to our counterparts in Scotland—I spoke to the Minister there this morning. I may, however, have given the wrong impression—I understand that the Under-Secretary of State for Health, my hon. Friend the Member for Welwyn Hatfield (Miss Johnson), was unable to contact the Minister in Wales last night, but I know that our officials have been in close touch throughout. This is an issue that does not recognise national borders within the United Kingdom, and obviously, we will work closely together on the matter.

Lady Hermon (North Down) (UUP): For the benefit of those who may be alarmed by his statement, will the Secretary of State comment on improvements in treatment of those with vCJD? Will he also reflect on the courageous decision of his hon. Friend the Member for Kilmarnock and Loudoun (Mr. Browne), who, as the then Minister responsible for health in the Northern Ireland Office, authorised a new technique for the treatment of a young man in Belfast whose condition then improved?

Dr. Reid: Yes indeed. I recall that case. While we are not entirely convinced that the treatment is truly effective, we did understand the anxiety that people would feel should there appear to be a form of treatment available that we were not testing, and we decided to carry out a pilot involving an English strategic health authority. This is a very difficult disease to come to terms with, and some of its implications are clear even from the screening technique mentioned by my hon. Friend the Member for Wakefield (Mr. Hinchliffe). There is, in fact, no test that can be applied before symptoms appear. Nevertheless, we continue to pursue treatments that might prove effective.

Dr. Brian Iddon (Bolton, South-East) (Lab): My concern is for the 15 or so individuals identified in the statement. Some have already contracted NHS blood transfusion-borne diseases such as hepatitis C, and others still require blood transfusions. Can my right hon. Friend assure us that that small number of people will continue to be monitored closely, and that if they require medical advice they will receive the best available from the NHS anywhere in the country?

Dr. Reid: Yes, I can. As my hon. Friend says, 15 recipients were identified. One is now deceased, although as far as we know there is no connection with vCJD. A further recipient has been discovered since then, in January. We do continue to monitor all those people closely. My hon. Friend is right: they deserve the support of the NHS, which must itself monitor their conditions. I promise him that that will happen.

Mr. Mark Francois (Rayleigh) (Con): The Secretary of State mentioned the importance of maintaining adequate stocks. In that context, may I raise an operational point? The right hon. Gentleman will know that the National Blood Service now employs call centres to remind donors to turn up for sessions. I understand, however, that problems have been caused when the message has not been passed on to teams going out to collect blood. When that happens, more donors turn up than the service would normally prepare for. That places tremendous strain on staff running the sessions, and also means that donors who are not covered by the new booked-appointment system must wait for an inordinate amount of time. Some become disillusioned and go home.

Next time the right hon. Gentleman has discussions with the chief executive of the NBS, will he raise that problem? If liaison between call centres and teams collecting blood is improved, staff will not be under such pressure, and donors—whom we all applaud—will not become disillusioned.

Dr. Reid: We are trying to modernise and improve the National Blood Service, along with every other part of

[Dr. Reid]

the NHS. In view of what I have said today, it is particularly important for us to maintain the utmost effectiveness in terms of logistics and such matters as collection, and I shall ensure that the hon. Gentleman's comments are brought to the attention of those in the blood service.

Mr. Dai Havard (Merthyr Tydfil and Rhymney) (Lab): As my right hon. Friend will know, I have been concerned for some time about the supply of blood and its security. I am also concerned about the quality of care and the use of blood for the largest group of recipients, cancer patients.

We had the same discussion last time my right hon. Friend made a statement. I know that NICE is considering the use of alternatives, and that it is also being considered by the All Wales Medicines Strategy Group; but will my right hon. Friend ensure that not just an incremental change but a step change is involved, and that alternatives are immediately used as the default for cancer patients when that is possible? If that happens, my right hon. Friend need not face a crisis in blood supply. However, I echo his call for people to give blood.

Dr. Reid: I know of my hon. Friend's interest. EPO, in particular, is an alternative to blood transfusion, especially for cancer patients suffering from anaemia following chemotherapy.

My hon. Friend has done a great deal of research, and I know of the benefits that he believes this will bring to cancer patients. I also know of the knock-on effects for future supplies of blood, and for the NHS generally in terms of potential savings and bed bays, which my hon. Friend has mentioned in the past.

My hon. Friend has made a strong case for EPO, but I know he will understand that that is only one side of the argument. Some argue that EPO may only be useful to a minority of cancer patients, and may not be effective enough to be used as a standard treatment in most cases. We have asked NICE to look into the matter. It will consult on the draft scope for its appraisal by June, and the final guidance is expected to be published by the end of next year. I hope that the appraisal will be objective, and will assess various points of view.

Mr. Roger Williams (Brecon and Radnorshire) (LD): As the Secretary of State will know, the BSE outbreak and the appearance of vCJD in humans has caused a great deal of financial cost and human sorrow. Part of the financial cost has been caused by the need to invoke the precautionary principle, which is always expensive, because we do not have the fundamental scientific knowledge about the infective agent, its transmission and the way in which it carries infection. Is the Secretary of State satisfied that we are investing enough in fundamental research? Is there a balance to be struck between that investment and the cost of invoking the precautionary principle?

Dr. Reid: The pursuit of knowledge in this as in every other area is costly. Taxation is a finite resource, and there is an almost infinite demand on it. The other night I met some people whose children had cystic fibrosis, and then met others to discuss motor neurone disease. That illustrated the extent of the demand. I think, however, that we are investing as much in scientific research as is commensurate with need—some £500 million or £600 million. The Medical Research Council is investing another £500 million. We always want more, but we ascribe to this matter a degree of seriousness that is commensurate with the investigations that are taking place. That is why I have come to the House twice in the last four months to report on what some may consider relatively minor steps. Given the importance of the issue, I think it as well to be open and let all Members know what we are doing.

Mr. Henry Bellingham (North-West Norfolk) (Con): The Secretary of State said that he believed that blood transfusions should only be given in cases of clear clinical need. That struck me as a rather strange observation. Surely no blood transfusion should be given unless there is a clear clinical need. Is the Secretary of State saying that some transfusions have been unnecessary, or that medical technology is advancing?

Dr. Reid: I am saying that, although we have healthy stocks now, it is more important than ever for us to ensure that blood is being used efficiently. Indeed, the chief medical officer's strategy lately has been to inform all involved in blood transfusions that they should be given only when absolutely medically necessary. Blood is an extremely precious resource. I do not suggest for a moment that people are being comprehensively profligate in their use or expenditure of blood in operations, but we have shown in the past when seeking efficiency that we can cut down on the use of blood without cutting down on good medical practice.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I would like to ask the Secretary of State about the 15 patients who are potentially in a contactable group in respect of the risk of contracting CJD. How is he handling them? Are they on a confidential database from which they are not allowed to remove their names, as suggested by the CJD incidence panel report of October 2001? What was the result of the consultation that took place to a deadline of January 2002 on how that group was to be dealt with? What are the implications for that group in terms of being kept on a register? Indeed, what are the implications for the many more patients who are possibly exposed to a lower risk through pooled products? There do not appear to have been any further documents from the incidence panel following the consultation.

Dr. Reid: To put it simply, those people are being fully supported and fully informed. As I have said, 14 of the original 15 recipients identified are alive. An additional one was discovered in January. Five of those received leucodepleted red cells after 1999. The earliest transfusion involved in those cases was in 1993 and the latest one was in 2001. I mentioned during the previous statement that the National Blood Service was trying to trace all the patients concerned. It has now done so and the Health Protection Agency has arranged for them to be contacted.

Without going into any individual's details, I can tell the hon. Gentleman that, in conjunction with each recipient's doctor, the HPA intends to undertake a review of how the advice was communicated to each patient and to try to ensure that access is provided to expert counselling and to appropriate follow-up health checks. In response to the questions about the two reports that were published some two years before I became Secretary of State, I have to tell the hon. Gentleman honestly that I do not know the answer to his question, but I will write to him about that if I can.

Points of Order

1.22 pm

Clare Short (Birmingham, Ladywood) (Lab): On a point of order, Mr. Speaker. I rise to raise a point of order about a misleading report published today by the Select Committee on Defence entitled "Lessons of Iraq". Paragraph 358 of the report states:

"It has also been suggested that DfID's"—

the Department for International Development—

"role in post-conflict planning was constrained by the attitude of the then Secretary of State towards the prospect of military action. Although our witness from DfID denied that this was the case, we remain to be convinced."

That assertion is completely false. I think that it is very bad practice indeed, as well as rather rude, for a Select Committee that could have asked me to provide evidence on that question to fail to do so and then to insert into its report a statement that is so inaccurate and misleading.

The reality is that DFID pressed the Ministry of Defence to prepare for its Geneva convention and Hague regulations responsibilities because, at the end of a conflict, in the absence of order, the occupying power has responsibility for immediate humanitarian needs. Those preparations were made and food and other supplies ordered and put in place shortly before military action began.

DFID also worked with the United Nations, the Red Cross, the World Bank, the International Monetary Fund, suitable non-governmental organisations and many countries that opposed the rush to war, so that we were fully prepared to support humanitarian relief as soon as there was order, and to support reconstruction efforts as soon as a UN mandate was put in place. Unfortunately, the UN and the United States State Department, which had made preparations for reconstruction, were pushed aside by the Pentagon, which took over the lead for reconstruction in Iraq—

Mr. Speaker: Order. The right hon. Lady is now making a personal statement. It is a point of order that she has raised, so I have to rule on that point of order. I have to tell her that the Chair does not have any responsibility for the content of reports from Select Committees. She may wish to take the matter up with the Chairman of the Committee.

Angus Robertson (Moray) (SNP): On a point of order, Mr. Speaker. I seek your advice about the rules of the House relating to Ministers making comments ahead of the Budget. At oral questions earlier, the Secretary of State for Scotland confirmed that he was opposed to the introduction of a windfall tax on the financial services industry, yet he would not say whether he supported the expensive introduction of fraud-prone strip stamps on whisky bottles. While it is clearly a matter for him whether he wants to support the whisky industry and its workers, can you confirm that no rules of the House bar Ministers from giving their opinions during debates or questions ahead of the Budget?

Mr. Speaker: My understanding is that there are conventions regarding Ministers and the lead-up to the Budget. They are not rules of the House but they are

[Mr. Speaker]

perfectly understandable conventions on matters that may have an influence on the Budget. All I can say to the hon. Gentleman is this: I was present and I am not responsible for the Minister's reply, but I have had enough experience in the House to know that that is the type of reply that we get in the week before the Budget.

Mr. Russell Brown (Dumfries) (Lab): On a point of order, of which I have given you prior notice Mr Speaker. Regrettably, like many others, I ask for your guidance and advice to hon. Members regarding parliamentary protocol. The hon. Member for Galloway and Upper Nithsdale (Mr. Duncan) has circulated literature in the town of Dumfries encouraging townspeople to bring issues to him, as an MP, including issues that could well be constituency casework. Surely, if individuals raise such matters with him, he would not be able to deal with them because of the conventions of the House, and therefore he would be misleading the public. I seek your guidance. Am I interpreting the rules correctly?

Mr. Speaker: I thank the hon. Gentleman for giving me notice of his concern. As I told the House last week, resolution of such disputes is best left to the good sense of the hon. Members concerned.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley) (Lab/Co-op): What if they do not have any good sense?

Mr. Speaker: Order. All hon. Members have good sense. I understand that the particular newsletter to which the hon. Member for Dumfries (Mr. Brown) has drawn my attention was produced in the context of a prospective change of constituency boundaries that affects many constituencies in Scotland. I think that it would be unwise of me to intervene directly in such cases. I wish to make it clear, however, that regardless of proposals relating to parliamentary constituencies, the existing boundaries remain in force at least until the next general election. I therefore expect hon. Members to pay proper regard to the right of sitting constituency Members to represent their constituents. I add that, as the Member of Parliament for Glasgow, Springburn, I hold several surgeries per month. If any hon. Member wishes to do those surgeries, they are welcome.

Prevention of Homelessness Bill

1.28 pm

Mr. Mohammad Sarwar (Glasgow, Govan) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision about homelessness.

We have come a long way since the first comprehensive legislation on homelessness in the United Kingdom was introduced in this House. The Housing (Homeless Persons) Act 1977 imposed substantial duties on all local authorities towards homeless people. There have been considerable developments in that area of law since 1977.

Part VII of the Housing Act 1996, introduced by the Tories, significantly reduced the rights of homeless persons in England and Wales. It was a Labour Government who reversed the negative effects of the 1996 Act by introducing a Homelessness Bill, enacted as the Homelessness Act 2002. In Scotland, where housing is generally a devolved issue, the Labour-Liberal Executive introduced their own Homelessness Bill, which was enacted in 2003. The Scottish 2003 Act seeks to abolish homelessness by 2012. It will do that by abolishing the "priority need" test. There can be no doubt that the Labour Government and the Labour-led Scottish Executive have done more to eradicate homelessness in the past two years than the Conservative Government did in 18 years in power, but there is more that we can and must do to prevent homelessness in the United Kingdom.

My Bill is relatively modest in its aims, but I sincerely believe that through these small and simple reforms we can prevent thousands of needless cases of homelessness. I hope that all hon. Members will agree that it is always better and less costly to prevent a problem from happening than to spend public money trying to pick up the pieces afterwards.

In the case of homelessness, we are talking about broken lives. I believe that we can prevent a very large number of homelessness cases with the enactment of some very minor changes. At present, tenants and owner-occupiers can resist repossession proceedings, but clause 1 would introduce a general right for any residential occupier to apply to the court for a short suspended possession order. That would include members of the tenant's or owner-occupier's family or lodgers. The intention is to provide residential occupiers with the right to ask the court for a brief period to find reasonable alternative accommodation. By providing that brief period, we could avoid families having to sleep rough or in conditions unfit for human habitation.

A recent trend in the UK has been for home owners to refinance their personal debt as consolidation loans secured on the value of their home. Such loans generally come with a much higher rate of interest than a principal mortgage. When family income drops, whether though illness or some other crisis, it is often the inability to meet consolidation loan payments that results in repossession and homelessness.

Clause 2 would enable the courts to vary interest to no lower than the average rate for a United Kingdom mortgage. The power could be used to provide a period of respite and enable families to get back on their feet

and meet their financial obligations. Importantly, that could enable people to retain their homes. The local law centre in my constituency reports that families facing repossession are often told that they have mortgage arrears of £1,000 or £2,000, when in fact up to a third of the arrears are administrative charges applied by the bank. Most mortgages contain indemnity clauses that force the debtor to pay the bank's legal expenses. Govan law centre reports many cases of people being told that they must pay £1,000 or more to the bank for the cost of being taking to court, even if they win the case. Clause 3 would enable the courts to waive some of those charges when it could mean the difference between someone being able to pay the arrears or facing homelessness.

The final part of the Bill is aimed at some of the most vulnerable members of our society who are likely to face repossession and homelessness. When someone, for whatever reason, is in receipt of income support or jobseeker's allowance, they must wait 26 or 39 weeks before the Department for Work and Pensions will help to pay their mortgage interest. The fact that many families have to wait up to nine months often means that they will face repossession in the courts long before they get any help.

Of course, if such families had not purchased their home and were still renting from a social landlord, they would not face eviction and would get immediate help from the local authority. Some have argued that the position is discriminatory against low-income home owners, and I am aware of one legal challenge to the relevant social security regulation in my constituency, under articles 8 and 14 of the European convention on human rights. I understand that the case is currently before the social security commissioners.

Help with housing costs for home owners was substantially reduced by the Conservative Government in 1995. Since then, housing tenure has continued to shift generally towards home ownership. The Office of the Deputy Prime Minister reported in 2002 that only 19 per cent. of people in the United Kingdom rented their home from a social landlord, while 10 per cent. rented from a private landlord, and a massive 70 per cent. of all households were owner-occupiers, with 29 per cent. of those owning their home outright while 42 per cent. had a mortgage.

Mortgage protection insurance is important, but it has not been the answer in practice. The simple fact is that many low and modestly paid families cannot afford it, and many policies are ineffective because of exclusion provisions.

Clause 4 would enable the Secretary of State for Work and Pensions to intervene in appropriate cases in order to prevent homelessness. The stark reality is that the failure to intervene and provide additional help will cost the state more money in the long run—more money to accommodate a family in expensive temporary accommodation under the Homelessness Act 2002; more than it costs to accommodate a family in social rented housing in receipt of full housing benefit.

It is important to remember that many of the people facing repossession purchased their house because it cost less each month than renting it. That is why their eviction will be more costly to the state, which ends up paying a more expensive rent through housing benefit but does not provide any help for a cheaper mortgage. There is no policy logic in the current arrangements. I call on hon. Members to support the Bill and, by introducing some small legal reforms, help to make homelessness a thing of the past in the United Kingdom.

Question put and agreed to.

Bill ordered to be brought in by Mr. Mohammed Sarwar, Mr. Khalid Mahmood, Mrs. Alice Mahon, Angus Robertson, Jim Dobbin, Mr. Frank Roy, Sandra Osborne and Mrs. Helen Liddell.

PREVENTION OF HOMELESSNESS

Mr. Sarwar accordingly presented a Bill to make provision about homelessness: And the same was read the First time; and ordered to be read a Second time on Friday 18 June, and to be printed [Bill 73].

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6)(Standing Committees on Delegated Legislation),

SOCIAL SECURITY

That the draft Social Security (Basic Skills Training Pilot) Regulations 2004, which were laid before this House on 12th February, be approved.

That the draft Social Security (Intensive Activity Period 50 to 59 Pilot) Regulations 2004, which were laid before this House on 12th February, be approved.

That the draft Social Security (Intensive Activity Period 50 to 59 Pilot) (No. 2) Regulations 2004, which were laid before this House on 12th February, be approved.—*[Margaret Moran.]*

Question agreed to.

EUROPEAN COMMUNITY DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9)(European Standing Committees),

VALUE ADDED TAX

That this House takes note of European Union document No. 13853/03, Commission Communication on the review and update of VAT strategy priorities; and welcomes both the progress made so far and the United Kingdom Government's continued aim to ensure a fair, responsive and robust VAT system based on unanimous agreement amongst Member States.—*[Margaret Moran.]*

Question agreed to.

Orders of the Day

Traffic Management Bill

As amended in the Standing Committee, considered.

New Clause 11

POWER TO INSPECT BLUE BADGES

'(1) Section 21 of the Chronically Sick and Disabled Persons Act 1970 (c. 44) (badges for display on motor vehicles used by disabled persons) is amended as follows.

(2) In subsection (4B) after "a badge" there is inserted "purporting to be".

(3) After subsection (4B) there is inserted—

"(4BA) Where it appears to a constable or enforcement officer that there is displayed on any motor vehicle a badge purporting to be of a form prescribed under this section, he may require any person who—

(a) is in the vehicle, or

(b) appears to have been in, or to be about to get into, the vehicle,

to produce the badge for inspection.

(4BB) In subsection (4BA) "enforcement officer" means—

(a) a traffic warden;

(b) a civil enforcement officer (within the meaning of section 73 of the Traffic Management Act 2004);

(c) a parking attendant (within the meaning of section 63A of the Road Traffic Regulation Act 1984).

(4BC) The power conferred on an enforcement officer by subsection (4BA) is exercisable only for purposes connected with the discharge of his functions in relation to a stationary vehicle.

(4BD) A person who without reasonable excuse fails to produce a badge when required to do so under subsection (4BA) shall be guilty of an offence."

(4) In subsection (4C) after "(4B)" there is inserted "or (4BD)".'.—*[Mr. McNulty.]*

Brought up, and read the First time.

1.38 pm

The Parliamentary Under-Secretary of State for Transport (Mr. Tony McNulty): I beg to move, That the clause be read a Second time.

The new clause introduces a power for parking enforcement authorities to inspect disabled persons' parking badges, which we know as blue badges, to ensure that they are being used by those who are entitled to do so. My hon. Friend the Member for Milton Keynes, North-East (Brian White) tabled an amendment intended to cover this ground in Committee, where we undertook to consider how to introduce such a provision. I am delighted that we have been able to do so. Perhaps unusually, the measure had the acclamation of the entire Committee, which is why I am even more delighted, creature of consensus that I am, that we have been able to table this new clause.

The new clause addresses an issue that has been of great concern not only to those responsible for parking controls, who obviously have a particular interest in this area; significantly, it has also been of concern to many organisations of disabled people. Badge holders themselves want the disabled persons parking scheme to work effectively for those who need the concessions that it provides for their day-to-day mobility. Abuse of the scheme by those who are not entitled to its concessions undermines its credibility, but such abuse can also have a direct and immediate impact on the mobility of disabled people. Car parking places reserved for bona fide badge holders could be blocked by those who display a blue badge but are not entitled to do so. As the House will understand, such abuse can virtually destroy the entire daily schedule of the disabled person concerned.

The new clause will provide all those involved in the enforcement of parking controls with a power to require the driver or passenger—or anyone who they consider is returning to, or leaving, the car—to produce the badge for inspection. It restricts their exercising of that power to times when they are exercising their other functions. If a vehicle is displaying a parking badge but is not using the concessions that the scheme offers—for example, if it is parked in an area without parking restrictions—an enforcement officer will not be empowered to ask that the badge be produced for inspection. That is important to protect genuine badge holders from being targeted when they may have inadvertently left their badge on display.

Those required to produce the badge include the driver, the passenger or anyone who is seen to be leaving, or who is about to return to, the vehicle. So even when the disabled badge holder is not in the vehicle but the concessions are clearly being used, an enforcement officer will still be able to ask the vehicle's occupant to produce the badge for inspection.

In cases where someone unreasonably refuses to produce a badge for inspection, the clause creates an offence. Subject to conviction, a fine will be imposed not exceeding level 3, or £1,000. Guidance will be issued to enforcement officers and responsible authorities, advising them on the appropriate means of involving the police, so as to pursue a prosecution. We also intend that where a badge is not produced for inspection, the enforcement officer will treat that as a prima facie case of unlawful parking and issue a fixed penalty notice or a penalty charge, as appropriate. We do not need to provide for such circumstances in the Bill; the intention is that they will be covered in the guidance that we will produce for enforcement authorities and badge holders.

Mr. Greg Knight (East Yorkshire) (Con): A number of disabled people are concerned about what happens when the badge becomes partly obscured, perhaps because it moved while it was left in the vehicle; indeed, as a result of such an incident, many are given a ticket. If the badge is inspected and found to be in order and the disabled person is entitled to park where the car is parked, will the guidance make it clear that a ticket will not be issued if there is any possibility that such an incident might have been a mere accident?

Mr. McNulty: I undertake to make sure that, if need be, the guidance will make that clear. When it is clear that a perfectly legitimate badge has been obscured, my authority—and doubtless many others—rescinds such parking notices. But if guidance is needed I shall certainly take this issue on board.

On the subject of guidance, we will consult the relevant bodies representing local authorities, enforcement authorities and disability organisations,

including our statutory advisers, the Disabled Persons Transport Advisory Committee. The guidance will be published before the power is brought into force. This is an important issue that DPTAC has brought to our attention before, and we said that we would seek to legislate at the earliest opportunity.

I am pleased that the Bill allows us to legislate on this narrow enforcement issue, and I anticipate that it will enjoy the support of the whole House. I hope that the House agrees that the new clause addresses a fundamental gap in the enforcement of the blue badge scheme, and that Members will support the Government in its introduction. It seeks to restore the scheme's legitimacy without allowing abuses, and I am grateful to my hon. Friend the Member for Milton Keynes, North-East (Brian White) and other members of the Committee for the way in which this issue was dealt in Committee. Although this measure is a small step in the wider scheme of things, in the context of making a substantive difference to the lives of disabled people, it has a significance far beyond that which we can grant it today. In that context of spirit, harmony and consensus, I commend the new clause to the House and hope to receive the House's acclamation for it, if not for myself.

1.45 pm

Mr. Christopher Chope (Christchurch) (Con): We welcome the new clause; indeed, in Committee we supported the previous new clause—new clause 23—when it was discussed. However, I have a couple of questions for the Minister. He mentions the recommendations of the Disabled Persons Transport Advisory Committee, of which the provision before us is a key example. Another issue of equal concern is when the Government will legislate to allow the issuing of blue badges for children aged under two who require the transporting of bulky medical equipment. That is a key issue—albeit for a small group of people—and I should be interested to know when the Minister will legislate on that recommendation.

Secondly, what happens when a person is asked to produce a badge for inspection by a traffic warden, civil enforcement officer or parking attendant, rather than a police officer, and the person of whom the request is made refuses to comply with it? According to the Minister's press release, such officials will have the power to inspect, but surely that is dependent on consent being given to inspection in the first place. How will it be possible to identify a person who refuses to allow the badge to be inspected, and what procedures for enforcement and penalties will flow from such a refusal?

Ross Cranston (Dudley, North) (Lab): I am very pleased that the Government have accepted this recommendation, and I congratulate my hon. Friend the Member for Milton Keynes, North-East (Brian White) on introducing this new clause in Committee. I declare an interest as the honorary president of the Blue Badge Network, which is based in Dudley town centre. As my hon. Friend the Minister said, the validity and credibility of the blue badge system, which is so important to disabled people, needs to be reinforced. As he rightly said, DPTAC made 47 recommendations, of which this is one. The fact that the police and enforcement officers will be able to call on those thought to be using such vehicles to produce badges for inspection is a very welcome move.

That, however, is only part of the jigsaw, and I should like my hon. Friend the Minister to say when the guidance will take effect. The DPTAC report rightly points out that powers already exist in respect of the illegal use of badges, and that penalty notices can already be issued to badge holders parked illegally on the street, and to vehicle owners parked in spaces designated for badge holders. However, enforcement is absolutely crucial, and as the hon. Member for Christchurch (Mr. Chope) said, we should consider the important issue of children aged under two. Some indication as to when the guidance will be introduced would be very welcome.

Unfortunately, there seems to be widespread fraudulent use of badges. According to one estimate, there are some 700,000 fraudulent abuses of the badge system. The chief superintendent of the Dudley, North operational command unit says that the number of badges, and the number of abuses of badges, are increasing at an alarming rate, so enforcement is absolutely crucial. An assurance from my hon. Friend the Minister on the implementation of the guidance would also be very welcome.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I, too, am pleased to welcome the new clause, which allows for the inspection of blue badges. It will be greeted warmly by all those who hold blue badges and will make a considerable difference to their lives, enabling them to avoid the frustration they often feel at being unable to use the parking spaces provided for them. It also has the benefit of making the law in England and Wales consistent with that in Scotland, which already benefits from such regulations. We supported the provision in Committee and I am pleased to confirm that we will support it today.

Brian White (Milton Keynes, North-East) (Lab): As the Minister said, I moved a similar amendment in Committee, and other hon. Members have already mentioned several of the points that I intended to raise. However, it is important for the Government to introduce the guidance as quickly as possible. I am sure that my hon. Friend will seek to do so, but it would be helpful if we had some indication of how quickly it is likely to happen.

Local authorities and the police already have a wide range of powers, and the disabled community will welcome the additional powers of inspection. Just yesterday I exchanged e-mails with one of my regular correspondents, Clive Bailey, who describes himself as a rebellious disabled member of the community. He pointed out the various problems that arise when people misuse parking bays. The power to inspect will make a major difference to the lives of people like him.

As my hon. and learned Friend the Member for Dudley, North (Ross Cranston) pointed out, there is further work to do on other elements of the blue badge scheme, and I seek the Minister's assurance that the Bill will be the vehicle through which the Government will seek to make the necessary additional changes to

[Brian White]

improve the blue badge scheme—the extension to under-twos, for example. The Bill is welcome and I congratulate the Minister on following up my original amendment.

Mr. John Redwood (Wokingham) (Con): To complete the harmony of the occasion, I, too, welcome the Government new clause, and I also urge the Minister to produce carefully worded and timely guidance and advice. The guidance needs to be tough in some parts and kind in others. The House would surely agree with me that we should be tough on the low sort of life that tries to cheat on the use of these badges. It is particularly low and dirty to try to gain a badge on false pretences or to seek to use a vehicle carrying a badge when the person using that vehicle is not disabled and is not transporting a disabled person with him. We can all agree on that, and I hope that the guidelines will be tough on such people and that the maximum penalties will be imposed where it has been clearly established that the person fraudulently obtained a badge or fraudulently used a legitimate badge for another user or driver.

I also agree with the important point made by my right hon. Friend the Member for East Yorkshire (Mr. Knight) about dealing with disabled people themselves. There will be times when the authorities will challenge a disabled person in order to check up on legitimate use or concerning the appearance of the badge. In those cases, I hope that it will be done kindly and carefully with the assumption that what really matters is the fact that the proper person was trying to use the facility in the correct way. If some mistakes in how or whether a badge is displayed are made, we should not take a dim view if the right person was seeking to use it for the right purposes.

Anyone who has suffered from temporary disabilities—broken limbs or other accidents—has just a small insight into what it must be like to have to live with even bigger hazards all one's life. We must all have enormous sympathy for such people and I hope that the measure that we are debating today will not make their lives more difficult. I do not want them to be hectored by the authorities trying to enforce the regulations against other people.

Mr. McNulty: I thank hon. Members for their kind words and their welcome for the new clause. I should like to deal with some of the points that were raised.

It was right to point out that the provision by no means exhausts all the DPTAC recommendations, and we are still reflecting on how best to deal with other outstanding matters. There are many different ways of proceeding. My hon. Friend the Member for Milton Keynes, North-East (Brian White) alluded to primary legislation, but there may be other vehicles for achieving what may appear to be only minor changes, which can be enormously important for people with disabilities. For example, we could attempt to rid the legislation of the overladen value judgment in the term "institution", in preference for "organisation". It is beyond the scope of this particular Bill, but it would also be good if we could implement a degree of reciprocity across the EU—if I may say that without provoking the current consensus—and a degree of mutual recognition of the system.

The eligibility for the scheme of children under two could be the subject of secondary legislation. We have accepted DPTAC's recommendation to extend the scheme to certain groups of children under two—not least those who constantly require bulky or life-sustaining equipment to be carried around. Draft regulations are being prepared in that regard and we will consult on them later this year—as early as we possibly can. More generally, we are seeking to issue guidance for consultation at the earliest possible juncture. We want to reach a stage where enforcement officers and disabled badge holders are able to understand the full breadth of the guidance before the new powers are introduced. Assuming that the Bill receives royal assent we hope to introduce the powers at the earliest opportunity.

The hon. Member for Christchurch (Mr. Chope) raised an important point about enforcement officers and interplay with the police. We shall seek to ensure that enforcement officers and the responsible authorities advise on the most appropriate means of involving the police in order to pursue a prosecution. The interface with the police is highly important and we want the guidance to make clear, after consultation with the enforcement authorities and the relevant police authorities, the system that will prevail to achieve that. I repeat my undertaking to try to ensure that any guidance should make it clear that, where the badge of an entirely legitimate badge holder has somehow been obscured, the provisions can be revoked.

There are other dimensions of the scheme that we need to reflect on further. We are examining the feasibility of establishing a national database of badge holders, specifying precisely who is entitled to use a badge throughout the country. We shall do some further research on that during the next couple of months. In the longer term, the advent and development of smartcard technology might provide an appropriate way to proceed.

Brian White: On that point, does my hon. Friend agree that the role of carers is crucial?

Mr. McNulty: The eligibility of carers and of people with a clear temporary but debilitating disability—the right hon. Member for Wokingham (Mr. Redwood) referred to them—will require further examination in some detail. Both in the House and beyond, people have broadly welcomed the provisions. The Bill provides a substantive advance, which should be made, but I fully accept that DPTAC's recommendations and a range of other suggestions show that there is further to go before the blue badge scheme will be fully operative in the way we all want. Abuses certainly have a profound impact.

Mr. Chope: In the press release issued today, the Minister says police and parking enforcement officers

"would have new powers to inspect blue badges",

but my understanding is that the new clause will confer powers to ask to inspect. It does not give the enforcement officer the power to put his hand inside the

car and seize the blue badge. If my interpretation is correct, will the Minister ensure that his press release is amended accordingly?

Mr. McNulty: I do not think I will—not least because it has gone! The release states that seeking the leave of people to inspect is the start of the process. The other end of it, assuming that co-operation is not forthcoming, is, as I have said, a prima facie case of abuse or contravention of the parking rules. In the context of both aspects, calling it a right to inspect is perfectly valid.

Ross Cranston: It may help the House to note that proposed new subsection (4BD) states:

"A person who without reasonable excuse fails to produce a badge when required to do . . . shall be guilty of an offence."

I think that the press release is therefore accurate, and that there is no need to try to retract it.

2 pm

Mr. McNulty: My hon. and learned Friend has said in elegant legal terms what I was clumsily trying to express in my own way. I think we will leave the press release as it is.

The right hon. Member for Wokingham spoke about the balance between cruelty and kindness, and called for a degree of flexibility in the guidance so that we focus on the people who transgress. Abuse in this area needs to be regarded as almost as taboo as transgressions such as drink driving. That is absolutely abhorred across the piece now, but only 10 or 20 years ago it was regarded as a bit of laugh. If a person got away with it, that was fine. It is not an overstatement to say that abuse of the blue badge scheme is an outright abuse of the civil rights and liberties of legitimate badge holders. If such people cannot park where they are lawfully entitled to, that can have a profound effect on their entire day.

With the caveat that there is still a way to go on this matter, in the sense that there are more improvements to be made through the incorporation of recommendations from DPTAC and other bodies, I commend the new clause to the House.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 1

CIVIL ENFORCEMENT OF TRAFFIC CONTRAVENTIONS (GUIDANCE)

'(1) The appropriate national authority may issue guidance to any local authority undertaking civil enforcement powers under Part 6 of this Act or the London Local Authorities and Transport for London Act 2003 about any matter relating to the exercise by it of any power to impose civil penalties for road traffic contraventions.

(2) In exercising their powers of civil enforcement of traffic conventions a local authority shall have regard to any guidance under this section.'.—*[Mr. Chope.]*

Brought up, and read the First time.

Mr. Chope: I beg to move, That the clause be read a Second time.

When the Minister introduced Government new clause 11, he made a slip of the tongue and talked about persecution. This new clause deals with persecution and how to prevent it. It is a plea for common sense, proportionality and reasonableness in the use of civil enforcement powers against motorists. It is a continuation of the Opposition's fight-back campaign on behalf of middle Britain. Motorists and other honest, decent and law-abiding road users are being persecuted and oppressed by unreasonable men and women in uniforms. The persecution is often carried out at the behest of local authority employers, out of greed or hatred of cars and those who drive them.

In Standing Committee, my right hon. Friend the Member for East Yorkshire (Mr. Knight) drew attention to a headline in a Hampstead local newspaper earlier this year—"Traffic Warden Boss Admits He Hates Motorists". The newspaper sent a journalist, operating under cover, for a discussion with the person in charge of the traffic warden service. That person freely admitted that he hated all motorists, and would do all that he could to get at them. It is always important to consider whether a motive is involved, and there is clearly a motive in this case. That is why the Government must act on the matter.

There was a long and lively debate on the morning of 5 February about the enforcement civil penalties for road traffic contraventions. Many examples were given to illustrate how unreasonable some civil enforcement can be. I shall not repeat them all, but earlier this year Nadhim Zahawi, the managing director of the YouGov organisation, was involved in an accident in which his scooter was wrecked. As he was lifted into an ambulance, a £100 ticket was put on his scooter. That was thought to be reasonable.

Another example occurred in the snowy weather at the end of January and the beginning of February. A local authority placed fine notices on cars that had been abandoned because of the snow. That was also regarded as perfectly reasonable behaviour.

Both those examples illustrate unreasonable persecution. The new clause would enable the Minister to protect motorists from the excesses of enforcement officers, whom my right hon. Friend the Member for East Yorkshire called

"regulation-ridden, form-filling, pen-pushing nincompoops."—[*Official Report, Standing Committee A*, 5 February 2004; c. 260.]

The hon. Member for City of York (Hugh Bayley) called them "over-zealous". The Minister said:

"In general, it is reasonable to ask those who enforce parking regulations to use good sense. I believe that in most cases they do: clearly, in some cases, they do not, and we all know of examples. We should encourage local authorities to promote good practice among those who enforce the regulations. For the police, that is generally the case. A police officer will use discretion and good sense, and a little bit of discretion and good sense is needed in enforcing some of the other regulations as well."—[*Official Report, Standing Committee A*, 5 February 2004; c. 266.]

Mr. Redwood: I am swayed by my hon. Friend's sensible arguments so far. New clause 1 states that local authorities "shall have regard" to guidance, but will he say what penalty or persuasion should be used to ensure that they follow any sensible guidance that is issued?

Mr. Chope: What I have in mind is that any statutory guidance could be taken into account by the adjudicator if an appeal is made. At present, the adjudicator must apply the letter of the law. He cannot allow the discretion that would have been exercised by a sensible police officer or traffic enforcement officer to be imposed on the tribunal. However, statutory guidance would allow adjudicators to take that into account. As a result, motorists would be protected from over-zealous enforcement.

The Minister, in the passage that I quoted, seemed to accept our point that civil enforcement officers do not always exercise the common sense, proportionality and reasonableness that we have come to expect from the police. He said that he was keen to encourage local authorities to promote good practice. The voluntary guidance published in 1995 pursuant to powers contained in the Road Traffic Act 1991 is non-statutory. It is apparent that some local authorities have little, if any, regard for it. The new clause would put that non-statutory guidance on a statutory footing.

The matter is even more important because of the proposals in the Bill to extend the civil enforcement regime to cover moving traffic offences. Some such enforcement is already beginning in London on an experimental basis, but the practice will become much more widespread nationally. That raises the need for statutory guidance.

The Automobile Association has said:

"The civil enforcement of parking and traffic offences will be discredited if motorists come to regard it as a revenue gathering exercise rather than a road safety and traffic management issue."

The British Parking Association, in a letter to the Minister dated 1 March, admitted that allegations that some penalty charge notices had been issued improperly were correct. The letter stated:

"At present enforcement relies on either the placing of a ticket on a stationary vehicle, handing the ticket to the driver of a stationary vehicle or on the corroborating evidence of a camera. We are concerned that with the advent of civil enforcement for moving traffic offences the uncorroborated evidence of a single enforcement officer will not be considered as adequate or safe by a large proportion of the public. In effect a driver will receive a penalty by post, some time after the alleged offence with no evidence other than the word of a single enforcement officer . . . and very little chance of being able to question or challenge the alleged offence coherently."

The BPA's interest is almost the other way in this matter, but it recognises that some local authorities behave unreasonably when it comes to civil enforcement, and that the Bill's powers in respect of moving traffic offences will cause an even bigger rebellion among the motoring public.

I hope that the Minister accepts that, at the very least, there needs to be statutory guidance to cover moving traffic offences, where the civil penalty cannot be served at the time of an offence and where reliance is placed on the uncorroborated evidence of a single traffic enforcement officer.

The Minister accepts that where traffic offences are decriminalised and the courts are no longer involved, it is necessary to ensure that those aggrieved by the imposition of the penalty charge have recourse to an independent and impartial tribunal. Such a system was set up under section 73 of the Road Traffic Act 1991. Unfortunately, the tribunals do not have the discretion to examine issues of reasonableness and proportionality, despite their being referred to expressly in local authority circular 1/95.

Page 38, paragraph 7.6 of the circular states:

"Local authorities should ensure that all parking attendants, including supervisors and managers, having the training necessary to provide accurate, fair and consistent enforcement. This requirement applies whether the parking attendants are employed by the local authority or by a contractor."

Paragraph 7.9 states that training should include

"The authority's policy for dealing with 'mitigating circumstances' and other matters which require judgment to be exercised (eg. the motorist claiming to be going for change when the PCN is issued; nearest pay-and-display machine out of order, but another machine is close by; claim that meter out of order when PCN issued; motorist claims that voucher, permit etc. was valid when attendant considers it was not; explanatory note left in vehicle".

Common sense and good judgment should be exercised on those issues, but there are currently far too many occasions on which judgment is manifestly not being exercised, and motorists are suffering as a result.

On wheel-clamping, paragraph 8.16 of the circular states:

"Local authorities undertaking wheelclamping should devise guidelines for when clamping may be carried out . . . It is important the guidelines can command public support by making the level of enforcement proportionate to the seriousness of the contravention. Wheelclamping may be brought into disrepute if a local authority permits it for what the public may regard as relatively unimportant contraventions."

Vehicle removals are another contentious area, and paragraph 8.28 of the circular states:

"Removals should not be carried out in an ad hoc fashion . . . As with wheelclamping, it is important to ensure that vehicle removals are only undertaken where the seriousness of the contravention warrants this level of enforcement. Inappropriate use of removals may bring an authority's enforcement activities into disrepute."

The problem is that none of that worthy advice from the Government carries any weight with the adjudicator if a local authority chooses to use its enforcement powers in an arbitrary, inflexible and oppressive way.

To put the matter in context, the latest figures show that more than 12,000 parking and bus lane appeals were received in the last three months of last year in London. More than 3,000 of those appeals were allowed, and in 3,266 cases the enforcement authority did not even bother to contest the appeal, resulting in an overall appeal success rate of 57 per cent.—moving traffic offences form a significant and growing part of that total. Most successful appeals and appeals that were not pursued by the enforcement authority should have been rejected at the informal representations stage. That aspect of the process is not working effectively.

Thousands, if not tens of thousands, of motorists cannot be bothered to go through that long process when they know that there is an inflexible law with minimum discretion for the adjudicator in examining the actual facts of the case, so they pay up regardless but under protest. If we had statutory guidance, which new clause 1 seeks, that would be in the past, and we would also be able to deal with the problem of those local authorities—it has been drawn to my attention that

Somerset, which is under Liberal Democrat control, is one such authority—that have a specific policy to incentivise traffic enforcement officers to go out and maximise revenue to the detriment of the travelling public.

2.15 pm

John Mann (Bassetlaw) (Lab): I have listened to the hon. Member for Christchurch (Mr. Chope) with incredulity given his references to the debate in Committee on 5 February in which it would be reasonable to say that I played a prominent part. He is so keen to pursue his long-held ideology of privatising everything and attacking the public sector at all times that one fears that he may have privatised his brain and that the shareholders have just taken a dividend. The debate on 5 February covered not only the public sector but the private sector.

The Under-Secretary of State for Transport, my hon. Friend the Member for Plymouth, Devonport (Mr. Jamieson) issued a letter that specifically refers the 5 February debate, in which I pointed out the difference between private sector operators of car parks and public sector operators of car parks and that private sector operators of public car parks are anomalous. I received the Minister's letter yesterday, which is rather late in the day, and it does nothing to address that anomaly—indeed, it excuses it.

The Minister is highly capable, competent and articulate, and he should know not to rely on information provided by the Department for Transport. He will recall that the Department managed to introduce road humps that failed to take account of where cars are positioned on the road, which were a disaster and unpopular across the country. The same point applies to the information that the Department has provided on civil and criminal enforcement, and the Minister's letter defends the existing legislation and the anomaly within it. An individual fined by a private operator of a private car park can go to a civil court and have their day in court. If a local authority is involved, an individual has the potential remedy of the parking adjudicator. But if a private operator of a local authority car park is involved, an individual can go to neither one nor the other and is therefore criminalised by the case being taken to the magistrates court.

The Minister's letter and new clause 1 both fail to address this point: a private operator with a profit maximisation outlook, which is reasonable if one runs a private company, can put the threat of going to a criminal court to the motorist. The motorist faced with the prospect of going to a criminal court will obviously be intimidated by the potential for criminal proceedings and a criminal record. The evidence from many cases in Bawtry car park, which adjoins my constituency, is that individuals cave in although their tickets should not have been given in the first place. New clause 1 must therefore incorporate civil enforcement if it is to be of any use to Parliament, motorists and the people of Britain.

Private operators are running public car parks as cash cows. They are raking in 100 per cent. of the money—as at Bawtry car park—and that must be addressed. The Minister, through his civil servants, has attempted to address the anomaly in the legislation, but failed once again to address the anomaly in the law, which was demonstrated in Doncaster magistrates court. Such cases are covered by section 112 of the Road Traffic Regulation Act 1984, which defines local authorities as

"a county council . . . a district council, a London borough council and the Common Council of the City of London."

Therefore, neither a parish council nor the private operator of a parish council car park can take people to court. That contradicts the letter that the Minister sent to all members of the Committee—he is wrong and his civil servants are wrong. The issue is small because not many parish councils are stupid enough, anti-motorist enough or greedy enough to try to skin the motorist of money via a private operator. With the publicity that the parish council has received, I cannot imagine that there will be a queue—certainly in my area—of parish councils that wish to skin the motorist in such an unprecedented, unprincipled and greedy way. However, the anomaly could also apply to car parks owned by a county or district council or a unitary authority. Therefore, the issue must be addressed and my hon. Friend the Minister needs to put his mind to it. If the Government are to be on the side of the motorist, we cannot allow the private operators of public sector car parks to skin the motorist by using the threat of criminal proceedings. That has happened time and again, as proved by the evidence that I have provided to his Department.

One should never rely on evidence provided by a cursory examination by a local authority that—as the hon. Member for Christchurch pointed out—may also be on the make by skinning the motorist. For example, local authorities claim that car parking machines across the country are the same. They do not know that, because they did not configure the machines. If the civil servants had read the report of the debate on 5 February they would have seen from *Hansard* that the manufacturer of the machines, Metric, admits that the tolerance on the machines can be configured by the owner. When configuring a machine, the margins of tolerance are significant enough to determine whether, for example, a 20p piece registers. It is a longstanding issue. Years ago, people who had been abroad could stick old French francs in chocolate machines in place of a shilling to fiddle the chocolate manufacturers. Of course, I would never have dreamed of doing such a thing myself, but we have all heard the stories about such practices.

The question of the tolerance of the machines is fundamental. The owner of a machine can fiddle the tolerance so that a 20p piece stays in the machine but does not register, and the motorist might not notice that. How would the motorist then know that the money that they had paid honestly for car parking had not been registered by the machine? That might lead to the absurdity of a fine. That is a major issue, and I suspect that the scandal of Bawtry car park has been silently replicated across the country and that other hon. Members will be inundated with demands for action if my hon. Friend the Minister does not take action now.

In exposing the weakness in the new clause, with its ideology of privatisation, I have put before my hon. Friend the weakness of the arguments that his civil servants have provided for him. I trust that he will wish

[John Mann]

to reconsider that advice, put the record straight and allow the motorist to win, not the fleecer of the motorist's pocket.

Mr. Redwood: It is a privilege to follow the hon. Member for Bassetlaw (John Mann) after that powerful speech, and I have much sympathy with his condemnation of rapacious car park managers of all kinds. He may be on to something and it is a pity that Ministers have not taken his arguments more seriously so far. It was a little unfair to criticise my hon. Friend the Member for Christchurch (Mr. Chope), because the new clause tries to deal with a wider point about ensuring that sensible guidance is issued to local authorities that may be rapacious enough to see these measures against the motorist as an opportunity to raise revenue rather than to run a disciplined show.

The clauses in question include clause 70, which shows that we are talking about a wide range of contraventions by the motorist. The list includes:

"parking contraventions . . . bus lane contraventions . . . London lorry ban contraventions . . . moving traffic contraventions".

It was the inclusion of the latter group that worried my hon. Friends who framed the new clause. The Opposition are concerned by the way in which the motorist has been targeted by some authorities, national and local, as the object of fines for minor infringements of ill-judged regulations. Motorists agree that they are ill judged, and that is why the motorists fall foul of them. I am pleased that my hon. Friends have produced a proposal so that a sensible Secretary of State could offer guidance to local authorities and discipline or control any local authority that might wish to use sensible measures for orderly policing of traffic as a means of raising revenue by exploiting motorists in distress.

I shall not bore the House with many examples, but it is important to consider one or two cases of inadvertent or unavoidable infringements for which a motorist could be hounded if sensible guidance is not offered. One example is bus lane contraventions. Most of the time, it is right that a motorist should observe the restriction on his use of a bus lane. If the bus lane is in operation, whether or not any buses are using it, the motorist knows that he must keep outside the bus lane on what remains of the highway. Let us suppose something happens just ahead of the motorist—an accident, or a motorcycle or cycle pulling out—so that it is rational and necessary for the motorist to take evasive action by moving his vehicle temporarily into the bus lane to avoid a worse problem such as a collision or worsened congestion. That is a judgment that a motorist has to make in a split second. It may be that, before the enforcement authorities intervene, the temporary problem that caused the motorist to move into the bus lane has cleared or is not immediately apparent to the enforcement officers who were not on the scene at the time. The motorist may then be prosecuted, but it is important that authorities dealing with such infringements are sensible about what might have happened. In the event of prosecution, there needs to be a proper procedure to allow the motorist to state his case, and for that to be taken seriously. My hon. Friend the Member for Christchurch has done us a service by drawing attention to such issues.

The same is true of parking. On occasion, a motorist may identify a free parking space only to discover that the parking machines in the vicinity are full of coins and not operating or have broken down. Is it really the case that the motorist has to feel that he cannot park there at all, even though it is a lawful parking slot in normal circumstances, because the authorities have been unable to collect the money or maintain the machine to an appropriate standard? I would hope that a plea in mitigation would be available, so that the motorist could get off if he had tried to pay and had genuinely been unable to do so, especially in cases where he had put a note on the windscreen of the car, explaining that he had no wish to defraud or deprive the authorities of their money but that there was no one around to collect it and the machine that the authority had supplied could not take the money. I hope that such extenuating circumstances will lead to sensitive and sensible enforcement.

Under the new clause, in the event that authorities tried to play Dick Turpin with the extensive powers to charge and fine, there would be an opportunity for a Minister to issue national guidance. I have only one worry about my hon. Friends' sensible proposal. I doubt whether Ministers are on the side of motorist and would wish to use the power sensibly if local authorities saw the Bill as a way to raise money from unsuspecting motorists or those unavoidably tempted into breaking a rule or regulation. I will not hold that against my hon. Friends, however. I would like to see them return to government as soon as possible, and it would be useful if the provision were included in the Bill so that it could be used by a sensible Minister, even if we cannot persuade current Ministers that there is a problem. I sometimes read in the press that Ministers have seen the light and recognised that most of their constituents—and they themselves—are occasionally motorists, but at other times they seem to go back into the mode of thinking that all motorists are wicked and should not use their cars.

It gives me pleasure to support the new clause, and I hope that the Minister will find some words of comfort for the hon. Member for Bassetlaw, who needs a different kind of amendment to tackle the robber barons about whom he is rightly worried.

2.30 pm

Mr. Greg Knight: I hope that I am not developing early signs of schizophrenia, but I have been puzzling since our debate started about why, on the amendment paper, I am referred to as "Gregory" next to the new clauses to which I have put my name and "Greg" next to the amendments. Perhaps someone could enlighten me about that before we conclude our proceedings.

I support new clause 1. There is a need for a code of practice, compliance with which should be compulsory—it should be a mandatory code. It is needed because widely varying practices are currently applied to decriminalised parking enforcement contracts from one council to another. Existing guidance from the Department, which I understand is issued under circular 1/95, is not proving to be as helpful as many Conservative Members had hoped. The circular is largely ignored by several local authorities, and I am told that some councils are not even aware of its existence.

In case after case, the monetary gain from parking penalties is too much of a temptation for many councils, and they prefer to maximise their revenue at the expense of fairness and justice. I was listening to a local radio station in my car as I drove south down the M1 on my way to the House yesterday. I was astonished to hear someone from Leicester city council saying that the council had to increase the parking charges in the city of Leicester by far more than the rate of inflation because its revenue from the issuing of parking tickets had dropped. The radio interviewer seemed rather baffled as to why the council wished to penalise law-abiding motorists who parked in parking bays and paid their fees because the rate of revenue gained from those who ignored the law had fallen. The council has given the game away. Many local authorities introduce such measures as a purely revenue-raising exercise.

A mandatory code of practice would require local authorities to ensure that enforcement standards were uniform throughout the country. I believe that it would reduce the number of appeals made on tickets issued in borderline circumstances. As my hon. Friend the Member for Christchurch (Mr. Chope) said, the adjudication service would have clear instructions as to what was, and what was not, reasonable.

I would also hope that a code of practice would completely remove some of the dubious practices that currently exist in some parts of the country, and I wish to inform the House of several examples of such practices that have been brought to my attention since the Bill started its parliamentary progress. First, in some areas, a penalty charge notice is issued within one or two minutes of the expiry of the time purchased. Secondly, vehicles are sometimes clamped before the statutory 15 minutes has expired. I believe that 15 minutes is far too short a time anyway, because clamping adds to the delay suffered by the motorist and the inconvenience caused. It also puts a further £60 or so on top of what is already an extremely high charge.

Thirdly, vehicles are towed away from a parking bay within the first hour of overstay even though they clearly cannot be causing an obstruction because they are in a parking bay. The power to tow vehicles from parking bays should not exist unless it is clear from the effluxion of time that a vehicle has been abandoned. Fourthly, I am told that in some local authorities, authorised removal vehicles cruise around looking for offending vehicles. The Minister should condemn that practice because although it contravenes his Department's guidance, it happens on the streets of some of our cities.

Fifthly, traffic wardens do not wait to satisfy themselves of whether a vehicle is being loaded or unloaded. A case was recently brought to my attention in which a solicitor was visiting his in-laws and unloading a piece of furniture from his car. The solicitor was amazed to observe from the house window a traffic warden who approached the vehicle and started to write a ticket without delay. With the presence of mind that one would expect from a member of the legal profession, he took out a video camera and videoed the incident. When the local authority refused to withdraw the ticket, he took the matter all the way to court and won his case by producing evidence that the traffic warden had not satisfied himself that the vehicle was being unloaded.

The sixth complaint that has been drawn to my attention is about cases in which a penalty charge notice is issued for a so-called out-of-parking-bay offence even though the vehicle extends just over the bay lines. Does the Minister approve of such behaviour and, if not, will he tell us what he intends to do to bring about an end to the practices? If new clause 1 were to become law, it would cope with all the grey areas that I mentioned.

Mr. Redwood: I am grateful to my right hon. Friend for his good list. Has he come across the practice in some London boroughs of having one-armed-bandit parking ticket machines that do not tell people how much money they must put in to trigger extra minutes? People put in a reasonable amount yet discover that they have bought no extra time at all and that even more must be put in. There are machines that swallow money for time outside the hours in which parking restrictions are imposed, but people are not warned of that or given a refund. There are also machines that offer no change. Are not all those things akin to theft?

Mr. Knight: I agree with my right hon. Friend. Proper signing and notices are essential so that motorists know what is required of them. One wonders why the notices are inadequate. Perhaps that is deliberate—as I think he and I suspect—so that more revenue may be raised from the motorist.

We often hear that we are a tolerant society with a fair system of justice, but those practices are a blot on our otherwise well-earned reputation for fairness. They are driven by the greed of local authorities, not by justice. I frankly find them offensive because they are a means of raising money from those members of society who are in the main law-abiding, yet are identified by local authorities as a soft touch.

What makes matters worse is the fact that our fines and parking charges in general are already among the highest in the world. If my right hon. and hon. Friends will forgive me, I shall commit heresy by citing figures in euros. I think that the House will find the figures interesting. In Vienna, the maximum parking fee is €0.87 per hour. In Brussels, the maximum parking fee is €0.50 per hour, and in Barcelona, the maximum fee is €1.20 per hour. In Amsterdam, the maximum fee is €2.50 per hour, and in Paris, which is the nearest of our European partners' capital cities to this island, the maximum parking fee is €3 per hour. However, here in the UK, in London, the maximum parking fee is €8 per hour. I do not regard that as justice. The situation is not equitable or fair, and the Minister should examine it.

One can add to that the fact that most of our European Union partners impose fairly modest fines for breaches of parking regulations. Fines for parking offences ranging from €25 to €50 are the norm throughout the EU. However, in the UK, fines—perhaps I should call them stealth-tax fines—of between €100 and €130 are imposed.

Looking at these figures, the House can see how great is the injustice on the poor, long-suffering British motorist.

A report in *The Times* on 7 March revealed that

"wardens in Scotland's two biggest cities distributed 500,000 tickets last year. Glasgow city council raised £6.6m in fines while Edinburgh collected £7.1m—a rise of 40% on the previous year."

[Mr. Knight]

It went on.

"Wardens in Edinburgh, nicknamed the 'blue meanies', have issued tickets to disabled drivers, police cars, ambulances and a hearse. Drivers in Glasgow have been ticketed close to midnight and others have been hit with fines for parking late at night in council car parks."

The report also reveals that, although 500,000 tickets were issued in Glasgow and Edinburgh, the police are responsible for issuing tickets outside those cities, and they issued only 157,000 tickets. That indicates that the police are operating as we would expect—in a quasi-judicial way—in issuing tickets when they feel that that is fair, yet in some, not all, decriminalised areas where wardens operate, those wardens see this as a money-making exercise.

The new clause is an attempt to stamp out those indefensible injustices, over which the Government continue to preside. Let the Minister accept the new clause, and if he resists it let him explain to the House how he intends to guarantee to the motoring public fairness and equity in the operation of our parking systems. The unfair brow-beating and money-grabbing persecution more suited to a banana republic than to the United Kingdom really must cease.

The Parliamentary Under-Secretary of State for Transport (Mr. David Jamieson): I was interested in the remarks of the hon. Member for Christchurch (Mr. Chope), who repeated a phrase that he used in Committee: he said that he was involved in the fight-back campaign for middle Britain. I can tell him that if the unlikely day comes when he gets somewhere near to getting back into government, he will be doing as we are doing—fighting on behalf of the whole of Britain.

We fully intend that guidance will be issued to local authorities undertaking civil enforcement of traffic contraventions. Part 6 provides for putting civil traffic enforcement by local authorities on a consistent national basis. All authorities, whether in London or outside, will be given the same powers. It is important that authorities that exercise those powers should do so as consistently as possible across the country, and that requires nationally applicable guidance.

I am not sure that I would go as far as the right hon. Member for East Yorkshire (Mr. Knight), who I know to be a strong Europhile. I do not know whether those views are entirely shared by those around him. I do not want Euro-standards for fines or any matters to do with taxation, even though I am a luke-warm Europhile.

Mr. Knight: I was not arguing for Euro-standards; I was making the point that where we are so far out of line with the rest of the civilised world, surely something must be wrong. Our fines and parking charges are too high.

Mr. Jamieson: We are a long way out of line on road safety and on death and injury on the roads, and I would say that that is not wrong; it is right. We are right in the fines that we are imposing. It is also right that we make decisions about these matters, and I certainly do not want any Euro-standards. Perhaps the right hon. Member for Wokingham (Mr. Redwood) will come to the right hon. Gentleman's aid and make a strong, powerful case on behalf of Europe.

Mr. Redwood *indicated dissent.*

Mr. Jamieson: There we are—there is already a split on the Tory Benches. It doesn't take long, does it?

John Mann: I thank my hon. Friend for giving way on the issue of Euro-standards. As he will be aware, I have driven cars and lorries commercially into many of the cities that were mentioned, and I assure him that the information provided by the right hon. Member for East Yorkshire (Mr. Knight) is wholly inaccurate regarding a number of the capital cities that he mentioned; for example, Brussels, Vienna and Paris.

2.45 pm

Mr. Jamieson: I thank my hon. Friend for that.

The question is whether guidance needs to be put on a statutory basis, as new clause 1 seeks to provide. Sadly, we cannot accept the new clause as drafted, as it refers to the London Local Authorities and Transport for London Act 2003. The civil enforcement provisions of that Act will be repealed in due course by regulations to be made under the provisions of part 6 of this Bill. Also, I have to say that, although we know a good deal about civil enforcement of parking and bus lanes, in framing national guidance, we will in fact be learning from the practical experience gained by the pilots of enforcement of moving traffic contraventions to be undertaken in London under the powers in the 2003 Act.

I have considered the points made by my hon. Friend the Member for Bassetlaw (John Mann) in the debate and in the substantial correspondence that he sent to my Department, which I read with great care. It makes sense for local authorities to be able to contract out the day-to-day operation of their car parks where that represents best value. Where such contracts are entered into, it is of course the responsibility of the local authority to ensure that the appointed contractor acts in accordance with the authority's wishes.

The case of Bawtry council car park is, perhaps, unusual. My hon. Friend made a point about the adjudicator. In the case of that particular car park and highways authority the area does not, as yet, have decriminalised parking, which means that the adjudicator is the magistrates court. One of the things that my hon. Friend was asking for is that the parish council should have to go to the highways authority to get permission to go ahead with prosecution. The right hon. Member for Wokingham, who is not usually one for talking up extra regulation, even for local authorities, supported my hon. Friend in that. The difficulty is that we could be providing something that all parish councils in similar circumstances would have to do, putting an extra burden of bureaucracy on them because of what I consider to be the specific and particular problems of the car park in my hon. Friend's area.

I fully accept that there are difficulties in that car park; my hon. Friend articulated them with great strength and power today and in the Standing Committee. If he thinks that there are other places with similar

problems perhaps the right hon. Member for Wokingham, who came to his support, knows of some—I will be interested to hear about them.

John Mann: The point is that the parish council cannot go for decriminalised car park status and if Doncaster council, as the highways authority, went for that status, the ambiguity would be even greater, because the parking adjudicator would be available for people parking in Doncaster car parks, but not those in the privatised Bawtry car park, precisely because it was privatised.

Mr. Jamieson: I do not think that that is correct. I will take some advice on that, but it is for my hon. Friend to go to the authority in Doncaster to see whether it has any interest in taking up the option of decriminalised parking. The adjudicator would then, as my hon. Friend says, be available to people in Doncaster. As I understand it, however, it is the operation of the car park, rather than the car park itself, that is privatised. My hon. Friend will accept that if we made regulation on the basis of one car park, which affected all the other parish council authorities in the country, that would be somewhat unfortunate.

I have listened to the debate with great care. Having listened to Members' oratory, I wish to sound an early conciliatory note. Whatever the defects in the drafting of the new clause, after careful consideration I have concluded that there is merit in putting civil enforcement guidance on a statutory basis. It would give the guidance greater force and make authorities more mindful of its content when carrying out enforcement activities. I therefore hope that the hon. Member for Christchurch will withdraw the new clause on the understanding that we will introduce a suitable amendment in another place, putting guidance to local authorities on civil enforcement of traffic contraventions on a statutory basis.

Mr. Chope: I am grateful for what the Minister has said. Could he be more precise about the stage at which he will table an amendment in another place?

Mr. Jamieson: I have only just been persuaded by the hon. Gentleman's arguments, but when the Bill goes to another place we will consider how to table a new clause to meet the points raised in new clause 1.

I hope that that is helpful. Notwithstanding his points about Europe, with which I did not agree, the right hon. Member for East Yorkshire expressed some genuine concerns, and we shall make sure that they are dealt with.

John Mann: I am horrified that the Minister has accepted a provision that worsens the double standards that apply to local authority car parks and privately operated local authority car parks. What advice would he give to the Driver and Vehicle Licensing Agency which, in a letter to me this morning, said that copies of penalty notices have to be provided? I won my court action against Bawtry town council because the DVLA had agreed that penalty notices were inaccurate and had been issued illegally. What does the Minister intend to do to ensure that equally strong guidance is issued to private operators, not least because the DVLA is key

Madam Deputy Speaker (Sylvia Heal): Order. That is a very lengthy intervention.

Mr. Jamieson: Thank you, Madam Deputy Speaker.

The guidance, in fact, will take into consideration most of my hon. Friend's points, but I will also look at the involvement of the DVLA

Mr. Greg Knight: To hear a Minister admit that he listened to the debate and was convinced by it is very rare indeed, so I should like to place on record the fact that there is no gloating among Conservatives. Indeed, in our eyes, he has grown in stature.

Mr. Jamieson: That is extremely kind of the right hon. Gentleman. In the seven years for which I have been in government it has not been uncommon for Ministers to listen—indeed, that occasionally happened before we came to office.

I hope that my assurance has been helpful. A good case was made for the new clause, and I shall accept its substance for consideration in another place.

Mr. Chope: I am surprised but delighted by the Minister's approach. I hope one day to have a secretary who can type up my thoughts as quickly as the Minister's thoughts were typed up when, in responding to our debate, he changed his mind after he listened to our arguments. We decided, because of the strength of our arguments, to table our amendments well before the Bill's Report stage. The Minister could therefore have applied himself to the matter a little earlier, and tabled an appropriate Government amendment. However, we look forward to seeing the substance of the Government amendment in another place, and I hope that it will take into account the concerns expressed both in our debate and by parking adjudicators. Recognising that this is a victory in the motorist's fight back, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 2

PERMITS ISSUED UNDER PART 3 (FEES)

'No fee in respect of any application for a permit or the issue of a permit under Part 3 of this Act shall be set at a level higher than that necessary to cover the administrative costs of—

(a) responding to permit applications;

(b) issuing permits; and

(c) maintaining a register of permits.'—*[Mr. Chope.]*

Brought up, and read the First time.

Mr. Chope: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this it will be convenient to discuss the following amendments: No. 10, in page 16, line 20, at end insert—

'(2A) Permit regulations shall set out standard provisions which must be included in a permit scheme so as to ensure a reasonable level of consistency between permit schemes within the

[Madam Deputy Speaker]

authority's area, and in particular to ensure that a single electronic noticing system may be used to implement permit schemes within the authority's area.'.

No. 11, in page 16, line 40, at end insert—

'(f) for or in connection with the obtaining of permits for works carried out by the highway authority, and/or the inclusion of works carried out by the highway authority in a register of permits.'.

No. 12, in page 20, line 31, at end insert—

'(3B) A street authority may not give a direction under this section in respect of works for which a permit under part 3 of the Traffic Management Act 2004 has been issued."'.

Mr. Chope: I hope that the Government will be as accommodating of new clause 2 as they were of new clause 1.

The provision deals with a stealth tax that is estimated to cost £1.2 billion a year or £55 per household per year. It is therefore quite high up the list of stealth taxes. To put it in context, while that figure is not as high as the pension stealth tax of £5 billion or £6 billion a year, it is greater than the total yield from the new charging regime that the Government propose to impose on higher education. Our debate is therefore significant, because if the Government accepted the new clause, they would be unable to use the permit scheme in part 3 as a new stealth tax.

One of the most frustrating aspects of the Committee stage was the lack of clarity about the Government's intentions on the use of lane rental, penalties for roadworks that take longer than is reasonable and the introduction of a permit scheme, perhaps along the lines of the scheme used in New York. If the Bill remains unamended, the Government will have the power to use the permit scheme as a means of imposing charges on utilities for the mere occupation of the highway, irrespective of whether the occupation is necessary. The Transport Act 2000 introduced a lane rental scheme, which was piloted in Camden and Middlesbrough. Those lane rental pilots expire at the end of March and the Government consultants, Halcrow, will report on the outcome. It is already clear from their interim report, however, that the pilots have proved to be expensive and bureaucratic, and have not resulted in a reduction in the number and incidence of roadworks undertaken by utilities. New clause 2 would prevent the Government from using the permit scheme as a revenue-raising measure on a par with lane rental.

In Committee, the Under-Secretary of State for Transport, the hon. Member for Harrow, East (Mr. McNulty) said:

"the Bill is not about introducing permit schemes as a revenue-raising exercise."

He went on to say:

"We must ensure that there is sufficient ability to charge for the permits to pay for the scheme. However, it is not meant to be, and I do not think that it will be, a revenue-raising scam".—[*Official Report, Standing Committee A*, 29 January 2004; c. 163–65.]

The hon. Gentleman went on to suggest that he was sympathetic to our aim of including in the Bill a restriction on the power of local authorities to use permit schemes as revenue-raising measures. That was the good news, but sadly the efforts of representatives from the National Joint Utilities Group, who spoke to officials from the Department behind the scenes about finding a form of words acceptable to the Government were met with stony silence—indeed, were strongly rebuffed.

Mr. Eric Forth (Bromley and Chislehurst) (Con): I am interested in my hon. Friend's analysis, but how does it accord with the view in many quarters that we should allow local authorities the maximum discretion in deciding what to do in their own area? Is there not an argument for saying that in this case, as in many others, local authorities should be allowed wide discretion in charging for permits, as they would be accountable to voters later?

Mr. Chope: My right hon. Friend makes a case for giving local authorities a great stealth tax power but, having been the leader of a local authority, I believe that it should be the responsibility of national Government and Parliament to set the parameters of local authorities' tax and revenue-raising powers. It is a great privilege for local authorities to be able to raise taxes through, for example, the council tax. Imposing charges for car parking or occupation of the road is one thing, but a scheme for raising more than £1 billion a year from the utilities and, effectively, the public is something else—*[Interruption.]* My right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) thinks that that is a good idea, and I look forward to hearing his arguments later. Speaking as someone who is concerned on behalf of ordinary householders whose utility bills are already of significant size and will go up further as a result of various measures introduced by the Government, I think householders throughout the country need another £55 added to their utility bills each year like they need a hole in the head. I am in favour of flushing out the Government's attitude to this stealth tax. If it means that I go down fighting on behalf of my constituents and other householders, but get some criticism from my right hon. Friend the Member for Bromley and Chislehurst, so be it.

3 pm

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): Is there not a flaw in the hon. Gentleman's argument? He has argued before that the utilities, particularly modern utilities such as broadband, are delivered in a way that disadvantages people in rural communities. Is it not the case that rural communities would not pay the alleged tax that he has invented, and the burden would fall entirely on urban dwellers?

Mr. Chope: I have not yet referred to any particular utilities or to broadband. The hon. Gentleman mentions the specific issue of broadband and telecoms infrastructure. As he knows, that is a sensitive issue, and some of the more remote communities may get access to broadband without the roads having to be dug up.

Mr. Miller: So will the hon. Gentleman concede that his earlier figure of £55 per household is wrong?

Mr. Chope: I will not concede that that is wrong. It is, inevitably, an average. The calculation is based on dividing the figure of £1.2 billion by the number of

households, which gives a possible cost per household of £55 per annum to introduce the scheme that the Government have in mind. The hon. Gentleman identifies a difference between rural and urban areas, which means that in some areas the figure will be less than £55 and in others it will be much more than £55.

Mr. Redwood: My hon. Friend has put his finger on a crucial point. Is this not part of a pattern? The Government came in with a utility windfall tax, went on to a pension tax, then to a telecoms tax—a swingeing £22 billion on our leading utilities at the cutting edge of the technological revolution—and now the Government are going on to another set of stealth taxes on utilities trying to improve the service to our constituents. I am entirely with my hon. Friend, and in disagreement with my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) who, on this rare occasion, has got it wrong.

Mr. Forth: Wait and see. The House has not heard me yet.

Mr. Chope: Indeed, I have not heard my right hon. Friend's speech. I am grateful to my right hon. Friend the Member for Wokingham (Mr. Redwood) for his support.

Looking at the matter in context, it is clear that the biggest burden will be in the water industry, which is carrying out a major investment programme. The industry estimates that the cost of the scheme that the Government have in mind would be in the region of £300 million a year. If the Government accept the new clause, we will know that they do not have a stealth tax in mind. I recently attended a Greater London authority meeting, which was not an experience I would wish on other hon. Members. I noticed how enthusiastic the Mayor of London is about getting his hands on new revenue from the permit regime.

I shall speak briefly about the amendments included in the group. Amendment No. 10 seeks to avoid the administrative nightmare for utility companies of myriad different permit schemes operating across England and Wales. It would integrate an electronic noticing system within any permit scheme to further reduce the administrative overheads. The amendment is in line with the stated intentions of the Minister, who said in Committee:

"The greater the standardisation that the group can achieve, the better"—[*Official Report, Standing Committee A*, 29 January 2004; c. 166.]

The amendment would not prevent account being taken of local circumstances, but would ensure that differing local circumstances were taken into account in the application of a permit scheme, rather than in the scheme itself. A permit scheme needs to be flexible enough to take account of different road types and traffic conditions. Those are the key differentiating factors between local authorities. The amendment is supported by Transport for London, which states that it would prefer a single permit system to operate in London so that information could be easily shared and analysed and administrative burdens minimised.

Amendment No. 11 introduces uniformity by ensuring that the local traffic authority would have to abide by the same conditions as apply to utilities. If permits are an effective way of meeting the overall objectives of reducing congestion caused by obstruction in the road, logic requires that highway authorities should be included. Clause 32(2)(a) states that the permit scheme may make provision as to the persons who require a permit, which does not rule out the highway authority needing a permit for its works. The amendment would make that explicit.

Amendment No. 12 is designed to address the potential conflict between permit schemes and directions under section 56 of the New Roads and Street Works Act 1991. It is absurd to have different provisions in different Acts controlling the same set of circumstances. The amendment makes it clear that where a permit is granted, it will take precedence over section 56.

In conclusion, the amendments are supported by the Transport Sub-Committee, which has expressed its grave scepticism about the entire permit scheme and its opposition to the lane rental scheme. It believes that the Government should develop a scheme, which we strongly support, for penalties where utilities take longer than is reasonable to carry out works on the highway. Introducing an additional stealth tax is the wrong way to proceed.

Brian White: I have considerable sympathy with the hon. Member for Christchurch (Mr. Chope) because the amendments reflect a number of issues that I raised in Committee, especially a permit scheme. I was interested in why he mentioned a stealth tax and the figure of 55 quid. That assumes that the utilities would be subsidising local authorities; it assumes all the costs but none of the savings, and it is a worst-case scenario. To present the situation as the hon. Gentleman did exaggerates points that are validly made.

Mr. Miller: Did my hon. Friend notice that the hon. Gentleman omitted the effect of the business rate, and told me in response to an intervention that the £22 billion income from the telecoms auction was this Government's stealth tax? As my hon. Friend knows, that was started by another Government.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I hope that in his mind the hon. Gentleman was addressing the Chair, rather than his hon. Friend.

Brian White: As my hon. Friend says, the 3G licence was in the Conservative party manifesto in 1997, on which the right hon. Member for Wokingham (Mr. Redwood) fought that election.

Mr. Redwood: I was the shadow spokesman when the measure went through, and I opposed it on behalf of Her Majesty's loyal Opposition on the grounds that it would do great damage to the industry, which it did.

Brian White: That does not answer the point that the right hon. Gentleman fought an election on that policy, which was proposed by the Government whom he supported. He has a selective memory.

The utilities have expressed concern about the way in which local authorities will operate the permit scheme. There is perceived unfairness in the local authorities'

[Brian White]

both operating and being subject to the permit scheme. I hope Ministers will discuss that with the utilities. There is also concern among utilities that additional costs will be passed to them and therefore to their customers, particularly in the telecoms industry. That industry is particularly fiercely competitive at the moment and there is not much scope for companies to absorb additional costs. In fact, most of them are fairly efficient. Telecoms works tend to be smaller in size and shorter in duration—many are completed in one day. On Second Reading, the Minister referred to the establishment of a working group to try to ensure that permit schemes take on board the needs and priorities of the economy as a whole. I urge him to consider any recommendations that come from that in relation to the operation of permit schemes.

Most telecoms companies strive to connect customers in line with their requests. There is a danger that all schemes will be treated equally although they do not cause the same amount of damage. Some roadworks are minor and involve non-sensitive roads. Permit schemes must be flexible enough to ensure that different schemes are treated differently—otherwise, people's fears about the size and cost of bureaucracy may be realised.

In response to my amendments in Committee, the Minister gave an assurance that permit schemes will be covered by regulations. I welcome that, but urge him to undertake full consultation before implementing the regulations, because the industry fears that that will not happen.

The hon. Member for Christchurch talks about the need for a national permit scheme, or at least one that is consistent across the country. Can the regulations be drafted from the point of view of someone who has to fill in the forms? Many utilities fear that they will have to fill in forms for many different types of scheme. It is important to have not only local variations to adapt to local circumstances, but consistency nationally so that national companies are not faced with myriad different approaches.

The new clause is unnecessary. This is not a stealth tax. There are legitimate concerns, but the hon. Member for Christchurch overstated them and they should be dealt with flexibly in regulations.

Mr. Redwood: I share the worry felt by my hon. Friend the Member for Christchurch about part 3, which gives wide-ranging powers to local authorities that wish to take advantage of them to set up permit schemes. In particular, clause 36(5) gives local authorities substantial powers to set

"the amount or maximum amount of any fee",

to decide on

"cases in which fees are not to be payable or could be repaid"

and on

"cases in which fees may be discounted".

They are able to settle

"the time and manner of making payment of fees"

and

"the application of sums paid by way of fees."

In my experience, several local authorities—they are usually under Labour or Liberal Democrat control—are constantly on the lookout for new sources of revenue. As they have many ways of spending, or often wasting, the money, they wish to raise more. I fear that those local authorities would see public utility businesses as a soft target. They would, after all, be following the example of Her Majesty's Government, who saw them as a soft target in the run-up to the 1997 election, confirmed it in the Budget that introduced the utilities windfall tax, and continued it with their whopping auction tax on telecoms. Through this measure, the Government are effectively encouraging local authorities to see that device as a way of raising additional money.

My hon. Friend the Member for Christchurch says that there is nothing wrong with a permit scheme, despite the bureaucracy and administrative effort involved, if it achieves the ostensible objective of the provisions. Let us remind ourselves of that objective—it is to say to utility companies that there is a cost to the rest of us when they dig up the street or road, and that it would be a good idea if they did it in as timely a way as possible, restricted the amount of road that they damaged or dug up at any given time to allow traffic to flow on the remaining part of the carriageway, rather than closing a large amount or all of it, and entered and exited the streetworks at times of day or year that do the least damage to traffic flows in the area concerned.

It is a matter of great concern to many of us that some local highways authorities and utility companies decide to embark on streetworks at the beginning of a busy term just in time for the first day back at school, which always increases traffic dramatically. We often see a cessation or reduction in roadworks during less busy times of year—in the summer holidays, for example, when traffic flows are much less because there is no school run and many more people are away on holiday. We often note that roadworks do not continue over the weekend, when traffic may be rather less, and that there is considerable blockage of the road on the Monday morning or Friday evening peak when traffic congestion is at its worst.

3.15 pm

Therefore, as someone who does not much like administrative intervention and regulation, I can live with the idea that there should be a permit scheme to regulate roadworks in the interests of making better use of the highway and increasing the capacity of the road system, particularly at busy times of day in busy areas. That may be a necessary evil. What worries me, however, is that without the amendment wisely tabled by my hon. Friend the Member for Christchurch, part 3 does not make it clear enough that its only intention is to discipline utilities and to encourage limited entry to the highway and entry only at the least difficult times of day or year. The Bill contains no statement that would prevent a local authority from seeing it as offering up a soft target for raising money.

We argued long and hard in Committee about why the proposals to limit or regulate access to the highway for roadworks do not apply to the public sector, because observation tells us that more often than not it is the highways authority, not the utilities, that does that work. I hope that the Minister will say more about that

at the appropriate moment. As the Bill concentrates on the utility companies, it is most important that Ministers understand the strength of feeling on the part of people of all parties and of no party that there are far too many roadworks, that they are badly organised, and that they often run into periods of time or periods of the day when it would be far better if the highway were open to traffic.

Brian White: The right hon. Gentleman is giving a generalised picture that does not reflect what really goes on. In the case of the telecoms companies, for example, most of the cabling has already been done, so most of the works that remain to be done are minor.

Mr. Redwood: I accept that that means that such work may be much easier to regulate or does not need regulation at all. I would still hope, however, that the highways authority would take a view and suggest to the telecoms utility concerned that it would be good idea to do the work on a dull Sunday rather than a busy Monday. That would be a necessary improvement on the current regime.

I hope that the basis of any guidelines issued under part 3 will be to make more intelligent use of what highway we have and to limit the amount of restrictions upon it. It would be sensible, for example, for highways authorities to point out to water, gas, electricity or telecoms utilities that the repair or replacement work that they are doing can often be done in sections and that it would be possible, at half-past 4 or 5 o'clock at night, when the employees are thinking of going home, to close off the hole in the road again with a temporary or permanent closure of filling or tarmac so that the road can be reopened for use when they are not working on it. It would be possible to do something similar to ensure that the road is open for busy morning peaks and that the roadworks can be done thereafter.

Those are the sorts of measures for which the highways authorities should use their permit powers. If the amendment is rejected, however, greedy councils may decide that this is a marvellous opportunity to charge utilities a lot of money for engaging in streetworks and opening up the road. They may not be interested in the overall intention of speeding up the works or having them done at sensible times of the day or year, but may see a lot of advantage in allowing the utility to run on with the works, maximising the inconvenience to motorists, because they will generate more cash from the permit scheme.

I strongly recommend the new clause to the House. Without it, we will end up with another utility stealth tax that will undoubtedly have to be passed on to all our constituents in the way that my hon. Friend the Member for Christchurch describes.

Mr. Forth: I wonder whether the new clause moved by my hon. Friend the Member for Christchurch (Mr. Chope) is either otiose or entirely at odds with what I thought was our party's policy. I am rather puzzled, following the points that my right hon. Friend the Member for Wokingham (Mr. Redwood) made. He reminded the House that clause 36(5) says:

"Permit regulations may make provision for or in connection with requiring the payment of a fee in respect of an application for a permit or the issue of a permit, including provision as to . . . the amount or maximum amount of any fee".

My reading of that is that it has the potential to cover the matter that has caused such concern to be expressed by my hon. Friend the Member for Christchurch and my right hon. Friend the Member for Wokingham. I wonder how much added value there is in the words proposed in the new clause. On the face of it, the Bill as drafted seems to make more than adequate provision.

May I say in passing that I am uncomfortable with the immense degree of bureaucracy involved in this whole exercise? For example, clause 33—which is in part 3, the subject of new clause 2—says:

"A local highway authority, or two or more such authorities acting together, may prepare and submit to the appropriate national authority a permit scheme."

That takes us deep into the jungle of bureaucracy—up to our armpits or beyond. We have in that provision the lethal combination of local authorities on the one hand and national bureaucracies on the other. Yet, although I am sorry to say this, my hon. Friend the Member for Christchurch seems to be adding to that bureaucracy in a most regrettable way.

I may be labouring under a misapprehension, and I am sure that one of my hon. Friends will put me right if I am, but I thought that the whole thrust of my party's policy was local autonomy and local decision making. I have heard many of my right hon. and hon. Friends speak at great length, and with passion, about the need to give local bodies—be they school boards, local authorities or anything else—the maximum possible degree of discretion in making decisions for which they are accountable to their electorate. However, I now find to my astonishment that my hon. Friend the Member for Christchurch has come along with new clause 2, which apparently seeks to overturn that whole philosophy, because it says:

"No fee in respect of any application . . . shall be set at a level higher than that necessary to cover the administrative costs".

Mr. Redwood: My right hon. Friend protests too much. The purpose of new clause 2 is to signal clearly that the measure is not a tax. Local authorities have other taxes that they impose, but this should be simply an administrative charge that reflects the cost of giving the public something that many of them want: greater access to their roads.

Mr. Forth: That might be my right hon. Friend's view, but—

Mr. Redwood: It is.

Mr. Forth: My view, however—as I am the one speaking, I think that my view has primacy at the moment—is that local authorities should be given the scope and freedom to charge a fee, even if we call that a tax, at their discretion, for which they are accountable to their voters. That is the burden of my argument. I thought, in the most peremptory way, that that was the thrust of our policy, but along comes my hon. Friend the Member for Christchurch and tramples all over that. He is saying, in a heavy-handed way, that he has decided that were new clause 2 to be accepted, local authorities

[Mr. Forth]

should not have that discretion. However, I bet that when my hon. Friend was the eminent, successful leader of Wandsworth borough council, he would have argued for such a stance and said, "Knowing the local conditions in Wandsworth, I, accountable as I am to my electorate, want us to have the freedom to impose such charges locally as I think are necessary."

Mr. Miller: May I ask the right hon. Gentleman if we are hearing a Tory split, or a Tory filibuster?

Mr. Forth: No, we are hearing a mature Tory debate of the kind that—

Mr. Miller: It is a split, then.

Mr. Forth: I do not want to be drawn into such an argument, but if the hon. Gentleman is saying that in the Labour party, new or old, a debate is now called a split, that tells us quite a lot about his party's mentality. In the new, thrusting, dynamic Conservative party we welcome debate because we are confident of our philosophy, particularly our philosophy on local government autonomy, if I may say so to my hon. Friend the Member for Christchurch.

Mr. Chope: Will my right hon. Friend accept that the whole ethos of Wandsworth borough council, when I was privileged to be its leader, was to keep taxes down? We wanted to have low tax rather than to introduce new taxes.

Mr. Forth: Yes, indeed. That was my hon. Friend's decision, and the people of Wandsworth rewarded him with a continuity of power unequalled in modern times. I am grateful to him for making that point. He made that decision and was rewarded by his electorate for it. Surely he would not now want to deny elected representatives in other local authorities the power to make different decisions for their areas. They might decide in this case, for their own reasons, that higher fees would be appropriate to their circumstances and conditions. That is why I am at a loss to understand why my hon. Friend is trying to persuade the House that somehow, in a Bill—

Brian White: Does the right hon. Gentleman accept that the utilities and other companies that will have to pay the costs have expressed concern about the impact that those costs will have on them? That is not the same as the argument that he is making.

Mr. Forth: I shall carry the argument some way to make my point, but if a local authority were to set fees at a prohibitive level, the utilities might not undertake the repairs and improvements that they wanted to and the local populace would suffer as a result. It would then be for the local voters to make their decision, on the basis that the exorbitant fees being charged by their elected representatives were having a counter-productive effect on their lifestyle. For example, knowing the hon. Gentleman's expertise and interest in such esoteric matters as broadband, I suspect that he thinks that every home should be served by the ghastly internet, and that the horrible material on it should be accessed by every household, perhaps regardless of the cost. I would take a different view, and suggest that if his local authority were wise enough to charge a penal fee to discourage the connection of the ghastly broadband and other internet services, his voters would be very grateful to him and to the local authority.

Mr. Chope *rose—*

Mr. Forth: But who am I to make such a judgment? I know not about such matters, and they are not for me or, may I say, even for my hon. Friend the Member for Christchurch to comment on. He looks pregnant, so I shall give way to him.

Mr. Chope: I hope that my right hon. Friend will not allow his prejudice against broadband to disguise the fact that there are statutory duties relating to the safety of gas mains and the provision of water, which local authorities need to take into account. If they impose substantial extra taxes on the provision and maintenance of those key facilities, the undertakers will not be able to avoid paying those taxes.

Mr. Forth: And indeed, to follow that point, the undertakers will not be able to avoid increasing their charges to their consumers, who will then be able to make a market judgment. What puzzles me, coming from my hon. Friend the Member for Christchurch and my right hon. Friend the Member for Wokingham, of all people, is that that they seem to be shrinking from allowing a market judgment. In the end, two mechanisms are in play on this point: the political, electoral mechanism of local authorities and the market mechanism between the utilities and their consumers, who happen in this case to be coincidental with the voters. I should have thought that that would appeal to my hon. Friend the Member for Christchurch, and I can see that he is thinking about it, which encourages me to hope that he might reconsider his position. In the end, however, I need to hear much more from him, and I hope that when he winds up this little debate, he will give further arguments to explain why he seems so wedded to a degree of central control and fiat that is completely at odds with his distinguished political history and his political philosophy. That is my problem with new clause 2.

3.30 pm

To return to where I came in, were my right hon. and hon. Friends to want to go down this route in any case, my reading of the original wording of the Bill is that it probably provides sufficient powers in the key phrase

"the amount or maximum amount of any fee",

although I accept that that implies a degree of centrality, central control and omniscience—not to say omnipotence—that I find distressing. However, if my right hon. and hon. Friends want the words, they are there in the Bill already, and I hope that they will reconsider the position that they have taken in new clause 2 and seek leave to withdraw it.

I am equally horrified by amendment No. 10, because here we are introduced to the phrase

"standard provisions which must be included",

which strikes me as amazingly prescriptive, and to the provision,

"to ensure that a single electronic noticing system may be used".

Mr. Redwood: If my right hon. Friend reads the amendment clearly, he will find that it includes the words

"within the authority's area",

so his argument about local autonomy is quite irrelevant. In this amendment, my hon. Friend the Member for Christchurch is preserving the right of the authority to make a recommendation, but saying that it should be consistent throughout the authority area.

Mr. Forth: Again, that should be a matter for the local authority itself. Why do we need a form of words to be put on the face of the Bill to tell a local authority to do something that it should be perfectly capable of deciding for itself? I do not think that this is a particularly circular argument, or even, dare I say it, a repetitive one, as I have now moved on to amendment No. 10 as opposed to new clause 2. Surely the local authority should be allowed to make its own decision about whether standard provisions should be included, even within its area. It is just conceivable that, if a local authority covered a densely populated urban or suburban area as well as an element of rural hinterland, it might be appropriate to have different provisions for different parts of the area.

Who would feel it incumbent on themselves to come along and put in cold print on the face of a statute these prescriptive requirements that intrude on the decision making of an elected and accountable local authority? A philosophical conflict is built in to what my right hon. and hon. Friends want to say about local authorities in the overall sense—with which I thoroughly agree, and which I applaud—and the thrust of what they are saying in new clause 2 and amendment No. 10. All in all, I am a bit unhappy about this, and I am very unhappy to find myself at odds with my right hon. and hon. Friends. I hope that, after the Minister has attempted to persuade the House of his position, my hon. Friend the Member for Christchurch will take the opportunity to reconsider what he has brought to the House, to think about the overall context in which he is offering it to us, and to avoid any suggestion that this might be a blot on his otherwise immaculate reputation.

Mr. McNulty: Perhaps I can steer a path between the extremes expressed by the right hon. Member for Wokingham (Mr. Redwood) and the hon. Member for Christchurch (Mr. Chope), and the eminently sensible contribution from the right hon. Member for Bromley and Chislehurst (Mr. Forth). That is not an unusual thing to say, especially for those of us who spend our time haunting this place on Fridays. The right hon. Member for Bromley and Chislehurst seems to save up his sensible suggestions for Fridays, but today he is clearly having a good day on a Tuesday, for which I am enormously grateful. He is right to suggest that these proposals are otiose, but I must provide a sting in the tail to his argument. If he is putting forward the broadly social libertarian local autonomy argument, I must part company from him, albeit gently. I agree with the thrust of what he has said, but his suggestions must be implemented within a framework of regulation and guidance.

The new clause is otiose, as the right hon. Member for Bromley and Chislehurst suggests, and it tramples over local autonomy. I would also part company with him over his description of today's Conservatives as confident, bright young things compared with what they were in the past. We have to part company at some point.

The right hon. Member for Wokingham gave the game away when he suggested that he wanted to send a signal that this scheme was not about stealth taxes or revenue raising, and that it was merely seeking to cover the cost of administration, as I suggested in Committee. With the greatest of respect, legislation is not the place for sending signals. The Bill should do what it purports to do and no more. The right hon. Gentleman can send signals in a little column in *The Spectator* or the Wokingham Gazette or Bugle, but not in the Bill. That would be as inappropriate as the—what is the polite word?—rantings of the hon. Member for Christchurch about the figure of £55 per household. Just because something is repeated often enough, or appears often enough in *The Mail* or *The Express*—

Mr. Chope: And *The Sun*.

Mr. McNulty: The *Mirror* or *The Sun*, whatever you like—anything at the murkier end of what purports to be the media in this country. Just because such things appear often enough, it does not mean that they are true.

Mr. Forth: On that very point, does the Minister recall "tough on crime, tough on the causes of crime"? Does not that belie what he has just said?

Mr. McNulty: I do not think that we put a price on that in quite the same way as the hon. Member for Christchurch did when he suggested that the measures would cost £55 per household. So, the right hon. Member for Bromley and Chislehurst and I have parted company again, which disappoints me as we usually get along so splendidly.

Many of the points made by Conservative Members fall into the trap of seeing the amendment, and all the clauses to which it refers, in total isolation from the rest of the Bill. They included the suggestion that the proposal is a devious scheme to get more money for local authorities, of whatever persuasion. When we consider the measures that the Conservatives constantly refer to in their fight-back for the drivers of middle Britain, and when we consider in detail the implementation of these schemes, there is not a whole lot of difference between the political parties in terms of what they do out there in the big wide world. There is no difference at all, save for the propensity for casualties in their areas.

The right hon. Member for Wokingham suggested that local authorities up and down the country would deliberately carry on street works for as long as possible just to extract as much money as possible from the contractors. That is in stark contrast to the provisions of

[Mr. McNulty]

clauses 16 and 17, and to all that we have said about network management duty. If an authority tried to utilise a permit scheme, suitably applied for and allowed, simply to clog up the streets—which by definition it would—simply to secure a revenue stream, it would not work because of the network management duty.

Mr. Redwood: Will the hon. Gentleman firm up that promise? Is he saying that Ministers will have to ensure that the local authorities insist on speedy street works and will impose only administrative charges on people and not unrealistically high fines?

Mr. McNulty: I would like to go all the way with the right hon. Gentleman in that regard, but I cannot because that issue is outwith the full comprehensive nature of the Bill. I cannot say yes to that question in isolation from the whole range of other elements of the network management duty that we went through in detail in Committee. It was clear from our discussions and from what will be in the guidance that that duty is not simply about the flow of traffic or the speed of that flow. It is not just about the absence of congestion; there is a whole range of things involved, as we explored in Committee. I agree with the right hon. Member for Bromley and Chislehurst that the new clause is otiose, for some of the reasons that he has given, and others.

New clause 2 would mean that a fee for any application for a permit or the issue of a permit could not be set at a level higher than the administrative costs to the permit authority of responding to a permit application, issuing the permit and maintaining a register of permits. I said clearly in Committee, and I repeat that permit schemes are not designed as means of raising extra revenue for local authorities. They are intended as a way of enabling all potentially disruptive activities in the street—be they utility works, local authorities' own works, the placing of skips or whatever—to be managed in an integrated and co-ordinated way.

Crucially, as my hon. Friend the Member for Milton Keynes, North-East (Brian White) suggested, we have set up a working group on which all those parties sit—the utilities, local authorities and others—and charged them with considering the details of how permit schemes might work and making recommendations to the Government. That will enable us to provide in regulations and guidance that very framework within which—here I come back onside with the right hon. Member for Bromley and Chislehurst—those decisions can be made at local level to determine whether those involved want to pursue a permit scheme or otherwise.

I have to say again that the hon. Member for Christchurch goes on and on as though these are schemes—not only those involving permits, but others—that we are about to impose directly by compulsion on each and every highway authority in the land. We are not doing that in any way, shape or form, but we want to work with the parties on which these proposals will have the most direct impact. That will enable us to draw up regulations setting out the standard arrangements applying to the schemes, as well as guidance for those operating schemes and those who would need to apply for permits. By pure coincidence, the first meeting of that working group is being held today, just around the corner.

Among other things, the group will look at exactly what activities would require permits and what level fees should be set at. In considering fee levels, it will look not only at the costs of operating schemes, but, entirely appropriately, at whether it would be sensible to set different fees according to differing circumstances. That involves the flexible standardisation that the right hon. Member for Bromley and Chislehurst suggested.

It is, appropriate to have a framework, clearly established, within which these decisions can be made, but the whole array of ideas on how to go forward with a permit scheme should be left to the local authority. For instance, should all activities attract the same fee or should the fees be varied according to when, where and how they are carried out? Those involved will also look at how, if at all, permit schemes would fit in with existing arrangements such as that for charging utilities whose works overrun an agreed deadline. We want to give the group the flexibility to look at all those relevant issues.

In the light of the group's work, but above and beyond the working party, we will hold, later in the year, a widespread public consultation on draft regulations before those are brought to Parliament. As the right hon. Member for Bromley and Chislehurst suggests, new clause 2 is otiose, but I am a fair man. Broadly, we still have consensus in most of the House, although there is clearly disagreement and disarray in some parts. Having made those comments, I will take this away and consider what the hon. Member for Christchurch has said on the issue so that at a later stage in the Bill's passage through Parliament—in another place—we can perhaps provide more information on the Government's intentions.

I say that deliberately, because when the Bill reaches the end of the legislative process, I want it and the subsequent guidance and regulations to be fully informed by the working group and the involvement of local authorities, utilities and other operators. That will enable us to sign off those regulations and the guidance with as much agreement as we can—in some cases, people subsequently decide that there are all sorts of difficulties with such regulation and guidance—as early as we can. Then we can leave it, within the framework of regulations and guidance, to the local authorities to determine whether they want to pursue a scheme. We will have a look at what the hon. Member for Christchurch has said, by all means, but first we should let the working group have a look at the thing.

Amendment No. 10 would appear to require that regulations made under clause 36 must ensure reasonable consistency between permit schemes. The hon. Gentleman is entirely right: I said in Committee that that would be of use—certainly within authorities, but between authorities as well—if there were some commonalities. I do not want to put too many consensual words in the mouth of the right hon. Member for Bromley and Chislehurst, but, as he suggests, much that will be needed in terms of standardisation could be dealt with in regulations.

The regulations would have to set out certain standard provisions that were common to all permit schemes, especially in relation to electronic noticing

systems. I agree with the hon. Member for Christchurch that it is desirable that there should be some standardisation—I have already alluded to that—but it cannot be sensible to have dozens of entirely different schemes operating in different parts of the country. Many utilities, although not all by any means, work nationally and some standardisation is appropriate, but I do not believe that we need such prescription in the Bill, as this issue can safely be dealt with through regulations.

The working group, which we have set up to consider the details of permit regulations and the accompanying guidance, has been asked specifically to consider the issue of standardisation. I suspect that there will be some merit in going down that road. The group will make recommendations to us later in the summer on that and other matters, after which we will again go out to wide public consultation on the way forward.

3.45 pm

Amendment No. 11 is, I understand, intended to enable permit regulations to deal with highway authorities having to obtain permits for their own works and to record those on a permit register. Again, the amendment is unnecessary. The interpretation provision in clause 38(1) already makes it clear that the scope of "works" means that permit schemes can include works carried out under the Highways Act 1980. That covers a wide range of works carried out by highway authorities, including road maintenance works, construction of bridges and introduction of traffic-calming measures.

The regulation-making powers can enable those works to be subject to a permit scheme anyway, taking into account the unavoidably different considerations that apply in regulating the activities of public authorities and private companies.

We have asked the working group looking at permit regulations and guidance to consider how the works carried out by highway authorities can be incorporated within the scope of permit schemes. The aim behind permit schemes is to improve the management of all works in the street, including highway authorities' own works.

Amendment No. 12 would have such effect that a street authority could not give an undertaker a direction relating to the timing of one of its street works where a permit had already been issued for that works. Clause 36(8) provides that regulations made by the appropriate national authority may set out provisions that modify or disapply primary and subordinate legislation. Depending on the exact structure of permit schemes decided on in the light of consultation and the work of the working group, I would expect it to be necessary for the regulations to set aside certain sections of the New Roads and Street Works Act 1991, which set down how, where and when works can be carried out. That is needed to ensure, as the hon. Member for Christchurch suggested, that we do not duplicate controls in certain areas.

We have asked the working group to consider which existing legislation should be dealt with in that way. The power to make directions under section 56 of that Act may be one that we would want to set aside in cases where a permit has been issued. Again, that is a matter for the working group to consider rather than for the Bill prescribe. The scope to alter provisions is appropriate and already in place.

In view of my comments and the excellent contribution, by and large, from the right hon. Member for Bromley and Chislehurst, I am sure that Conservative Members feel able with confidence to withdraw the proposed new clause. As we suggested in Committee, the working groups that are bringing together local authorities, operators, utilities and other interests should put the real framework in place, so that we can take matters forward. I seriously ask the hon. Member for Christchurch to withdraw the new clause so that we maintain the consensus—shaky though it may now appear—that has driven us thus far on Report.

Mr. Chope: We have had an excellent debate and, as with that on new clause 1, it was all the better for the fact that the Liberal Democrats did not participate.

The debate centred largely on intellectual and philosophical purity. My right hon. Friend the Member for Wokingham (Mr. Redwood) and I are on one side of the argument; my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) is on the other. My right hon. Friend the Member for Bromley and Chislehurst identified a paternalistic streak in me but in the past, a paternalistic streak was found in him—when my right hon. Friend was forced, probably against his intellectual judgment, to regulate activity centres following the Lyme bay tragedy, in direct response to a private Member's Bill presented by the hon. Member for Plymouth, Devonport (Mr. Jamieson). Neither my right hon. Friend nor I can say, much as we might wish, that we are absolutely consistent in our intellectual purity.

Mr. Forth: Surely my hon. Friend accepts that I was a Minister then. He is only in the Opposition now.

Mr. Chope: Is my right hon. Friend saying that he was a pressed man, whereas I am volunteering?

Mr. Forth: Something like that.

Mr. Chope: If that is the best mitigation that my right hon. Friend can put forward, I leave it to others to judge.

I am disappointed that my right hon. Friend did not highlight that the House is being bypassed by the vast range of regulation-making powers in the Bill—particularly in that part to which new clause 2 relates. Only a few days ago, a leading article in the *Financial Times* stated that regulation is the new clause IV. The Government are using regulation instead of nationalisation to achieve their objectives. The Bill contains an enormous number of regulation-making powers over which the House will have little control.

The issue is whether one believes in low taxes, be they transparent or imposed by stealth—though we are against stealth taxes. We want low taxation. We want to protect householders from the £55 per annum burden represented by part 3. The figures have not been dreamt up by me but are the result of careful analysis by the National Joint Utilities Group.

[Mr. Chope]

When we put the new clause to the vote, as we intend, those who support it will be voting on behalf of hard-pressed householders by saying, "We do not think that you should be burdened with an extra £55 a year on your utility bills." Those right hon. and hon. Members who enter the No Lobby will be saying that they are indifferent to those householders' plight.

Question put, That the clause be read a Second time:—

The House divided: Ayes 175, Noes 285.

Division No. 90] **[3:51 pm**

AYES

Allan, Richard
Amess, David
Ancram, rh Michael
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Bellingham, Henry
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burns, Simon
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Doughty, Sue
Duncan Smith, rh Iain
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paterson, Owen
Pickles, Eric
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robertson, Hugh *(Faversham & M-Kent)*
Roe, Mrs Marion
Rosindell, Andrew
Russell, Bob *(Colchester)*
Sanders, Adrian
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simpson, Keith *(M-Norfolk)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Thurso, John
Tonge, Dr. Jenny
Trend, Michael
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. David Ruffley and
Mr. Geoffrey Clifton-Brown

NOES

Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Battle, John
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Bennett, Andrew
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, Russell *(Dumfries)*
Browne, Desmond
Buck, Ms Karen
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Cawsey, Ian *(Brigg)*
Chapman, Ben *(Wirral S)*
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cox, Tom *(Tooting)*
Cranston, Ross
Crausby, David
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John

Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Follett, Barbara
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Merron, Gillian
Milburn, rh Alan
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Murphy, Denis *(Wansbeck)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Hara, Edward
Olner, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pickthall, Colin
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robinson, John *(Glasgow Anniesland)*
Robinson, Peter *(Belfast E)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Sarwar, Mohammad
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, Dan *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Wills, Michael
Winnick, David
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Mr. Fraser Kemp and
Mr. John Heppell

Question accordingly negatived.

New Clause 4

USE OF BUS LANES

'Any motor vehicle with two or more passengers shall be entitled at any time to use any carriageway marked out as a bus lane.'.—*[Mr. Greg Knight.]*

Brought up, and read the First time.

Mr. Greg Knight: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss new clause 6—*Bus lanes (use by other vehicles)*—

'. All bus lanes where buses are moving in the same direction as traffic in the adjacent or vehicle lane shall be open to use by cycles, motorcycles, licensed taxis and invalid vehicles.'.

Mr. Knight: It must be about 25 years ago that the first bus lane was introduced in the United Kingdom. I think that it is appropriate, as this Bill is before us, that we take a look again at the operation of bus lanes in the UK to see whether we can strike a better balance and get more use out of bus lane capacity. All too often, we see empty bus lanes and congestion in other lanes. For much of the day in some cities, traffic is at a standstill, while alongside that congestion there are empty bus carriageways.

[Mr. Knight]

When bus lanes were introduced, they were sold to the public as a way of decreasing pollution by allowing buses to have quicker access to and from city centres. The argument went that if people caught the bus they would find that their journey was quicker because the bus would be able to use a dedicated bus lane. We were told that that was the environmentally friendly way to travel. However, I think we would all accept—at least I hope we would all accept—that bus lanes have not worked as well as we were told they would on their introduction. The reason for that is that, in many city centres during the rush hour, a third of the road capacity in one direction in some cases, and in others up to half the road capacity, is taken up with a dedicated bus lane.

Mr. Forth: Does my right hon. Friend agree that enforcement of bus lane discipline is sadly lacking? I do not know whether he shares my experience but, driving in London, I see a rather regrettable number of violations of bus lanes, with apparently very little effort to enforce them. Does he not agree that enforcement, together with his proposal, would make a great difference?

Mr. Knight: I would warn drivers who think that they can use the bus lane without getting caught to take care, because cameras have been installed at the front of buses to act as a video policing unit and record the details of any vehicle transgressing the current rules. I welcome that development. My right hon. Friend is right that enforcement has been and remains to some extent a problem, but detection rates are on the up because of the use of new technology.

Law-abiding drivers have to sit in their cars in long traffic queues, increasing not only pollution but anger and frustration.

Mr. Miller: They could get on the bus.

Mr. Knight: Contrary to that sotto voce contribution, that is not an option that is available or appropriate to every motorist. Some people find that, although the bus may cover part of their journey, if they are travelling to a rural area such as East Yorkshire, the service is either woefully inadequate or non-existent. It is simplistic attitudes such as the hon Gentleman's that got us into this position. Many motorists cannot use a bus because it does not take them where they need to go. The enemy here should be pollution, not the motor car. As cars become less polluting, his attitude towards them should become more benign.

Given that bus lanes do not work as well as we were told they would 25 years ago, it is now appropriate to reconsider the rules and guidance on their operation and try to make them work better. New clause 4 is designed to encourage car sharing. Its scope does not extend to contraflow carriageways: I do not argue that those should be opened up to other traffic, but a with-flow carriageway could be used by shared cars.

This is not a unique or new proposition. Car sharing is encouraged in many states in the United States of America. If there are more than two passengers, the car is entitled to use a dedicated lane. There is a real incentive to share a journey and thereby reduce car use, in turn reducing congestion.

My right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) was concerned in an earlier debate about taking discretion away from local authorities. I accept that the new clause would do that, but I say good, because they have been singularly unimaginative in their approach to tackling this problem. I do not say that the Minister was misleading, but I do not think he painted an accurate picture when he replied to a similar debate in Committee. He gave the impression that it is all down to the local authority, but I have obtained a copy of the guidance issued by his Department, and it is not neutral on the subject.

On page 15 of "Keeping Buses Moving" there is a reference to other vehicles using bus lanes. It says that this

"could encourage the rather different result of a switch to car sharing by public transport passengers".

However, it does not go on to say why reaction over here should be any different from what happens in the United States. The next paragraph says:

"It is considered that while there can be no general case for allowing high occupancy vehicles to use bus lanes, there may be special situations where a high occupancy lane would be justified."

The guidance is designed to dissuade local authorities from introducing bus lanes that other vehicles could use. That is a shame, and whether or not the Minister feels that local authorities should continue to have such flexibility, I hope that he will say today that ministerial encouragement should be given to innovation in this area. I also hope that he is prepared to encourage local authorities to establish whether car sharing in the United Kingdom would help to decrease the congestion that is all too often present in urban areas, not just in rush hours but for most of the day.

4.15 pm

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): I do not intend to detain the House for very long on this subject, but I want to discuss a very real problem that I have encountered. I have discussed it with the Department, but I received a factual reply that did not deal with it at all. I ask the Minister to give a moment's thought to the unfortunate milkmen in inner-city areas. Milk floats, which are by definition extremely slow and rather unwieldy, rightly have to avoid inner bus lanes because they would constitute a hazard. But delivering to customers in inner-city areas has become so difficult that many milkmen do not know how to proceed. One unfortunate milkman incurred £450 worth of fines in one week, which was more than he earned. If we as a nation want to encourage people to continue to buy bottled milk, we should think seriously about this issue.

I should tell the Minister that I do not have any pet solutions—would that I did—but the traffic authorities need to be told that we desperately need such small tradesmen to continue to offer a service, particularly in urban areas. If they cannot deliver, they will soon give up trying and make their money elsewhere, which would be to the detriment of such services.

In talking about clearing bus lanes, we should also consider the plight of the service provider during certain working hours. I do not pretend that finding a solution

will be simple, but unfortunately, the suggestion that milk be delivered during the night—superficially, that seems a good answer—ignores the fact that if it is delivered at such times in urban areas, it is not on the doorstep when the householder gets up in the morning.

Mr. Redwood: Will the hon. Lady give way?

Mrs. Dunwoody: I am happy to give way on the subject of milk bottles.

Mr. Redwood: Is the hon. Lady suggesting to the Minister that small delivery vehicles should be exempt from bus lane rules? I would have a lot of sympathy with such a proposal.

Mrs. Dunwoody: I hesitate to suggest that, but we do need to find a way to enable people to continue to deliver goods. I do not have a lot of sympathy for the very large chains, which could organise their deliveries accordingly and keep people on at night to open up stores and let in deliveries; however, for individual tradesmen this problem constitutes a significant hazard. Indeed, it is worrying many people and putting them off wanting to do the job.

Would that I had an answer for the Minister. This is perhaps a unique parliamentary occasion, in that I have nothing to suggest, but he need only tell me that he will think hard about the matter and come up with a usable scheme.

Mr. Paul Marsden (Shrewsbury and Atcham) (LD): The intention behind new clause 4 is laudable. Given the need to reduce congestion, any suggestion that involves cars carrying more than one passenger is good in principle. The difficulty lies in the practical enforcement. I suspect that one of two scenarios will arise. To enforce the provision, an enormous amount of extra resources will have to be invested to provide more cameras to watch bus lanes; or we will end up like the United States, where there is a booming trade in suitcases containing pop-up secondary figures, which can be placed in the front passenger seat in order to fool traffic wardens and police officers. It is then going to be a waste of time, and it will also defeat the object of reducing congestion. On some urban roads where there are regular bus services—let us say every eight, 10 or 15 minutes—the congestion will clearly be worsened by cars being allowed into the bus lanes.

I am more than happy, however, to support new clause 6, proposed by the right hon. Member for Wokingham (Mr. Redwood). It is eminently sensible and it highlights the current problem of enormous local variations, which leave many cyclists and motor cyclists confused as to whether they can or cannot use bus lanes. I hope that the Government will therefore accept new clause 6, but the Liberal Democrats cannot support new clause 4.

Lembit Öpik (Montgomeryshire) (LD): Does my hon. Friend agree that for single user travel, motor cycles represent an environmental benefit compared to cars; secondly, that motor cyclists are on the whole pretty responsible in their use of bus lanes; and, thirdly, that the Government themselves promised before 1997 to put motor cycles at the heart of their transport strategies? Would it not be odd if the Government now refused to take seriously the provisions of new clause 6, so sensibly proposed by the right hon. Member for Wokingham (Mr. Redwood)?

Mr. Marsden: I agree with my hon. Friend and I hope that the Minister will deal with that in his reply.

As I said before, I would be interested to know whether the Conservative Front Benchers have costed the enforcement of the provisions in order to transform what seems to be a good idea into a practical outcome that would reduce congestion.

Mr. Redwood: I rise to support my new clauses 4 and 6. With the oral amendment suggested by my right hon. Friend the Member for East Yorkshire (Mr. Knight)—that this should apply only to bus lanes where the traffic is moving in the same direction in and adjacent to the lane—new clause 4 makes a great deal of sense. Furthermore new clause 4 is complementary to my new clause 6. There is some overlap. For example, under new clause 4, a taxi with a passenger would automatically be able to use the bus lane, because it would be a

"vehicle with two or more passengers".

Depending on the definition of "vehicle", the same would apply to a motor cycle with a passenger and there are other overlaps with public service vehicles.

I hope that, on further reflection after hearing my remarks, my right hon. Friend might see the advantages of my new clause 6, as the hon. Member for Shrewsbury and Atcham (Mr. Marsden) has kindly done. The purpose of both new clauses is, as my right hon. Friend pointed out, to make greater use of the space of a bus lane without in any way impeding the progress of the bus. The purpose of the bus lane is to allow the bus to hit faster journey times with greater reliability. I do not believe that the proposals in either new clause—certainly not in new clause 6—would in normal circumstances get in the way of achieving that.

In the case of new clause 6, I would argue that there are not only advantages stemming from greater use of the highway, but overriding safety considerations, to which I should like to draw the House's attention. The Liberal Democrats have briefly referred to them and I would have thought that they would recommend themselves to Ministers. Under the new clause,

"cycles, motorcycles, licensed taxis and invalid vehicles"

would be entitled to use the bus lane. The case for each is a little different, as I should like to explain.

First, there is the cycle or push bike. I believe that it is very dangerous for cyclists in busy urban areas—where bus lanes are usually located—to have to jostle between large and sometimes fast-moving buses on the inside lane and every sort of vehicle ranging from fast cars to extremely heavy lorries on the outside lane, especially on narrow highways that may not initially have been designed to have both a bus lane and a mixed-vehicle lane in the same place.

According to the highway code, cyclists should occupy the inside of the mixed-vehicle lane, which means that they are just on the outside of the bus lane. That can be an extremely dangerous position. A bus can

[Mr. Redwood]

whistle along in the bus lane, which its driver can reasonably expect to be free. However, the driver must make the difficult judgment about whether a cyclist has the extra inches of clearance at the edge of the bus lane necessary for the safe passage of both vehicles. At the same time, the drivers of cars or lorries in the other lane might be attempting to overtake the cyclist, not realising that a bus is about to create the pressure—or pinch point—on the cyclist. That often leaves very little wobble room for the cyclist. *[Interruption.]* I see that the Minister is yawning, but he should appreciate the plight of cyclists in this respect. Although a bicycle may be correctly placed on the road, there may be a little overhang in the bus lane.

Mr. Jamieson: Yes, I did yawn, partly because the right hon. Gentleman is going on at such length. Unless a local authority says otherwise, cyclists are permitted to use cycle lanes. That is why I was looking a little bored.

Mr. Redwood: That is right, and if a cycle lane is provided along with a bus lane and a mixed-vehicle lane, my argument does not apply. However, there are many locations in the areas in which I travel regularly where there is no cycle lane parallel to the bus and mixed-vehicle lanes. My brief analysis of the cyclist's plight is very relevant and the Minister should listen carefully. I speak for many cycling interests outside the House. They would tell the Minister how perilous it can be to occupy the exposed—but correct—position on the highway, between fast travelling buses and relatively slow travelling other vehicles. That is where cyclists can get squeezed.

Mr. Greg Knight: Perhaps my right hon. Friend and I can shake the Minister out of his boredom. Is he aware that, in 1995, the Conservative Government gave the go-ahead for a trial in the Bristol area allowing motor cyclists to use bus lanes? A period of assessment was given to determine whether there was any detrimental effect on safety, and I understand that the safety record was excellent. Is it not now time for us to grasp the opportunity and introduce the provision elsewhere?

Mr. Redwood: I am grateful to my right hon. Friend, and I shall come to the subject of motor cycles when I have finished talking about cyclists. New clause 6 would give cyclists the choice about where to ride. I think that most would prefer to ride in the bus lane, close to the kerb. There are fewer buses than other vehicles, and bus drivers would be aware that cyclists could be encountered there. As they approached from behind, bus drivers would be under a duty to move out around the cyclist if there was a potential conflict. Cyclists in that position would not then face the twin pressures of the mixed-vehicle lane and the bus lane at the same time.

My proposal means, however, that cyclists could be on the inside of the mixed-vehicle lane and the bus lane, if that is what made sense in the circumstances. Also, a cyclist who wanted to turn right would have to move over to the inside of the mixed-vehicle lane to complete the manoeuvre. Cyclists would therefore have greater flexibility. They are the most vulnerable of road users, and that necessary extra flexibility would be welcome.

Mr. Forth: Does my right hon. Friend accept that there is a potential problem here? Cyclists who use the inside of the designated bus lane—which I hope will include vehicles in multiple occupation—force the drivers of buses and other vehicles to move out when they want to pass. That partly blocks the mixed-vehicle lane. Does my right hon. Friend agree that it is possible that the total traffic flow will slow down as a result? Has he taken that into account?

Mr. Redwood: I have taken it into account, but the problem is not major. The advantage of my proposal is that, in normal circumstances, the bus will be travelling much more quickly than the cyclist. The manoeuvre involved will therefore take only a very limited time. There will be problems in very heavy traffic, but I submit that even bigger problems will remain if this extra flexibility that I propose is not given to cyclists. The congestion incident that my right hon. Friend described will still occur, but cyclists would occupy a different position on the highway. If the highway is not wide enough to accommodate bike, bus and other vehicles—the analysis offered by my right hon. Friend—it will not be wide enough to accommodate bus, bike and other vehicles, which is the disposition covered by my new clause. I think, therefore, that my right hon. Friend's point is not strong: the case is neutral, because both analyses reveal that a problem is created when a highway is too narrow to accommodate a bus lane and another lane.

4.30 pm

My right hon. Friend the Member for East Yorkshire has indicated that motor cycles are a different case. The extra flexibility would be a good idea for them, because we have all experienced motor cyclists weaving in and out of heavy traffic to get to the front of the queue and optimise the power and relative thinness of their machines compared with other vehicles. Giving motor cyclists the choice between the bus lane or the multiple-occupancy vehicle lane would probably help to minimise incidents in which they collide with wing mirrors or other parts of vehicles in the multiple-occupancy vehicle lane.

Motor cycles would not get in the way of buses because in practically every case they have better performance than buses and obviously keep themselves well out of the way, normally by accelerating away from contact. Such flexibility would be an added welcome freedom for motor cyclists and would reduce conflicts between them and other vehicles. They are currently crowded into the multiple-occupancy vehicle lane and cannot get into the bus lane to get free of other vehicles, which might reduce collisions as bus lanes tend not to be used and are more likely to contain free space for motor cyclists.

Lembit Öpik: The Motor Cycle Industry Association has examined the evidence and made it clear that it is safer for motor cyclists and better for the environment to make it easier for people to use two wheels instead of

four when they choose to travel alone. That point is born out by the expert literature, including *Motor Cycle News*, which backs up the right hon. Gentleman's point that there is no downside to allowing motor cyclists in bus lanes because buses will never be held up by higher-performing motor cycles.

Mr. Redwood: I agree with the hon. Gentleman's views. Motor cycles will not normally hold up buses, and allowing them to go in bus lanes will give them greater flexibility. The multiple-occupancy vehicle lane is often congested, which makes it difficult for motor cyclists and other vehicle users.

The green argument, which probably informed much of the original work on bus lanes, contains a mistake. The sad truth is that buses travel around this country with, on the whole, few occupants. The average bus has only nine passengers, although occupancy is obviously much better during rush hours in urban areas. If a bus is travelling around with so few passengers, it is, of course, a less green option than all those people travelling in their respective modern motor cars. The average bus is quite old and average fuel efficiency is very poor as a result. It is a less green option to switch people out of modern cars into older buses unless the buses achieve high occupancy rates, which is a point that should inform debate on the selection of bus lanes. The green argument for bus lanes only holds in areas in which high occupancy can be obtained with frequent services that people can rely on.

The case for licensed taxis is easy. Licensed taxis are, after all, public service vehicles that offer a service to the general public, and they often help those who find it most difficult to get around in our community. I should have thought that they, like buses, should obtain some advantage from the use of privileged lanes. That is not only my view but that of many Labour, Liberal Democrat and Conservative councils around the country, which can allow taxis in bus lanes.

In many cities, oddly, some bus lanes allow taxis and others do not. In some cities, some lanes are taxi friendly and others are not. Such situations make it difficult for novice taxi drivers, and taxi passengers cannot understand why they sometimes buy an advantage and other times do not. A general measure to allow taxis in bus lanes would be welcome to taxi drivers and passengers countrywide. The point is certainly important in the evenings when people want to go out. If it were easier and cheaper to use taxis because they travel quickly down bus lanes, it would encourage people to use them rather than their own cars, and if people are tempted to have a drink there is no possible danger to them or other road users.

Finally, invalid vehicles are slow-moving vehicles used by some of the most vulnerable people in our community. I am not saying that they must use the bus lane—it is difficult for them to decide where they should go on a busy road with both a bus lane and a multiple-occupancy vehicle lane—but it would be good to give them the choice because some of them might feel safer if, like bicycles, they travelled close to the curb with a threat from one stream of traffic only rather than having to travel in the multiple-occupancy vehicle lane. That lane probably contains a threat from both types of traffic because invalid vehicles are often relatively narrow and other vehicles think that they can get past them, which is not always the case on a narrow stretch of two-lane road.

It must be terrifying for some people in those vehicles on busy roads with two lanes, where they are sandwiched in the middle. I would like to give them the choice. They would not have to use the bus lane, but they would probably welcome the choice. I hope that I can persuade my right hon. and hon. Friends and the Liberal Democrats to agree with new clause 6, and I am happy to support new clause 4, especially with the amendment to make it clear that it does not apply to contraflow bus lanes.

Mr. Forth: I admit that I am puzzled by what my right hon. Friend the Member for Wokingham (Mr. Redwood) has just said. I am not sure that there is an amendment to new clause 4. My right hon. Friend the Member for East Yorkshire (Mr. Knight) tried to slip one in, rather cleverly, but I am not sure that it is valid. I am therefore puzzled as to whether I am debating the wording as it appears on the amendment paper, which states:

"Any motor vehicle with two or more passengers shall be entitled at any time to use any carriageway marked out as a bus lane."

Perhaps my right hon. Friend, by some parliamentary sleight of hand of which I was hitherto unaware, has managed to change it to resemble more closely new clause 6.

Mr. Redwood: I think that my right hon. Friend the Member for East Yorkshire (Mr. Knight) was hoping that the Minister would think that his suggestion was a good idea and would wish to have a similar amendment tabled in the other place.

Mr. Forth: It remains to be seen whether my right hon. Friend the Member for East Yorkshire wishes the Minister to take up the wording on the amendment paper or the wording of his verbal amendment. I thought that I would try to clarify that point, and I am not sure that my right hon. Friend the Member for Wokingham has helped me to do so.

I approach the issue from my experience of driving on the I-5, which passes through Seattle, between Portland, Oregon and Vancouver, British Columbia. On a lengthy stretch of that road, which is arguably one of the busiest interstates in the USA, especially at rush hour, there is a traffic lane dedicated to vehicles carrying two or more persons. From my observation of that experiment, it works well and makes a lot of sense. It is not a theoretical exercise, but a practical one. We can look to such examples, especially in the United States, and draw on them.

Mrs. Dunwoody: Do I detect a slight imbalance in the amount of road space used by roads in the United States, especially in Oregon, compared with this country? From personal experience, Oregon is a rather larger county than any of the ones that the right hon. Gentleman and I normally deal with. Would not the space available affect the issue?

Mr. Forth: The good people of Oregon would be extremely upset if their state were referred to as a

[Mr. Forth]

county. It is a great state and it is indeed fairly large. We should bear it in mind that our entire country could fit into the state of Wyoming, which has a population of only some 500,000. However, it would appear that that is a thought upon which you do not wish me to dwell, Mr. Deputy Speaker, given the expression on your face. I take the hon. Lady's point. The United States has more space, generally speaking, for carriageways, even in the urban area of Seattle, but American vehicles are wider than ours. I do not wish to press the parallel to the distress of the hon. Lady, whose knowledge of such matters is greater than mine is ever likely to be. I simply raised the issue as a tentative example of how allowing a lane to be dedicated to a certain type of vehicle, whether for buses or vehicles in multiple occupation, is probably a good idea and seems to work well.

The hon. Member for Shrewsbury and Atcham (Mr. Marsden) raised a reasonable point about enforcement, which ties into the intervention I made as my right hon. Friend the Member for East Yorkshire introduced new clause 4. If there is a problem, it is the lack of proper enforcement of the bus lanes that already exist. To that extent, there might be a concomitant problem of enforcement if the new regime were put in place, but that is an argument for more effective enforcement in general rather than a specific objection to new clause 4. I hope that the Minister will examine the proposal positively following the debate and bear the enforcement point in mind.

I generally followed the argument that my right hon. Friend the Member for Wokingham deployed when he spoke to new clause 6, although with the reservation that I expressed in my intervention. If we encouraged cycles and motor cycles, especially, to use such designated bus lanes, it might exacerbate traffic congestion because larger vehicles such as buses might be caused to swerve around two-wheeled vehicles and thus perhaps obstruct the mixed vehicle lane. However, I accept my right hon. Friend's analysis that that would probably be a price worth paying and that, given the benefits that we would get and the encouragement that the measure would give to people to use two-wheeled vehicles, it should probably at least be tried.

The introduction of pilot schemes and observing how the system would work might be worth exploring, although that suggestion is not explicitly provided for in the new clauses. We do not need to rush into such schemes completely when we embark on them. I am sure that the Minister accepts that pilot schemes are often a good idea, especially when assessing such suggestions. Perhaps different variations of the scheme could be tried and observed.

We thus come to the intriguing difference between new clause 4—before the attempted verbal amendment on the hoof by my right hon. Friend the Member for East Yorkshire, which was a novel parliamentary experiment—which would allow any carriageway to be used, and the more explicit provision drafted by my right hon. Friend the Member for Wokingham in new clause 6, which would apply if traffic were

"moving in the same direction"

as buses. Perhaps, again, it would be worth piloting different approaches. I am intrigued by the prospect of contraflow traffic containing a mixture of different vehicles. It might sound like a recipe for chaos on the face of it, but it might work perfectly well and ease traffic flow in some circumstances. I would not want to dismiss either formulation out of hand. We could easily accept either formulation, determine how it works and find out how it could be extended nationwide.

My right hon. Friends have done us a great service by proposing such imaginative and experimental ideas. I hope that the Minister is in an imaginative mood, although he does not seem to be in any sort of mood except a somnolent one. When he replies to the debate, I hope that he will sparkle, impress on us the fact that he has grasped all the imaginative suggestions, and say that he might be prepared to carry them forward, rather than laying the dead hand of officialdom and bureaucracy on them, as is, regrettably, all too often the way. This is a bit of a challenge to the Minister. We have put the suggestions forward—I am happy to support them—and rather than dismissing them out of hand, I hope that he will give us some encouragement and indicate that he will be prepared to consider them, perhaps through pilot schemes or experiments, so that when we come into government, we can report back to the House that they have been successful.

Mr. Jamieson: I shall endeavour to sparkle this afternoon, as suggested by the right hon. Member for Bromley and Chislehurst (Mr. Forth). I agreed with the points made by the right hon. Member for East Yorkshire (Mr. Knight) at the start of his speech when he said that we want better use of our roads and bus lanes. I did not quite follow his argument about buses in East Yorkshire, however, because when I was last there, I did not see many bus lanes in some of the rural areas—they were mainly in more urban areas. Perhaps he will inform the House where they are. He will know the area far better than I do.

4.45 pm

The arguments that we have had today were well rehearsed in Committee, and I am delighted that we are hearing them again today. Bus lanes are generally provided to enable buses to avoid the queues that occur in congested road networks. The higher carrying capacity of buses means that the lanes make efficient use of road space in terms of moving people, and the quicker and more reliable journey times that follow make buses a more attractive and realistic option, thus further relieving pressure on the road network. The more other vehicles are allowed to use bus lanes, the more the purpose and effectiveness of those lanes is devalued.

New clause 4 would effectively turn all bus lanes into high-occupancy vehicle lanes. It is easy to envisage that bus lanes would become choked by other traffic and that the presence of other vehicles in a bus lane would encourage the drivers of single-occupancy vehicles or those carrying just one passenger to use the lane as well. That would delay buses and lead to enforcement problems.

The right hon. Member for East Yorkshire talked about using new technology such as cameras to enforce bus lanes. Of course, cameras can be used to distinguish

between buses and other vehicles, but there is considerably more difficulty in distinguishing whether a car has one, two or three occupants, as the new clause would require. That is why the enforcement of high-occupancy vehicle lanes in Leeds and south Gloucester relies on a police presence and the ability to stop vehicles apparently contravening the rules. There was a complaint from one lady who had a small child strapped in the back of her car who, of course, was not visible to the police officer from outside the car. There are difficulties and anomalies in trying to enforce such rules.

I recognise that, in the right place, high-occupancy vehicle lanes can be an effective traffic management measure, and the right hon. Member for Bromley and Chislehurst will be pleased to know that, later this year, my Department will be publishing guidance to authorities on the implementation of such lanes. Who knows, in the very long term, when the right hon. Gentleman and I are well retired, there may be a Conservative Government implementing some of these plans.

Mr. Greg Knight *rose—*

Mr. Jamieson: I was just coming to the right hon. Gentleman's point about high-occupancy vehicle lanes, but I will give way.

Mr. Knight: We welcome what the Minister said about issuing guidance. Will it be general guidance that, in effect, updates what is now the seven-year-old guidance on bus lanes? The hon. Member for Crewe and Nantwich (Mrs. Dunwoody) raised an interesting point. The original guidance referred only to heavy goods vehicles using bus lanes in some cases, and there may be a case for short-run delivery vehicles being included as well. Will the guidance be all-embracing?

Mr. Jamieson: The guidance will relate to high-occupancy vehicles.

I do not have the experience of the right hon. Member for Bromley and Chislehurst of travelling in the United States of America, but I think that I have travelled on the road outside Seattle to which he referred. Like my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody), I noticed that it was rather wider than even the widest motorways in this country. I noticed also that it had no bus lane but rather a high-occupancy vehicle lane, whereas the new clauses relate to bus lanes, which are mainly in confined urban areas that in no way equate to the great intercity highways of the USA. Interesting though his point was, it does not easily read across to this country.

My hon. Friend the Member for Crewe and Nantwich made an interesting point about the problem for milk floats and other service providers. The milk float in my area arrives at 4 am, making a considerable noise and usually waking me up at the same time. I accept that there is a problem, because for people who find it difficult to get to the shops those deliveries are a lifeline. Delivery companies also provide employment. She asked if I would go away and think hard. I certainly shall, as long as she does likewise. I would be happy to put our brains together to find a solution.

Mr. Redwood *rose—*

Mr. Jamieson: The right hon. Member for Wokingham (Mr. Redwood) is offering to join us in a troika to solve the problem.

Mr. Redwood: Has the Minister thought about bus lanes' hours of operation, because milk floats often go out early, so they may not conflict with the frequent service provided by buses? Is it not possible to make the bus lane inoperable early in the morning so that delivery vehicles can use it?

Mr. Jamieson: Again, I find myself agreeing with the right hon. Member for Bromley and Chislehurst, who is at odds with his Front Bench, as I believe that such things should be decided locally. Local authorities should work with local companies to see if we can accommodate such arrangements. In some areas, bus lanes are not required 24 hours a day, but it is important that local authorities make those decisions. The House will be surprised to learn that I do not favour the big state intervention that the hon. Member for Christchurch (Mr. Chope) advocated—*[Interruption.]* I see that the right hon. Member for Bromley and Chislehurst agrees with me.

Mrs. Dunwoody: Before we leave our unfortunate milkman, there is an added hazard when delivery vehicles are subject to a congestion charge. I am afraid that I do not have an instant answer—I wish that I did—but I hope that we can find a way to assist small deliveries. Given the level of petty theft in urban areas, it is not possible to ensure that delivered goods are still there when people get up to collect them. It is a difficult but genuine problem.

Mr. Jamieson: I accept that it is both difficult and genuine. Equally, if milk floats used bus lanes regularly, it could inhibit the flow of buses, and local people would have a view about that. There could also be a considerable hazard—the right hon. Member for Bromley and Chislehurst said that buses would be weaving in and out of the next lane, which would create safety problems.

Mr. Redwood: I do not know of any place that needs a 24-hour bus lane. Bus lanes are needed only in busy periods when there is a frequent bus service. Outside those hours, buses could easily use the outside lane, because there would not be a great number of other vehicles, allowing delivery vehicles to do their job.

Mr. Jamieson: In certain parts of the country—this is particularly true of London and big conurbations—there are 24-hour bus lanes because buses run 24 hours a day. In the night, there is no need to lift the restriction on using bus lanes because the roads are reasonably clear of cars anyway. The real problem was identified by my hon. Friend the Member for Crewe and Nantwich. We need to address it, along with local authorities and suppliers to see if we can reach an accommodation. I

[Mr. Jamieson]

cannot see an easy solution to the problem, and I do not believe that she can either. It has been drawn to my attention that, in an intervention on the right hon. Member for Wokingham, I referred to cycle lanes rather than bus lanes. I meant that that cycles were permitted to use bus lanes, but he probably inferred that.

New clause 6 would require all with-flow bus lanes to be open to use by cycles, motor cycles, taxis and invalid carriages. It is unnecessary for cyclists, who already have a right to use with-flow bus lanes. The Secretary of State's consent would be required if a local authority wished to exclude cycles, but it is rarely requested or given. A small number of bus lanes may exclude cycles for safety reasons, for example where cyclists are encouraged to use a parallel cycle track rather than a narrow bus lane. If it could be provided that there was a cycle track as well as the bus lane, that would be a considerable advantage to the cyclist, but one has only to look at the roads in London and many other urban areas, including my constituency, to see that it would be almost impossible to provide a facility for a bus lane and a cycle track in the available space.

As for motor cycles, taxis and invalid carriages, local authorities have the power to allow other vehicles to use bus lanes if they consider that that would be desirable. We believe that it should be left to the discretion of local authorities to decide whether any other classes of motorised traffic should be allowed to use any of their bus lanes, taking into account their local transport plans and specific objectives in creating those bus lanes. That cannot be done effectively by central Government.

The right hon. Member for East Yorkshire mentioned the guidance on bus lanes in local transport note 1/97, "Keeping Buses Moving". That acknowledges that there are circumstances in which it will be appropriate and desirable for other vehicles to use the bus lanes and gives guidance on assessing the effects on buses and other road users. I stress to the right hon. Gentleman that that is guidance, not instructions, to local authorities. I emphasise for the third or fourth time that it is important that, working within the guidance, local authorities make decisions appropriate to their own circumstances.

Some local authorities have allowed motor cyclists to use bus lanes. That has raised concerns for the safety of other road users, particularly for cyclists and pedestrians. Before revising the guidance, we are awaiting the results of trials in London allowing motor cycles in bus lanes. It would be premature to give an unconditional recommendation that motor cycles should be able to use bus lanes, let alone to give them standard access.

Generally, it is better for invalid carriages to use footways, rather than the carriageway, wherever that is possible. It is not a good idea to encourage such small, low-powered, slow-moving vehicles to use bus lanes. Apart from the danger of their being ridden over because the bus driver cannot see them in his mirrors, moving at a maximum speed of 8 mph they would considerably inhibit the flow of traffic behind them.

The new clauses are not necessary in relation to cyclists, and in relation to the other vehicles, they would undermine the effectiveness of bus lanes by removing the right of local authorities to decide which other vehicles, if any, should be allowed to use bus lanes. I therefore ask that the motion be withdrawn.

Mr. Greg Knight: The Minister is on a roll this afternoon. We have enjoyed listening to him. He has been bold, helpful, and willing to listen to views expressed in the House and the points raised in the debate. Knowing how the Government Whips Office works, I should warn him that he is in danger of being shuffled off to another Department because he is being too helpful to the House.

Before the Minister rose to speak, I wrote on a piece of paper what I intended to say to wind up this part of the debate: the guidance is seven years old, needs updating, is overcautious and restrictive, and the Government should update it. He guessed that that is what I intended to say, and I warmly welcome the fact that we are to get new guidance. I hope that he will put a copy in the Library so that right hon. and hon. Members can see it.

Our main criticism of the guidance that is seven years old is that it leads local authorities to act too cautiously and not to consider innovations that may be suitable for the locality that they serve. My right hon. Friend the Member for Wokingham referred to motor cycles being allowed to use bus lanes. Apart from Bristol, as far as I am aware, there is no part of the country where that is allowed. Although the guidance makes it clear that the decision can be made locally, at the end of paragraph 4.12 on motor cycles, it states:

> "The Department recommends that motorcycles should not normally be permitted to use bus lanes."

I hope that when the new guidance is issued, it will be more neutral in what it says to local authorities. It should point out the range of options that are available to them and allow them to make their own decisions.

5 pm

The hon. Member for Shrewsbury and Atcham (Mr. Marsden) and my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) expressed concern about the policing of bus lanes where other vehicles are allowed to use them. That should not be a problem given the advent of new technology—digital cameras are better than the earlier analogue ones—and a policy of unannounced and occasional policing. Policing a law by which certain motorists are not supposed to be in a vehicle unaccompanied—for example, learner drivers are supposed always to have a qualified driver with them—does not present a particular problem and, as camera imaging gets better and more buses have cameras inside, this should not be an insurmountable problem either.

The draconian business motion leaves me with a dilemma: should I test the mood of the House or save 15 minutes of debating time to raise issues further down the amendment paper? In the light of the Minister's helpful response and the fact that he is to issue new guidance, which we warmly welcome, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 5

TRAFFIC LIGHTS

'In exercising their network management duty, a local traffic authority (or, in London, Transport for London) shall be required to monitor all traffic lights in operation in their area and shall—

(a) ensure that all traffic lights operate on a traffic sensitive basis during non-rush hour periods;

(b) require that traffic lights are set to achieve the most expeditious flow of traffic and pedestrians at all times they are operational;

(c) require that unless there are good reasons for not so doing that traffic lights at junctions with low traffic volumes operate in amber warning mode in all directions during non-rush hour periods.'.—*[Mr. Greg Knight.]*

Brought up, and read the First time.

Mr. Greg Knight: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following:

New clause 8—*Network management duty*—

'In exercising their network management duty, the local traffic authority shall be required to ensure:

(a) that all traffic lights operate on a traffic sensitive basis during non rush hour periods,

(b) traffic lights are set to achieve the most expeditious flow of traffic and pedestrians at all times they are operational,

(c) that traffic lights give longer green phases to main roads than to side roads and give continuous green phases to main roads during quiet times of the day and night, save where the traffic sensors recognise traffic on approaching side roads.'.

Mr. Knight: I cannot think of a single factor that induces road hypertension more than having to stop at a set of traffic lights at a junction on a main road only for no traffic to emerge from a minor road and no pedestrians to seek to cross. Yet that happens in every city in the United Kingdom every day during non-rush hour periods—it certainly happens on the streets around this building. Traffic lights should be responsive to the flow of vehicles on our roads. If they are not, we end up with unnecessary tailbacks, which are far too common in our urban areas. Indeed, on most occasions when I leave this place at an early hour, I find that I am, along with other motorists, obliged to stop and wait at traffic lights that are showing red, only for no vehicles to cross the junction. There must be a better way of operating traffic lights. Unnecessary red lights add to pollution, add extra time to people's journeys and add to congestion.

Does the Minister know what percentage of traffic lights are capable of operating in traffic-sensitive mode? Wherever new traffic lights are installed or old ones refurbished, there should be some requirement on those responsible to install traffic lights that can operate on a traffic-sensitive basis.

Mr. Redwood: I hope that my right hon. Friend would not limit traffic sensors to new traffic lights, but would want retrospective fitting to take place as soon possible, because many would benefit from it.

Mr. Knight: I agree with my right hon. Friend. I was trying, in the first instance, to find out from the Minister whether, as a matter of good practice, it is a requirement that all new traffic lights are capable of operating on a traffic-sensitive basis. I hope that he will confirm that that is the case.

I hope that the Minister agrees that traffic lights should never be operated in a fashion other than to ensure the most efficient movement of traffic and pedestrians at a road junction. A report that appeared in the *Evening Standard* on 2 February this year refers to a particular set of lights in London and challenges its readers:

"Have you found a worse set of lights? . . . Situated at the junction where The Mall meets Trafalgar Square, they are responsible for some of the most notorious tailbacks in town. The reason is obvious to anyone who has sat in the ever-lengthening queue of cars trying to get to Trafalgar Square: they simply do not stay green for long enough."

The report continues:

"We studied the lights on different working days, at different times, and found: the lights changed from red to green every one minute and eight seconds; the lights stayed on green for only eight seconds each time."

Mr. Forth: I know that my right hon. Friend has driven quite a lot in the United States, as have I. He will know that in many states a driver is allowed to turn right at a red traffic light, provided that he is satisfied that the road is clear. Does my right hon. Friend think that we should carefully consider the idea of allowing people to turn left at red traffic lights in this country, to help partially to solve the problem that he describes?

Mr. Knight: I agree. We floated that idea in Committee, and if my right hon. Friend examines new clause 5(c), he will see that it seeks to introduce another innovative measure from the United States: setting traffic lights that control low-density traffic flows to flash amber in all directions at non-rush hour periods, in effect signalling to motorists from all directions to cross the junction with care.

The report in the *Evening Standard* points out that those particular lights have caused such anger and frustration in the film director Michael Winner that he

"has pledged to stand for Mayor of London on the single issue of getting them changed."

The RAC Foundation, when asked to comment, said of the lights:

"Having just eight seconds for motorists to squeeze through means that they are so frustrated they end up jumping red lights."

I presume that that refers to other red lights.

Mr. Redwood: On that crucial point, would my right hon. Friend use his considerable powers of persuasion to suggest to the Conservative candidate for Mayor of London that if he took up that popular policy—both on the specific lights at the approach to Trafalgar square and on the more general problem—he would win many votes?

Mr. Knight: I think that if I strayed too far into my conversations with the Conservative candidate for Mayor of London, you would call me to order, Mr. Deputy Speaker. However, may I just say that in all my conversations with Steven Norris on this matter, I have found him helpful and willing to listen? I think that he will take note of the points made in this debate.

[Mr. Knight]

A report in *The Daily Telegraph* on 10 February last year said:

"Traffic congestion in London is costing business about £3.4 million a day, according to calculations by the London Chamber of Commerce, and conditions are getting worse. But business analysts point out that the jams are not being caused by more vehicles coming into London. Indeed, the AA's figures suggest there are actually fewer cars in central London now than there were 20 years ago . . . There has, however, been a sharp increase in the number of traffic lights, and in some parts of central London they are now on average only 80 yards apart. In addition, the timing of 170 of the 562 traffic lights in the central ring has been altered to slow the traffic even further."

That is the main complaint that new clause 5 seeks to address.

I do not know whether the Minister has made any studies of the situation in America to which I have referred, but we should be prepared to look at schemes that are in place in other countries, and embrace those that work. I have seen no evidence that the amber flashing system, which the Americans use regularly in non-rush hours, has led to an increase in the number of accidents. I hope that the Minister will be prepared to reflect on that, and perhaps give the go-ahead to a pilot scheme somewhere in the United Kingdom if he does not feel able to accept new clause 5.

I hope that the Minister will respond positively to the new clause, whose sole aim is to reduce congestion. It does not seek to put pedestrians at risk, but has one aim only: congestion busting. I therefore hope that he will welcome it.

Mr. Redwood: I rise to support new clause 5, tabled by my right hon. and hon. Friends, and to speak to my parallel new clause 8. I shall highlight the differences between them, but there are also many similarities. Both are designed to get traffic flowing more freely again.

As my right hon. Friend the Member for East Yorkshire (Mr. Knight) has ably pointed out, the position in London is particularly chronic. There has been a deliberate attempt by the highways authorities to block and slow the traffic. We have seen reduced green phases and increased red phases at many sets of traffic lights, and the introduction of a large number of additional traffic lights, some of which are unnecessary or undesirable. In the centre of London, we now also have traffic lights with the new feature of an all-red phase, which means that traffic coming to the junction from each direction has to sit there looking at all the other stationary traffic. Let us imagine the cost of that in terms of fumes, frustration, pollution and inconvenience. There are often no pedestrians wishing to cross those roads at the time of the all-red phase.

I am mainly a pedestrian in central London. I bring my car in on a Monday morning, and I leave it here until my duties are finished. I do not try to drive round the centre of London in my car. I normally walk, because I find that that is the quickest mode of travel, now that the traffic system has been wrecked and the underground functions so badly. So I look at this situation from a pedestrian's point of view, but I cannot say, as a pedestrian, that I want all-red phases. I often do not want to wait for the red phase at all, and I would not do so if it were safe for me to cross. It is perfectly reasonable for pedestrians at busy junctions to have to row in with the traffic light system, just as vehicles do, so that the pedestrians cross the road during the red phase. If they wished to cross again in a further direction, which is unusual, they would also have to wait for a red phase there, so that it would be safe to cross.

The new clauses are designed to deal with the inconvenience created by the prevalence of red phases over green phases, and particularly to tackle the new injustice of the all-red phase, which does not help or amuse me as a pedestrian and which is extremely frustrating to all those who need or have to drive around London. It is particularly frustrating to all those carrying out their trade, using a van, milk float or other commercial vehicle. They have to use their vehicles because the tools and stock of their trade are inside them. Those people now have to sit at traffic lights for a great deal of the day, which increases prices, reduces efficiency, annoys people who live near the road blocks, and increases the amount of pollution.

New clause 5 proposes that

"all traffic lights operate on a traffic sensitive basis during non-rush hour periods".

If properly implemented, that measure would make an immediate improvement. We all have experience of travelling round busy towns and cities in the evening or the early morning, and of having to sit at red traffic lights when there is nothing moving in the other direction. Proper traffic sensors on the lights would remove the inconvenience, the congestion, the pollution, the delays, and the extra noise and fumes for people living nearby.

The second part of the new clause proposes that

"traffic lights are set to achieve the most expeditious flow of traffic and pedestrians at all times they are operational".

That addresses directly the question of whether there should be all-red phases. The answer is that there should not, and that there should be a sensible balance between the needs of the different road users and roads coming into the junction. We need to balance the needs of pedestrians and vehicles, and to make a decision as to which is the major road and which is the minor, giving sensible priority in most cases to the major road.

The third part of new clause 5—which differs markedly from my proposal in new clause 8—proposes that, unless there are good reasons for not doing so,

"traffic lights at junctions with low traffic volumes operate in amber warning mode in all directions during non-rush hour periods."

I could live with that proposal. Traffic sensors changing the lights from red to green or green to red, as appropriate, in response to traffic demand would be even safer and easier, so I would favour that option. However, if my right hon. and hon. Friends want to press new clause 5 to a vote, I should be happy to support it, because the intention is good. People would, however, have to be a bit more careful, because there could be traffic approaching a junction on amber from both directions. We would also need a sensible definition of low volume, so that the opportunities for conflict were reduced.

5.15 pm

That brings me to my new clause 8, which contains the provisions

"that all traffic lights should operate on a traffic sensitive basis"

and that all traffic lights should be

"set to achieve the most expeditious flow of traffic and pedestrians".

The other feature of my new clause, instead of the amber flashing mode, is that

"traffic lights give longer green phases to main roads than to side roads and give continuous green phases to main roads during quiet times of the day and night, save where the traffic sensors recognise traffic on approaching side roads."

I submit that that is a safer variant than the amber flashing lights.

In most cities and towns, there is a clear main road—the A-road, the trunk road or the main route that goes through the principal settlement or links the connected settlements that form a great city—and a series of side roads intersect with the main route. Where that is clear, surely the highways authority should programme the traffic lights to give priority off-peak, all the time, to the busier main road, with the proviso that there should be a traffic sensor so that people are not stranded on the intersecting side roads for ever. In many cases, they would get early change to green if the traffic flows permitted that on the main route. That would be much fairer: it would reduce frustration as well as the need to burn so much petrol, change down and come to a halt, often with the engine running, while people wait for what seems like a long time late at night for the lights to change.

There we have it. There are two parallel proposals on the table. One, influenced more by the United States, involves the amber flashing light; the other is influenced more by the British tradition of using the technology of traffic sensors. The Minister may argue that there would be a cost involved in installing traffic sensors in traffic lights. I quite agree, but it would be modest compared to the huge sums spent on obstacles and blocks to traffic in recent years. Most road users would think it was money well spent.

I recommend that it be assumed that, over a reasonable period, that cost would get us up to modern traffic management standards. The savings in terms of less congestion, less fuel burned, less frustration, less delay and less cost to business would be considerable.

The Minister may also say that he favours local autonomy in that respect as in others. I would find that easier to believe if we did not have before us this Bill in this shape. The Bill is about establishing national standards of traffic management and investigating how well local authorities do. It is about, in extreme cases, moving in and taking over traffic management duties if the local authority has failed.

I am offering the Minister a way to ensure that local authorities, in more cases than not, succeed in improving traffic flows and busting congestion so that he does not have to make a heavy-handed intervention, which he will be entitled to do if the Bill is passed. So, far from my proposals being an additional blow to local autonomy, they could be a buttress to sensible local autonomy, which would mean that fewer local authorities got into the danger zone on their traffic management practices and had to face the extreme intervention of the whole system being taken out of their hands to be run by somebody else.

The Government and local authorities seem to be interested in the use of technology to advise, warn, marshal and control traffic. I am recommending an old and well-established technology that would do the job at a relatively modest price and relatively simply. I have been trying to persuade my local authority, which is keen to get traffic moving and bust congestion, to change the phasing of lights. It has been obliging in many cases and is conducting an exercise at the moment, junction by junction.

The authority is discovering that it can improve the capacity of leading congested junctions in the district quite substantially, simply by changing the phasing and timing of lights. If traffic sensors are added, the effect is even better—particularly off-peak when there is no need to hold up the traffic on principal routes. I recommend that the Government adopt a scheme along the lines of new clause 8 and have pleasure in supporting my right hon. and hon. Friends in new clause 5.

Mr. McNulty: I cannot recall whether I raised the Mall-Whitehall issue in Committee but a greater propensity for green lights at that particular junction would only move the delay elsewhere. It is part of a network rather than an individual set of lights. In a network, one cannot look at each traffic light junction in isolation. That would be simplistic and unworkable. TFL informs me that pedestrian flows after the pedestrianisation of the northern part of Trafalgar square are rooted in road safety.

All the points made on both new clauses were germane and fair. I may agree with some but not with others. The right hon. Member for Wokingham (Mr. Redwood) was ahead of me when he said that such matters are for local determination, not for the Bill in the first instance. New clause 5 seeks to extend the network management duties of local traffic authorities to the monitoring of all traffic lights in their areas—but ensuring that traffic light sets are working correctly to achieve the expeditious movement of all traffic would be one strand of a local traffic authority's management traffic duties, as set out in clause 16.

The term "traffic" explicitly includes pedestrian. We had that debate at length in Committee. Considering expeditious traffic flows in the context of traffic lights purely in isolation is not sufficient; that is a fundamental flaw in both new clauses. Traffic flows must be viewed in the wider context of the network management duties that permeate the entire Bill

At first, I inadvertently misled the Committee. I was still in pre-Greater London Authority mode when I stated that the transport operational command unit managed traffic lights in London—which it did before the GLA. Subsequently, that duty fell to TFL. I am grateful to the hon. Member for Christchurch for allowing me to correct that error.

New clause 5 would place a requirement on traffic authorities to ensure that all traffic lights be at optimum settings at all times during which they are operational. No one would disagree with that general objective, but we dispute the means. The majority of traffic lights in the

[Mr. McNulty]

UK are responsive to traffic flow changes and allocate green times proportionately to vehicle flow and the needs of pedestrians. Lights can also have different settings to cater for rush hour and non-rush hour periods, to achieve the expeditious and safe passage of vehicular and pedestrian traffic. We will include advice in the guidance on network management techniques that will be issued under clause 18, so there is no need to incorporate that requirement in the Bill.

There is mixed experience from America. I can say from my 18 months in America, principally as a student, that for every four-way flashing amber junction there are about 10 four-way stop junctions with no lights. That practice is rooted in America's highway culture, especially in urban areas. They eschew the need for roundabouts, and although there are examples of four-way-flashing amber junctions—to which I will return in moment—it must be pointed out that that is not the only model used, as four-way stops are a far more regular occurrence in those areas.

Furthermore, the new clause would make it a requirement that during non-rush-hour times traffic lights should operate on flashing amber warning mode at traffic junctions with low traffic volumes. As I think we said in relation to the wider context of traffic lights—not specifically on flashing amber warning mode—that proposal would seriously compromise vehicular and pedestrian safety, and it must be discussed in the context of pedestrians and their safety as well as that of vehicular flow. Flashing amber already has a specific meaning at pelican crossings—that a driver may proceed if no pedestrians are crossing—and such an amendment would cause danger and confusion if it had another meaning at a junction. Flashing amber would not in any case be suitable at many junctions where buildings or road layout prevent drivers from seeing whether other vehicles are approaching the junction.

As for pedestrians, although I cheerfully admit that the right hon. Member for Wokingham is fit, active and sprightly, not every pedestrian in a London context, or any other context, is, and we must legislate for safety for all, from the fittest to the most vulnerable, in terms of road safety. Pedestrians, especially the most vulnerable, will have no crossing facilities and will find crossing the road neither convenient nor safe at non-rush-hour times. As I am sure I said in Committee, blind and partially sighted pedestrians would no longer be able to rely on audible and tactile signals to cross safely, as flashing amber would necessitate removal of those facilities. It would be contrary to long-established UK practice, and unsafe, to signal pedestrians to cross when there are conflicting traffic movements. A better solution is to ensure that signals operate, wherever possible, in a responsive way so that drivers are only stopped when there is a conflict with other vehicle or pedestrian movements. At quiet times, signals need only operate to stop traffic if a pedestrian has operated the push button. I repeat, however, that all this needs to be seen—as we said constantly in Committee—in the wider context of the balance between pedestrians, safety considerations, vehicular flows and road traffic. Isolating this aspect will ultimately undermine the essence of the network management duty.

New clause 8 has been described as similar to new clause 5, but it omits—to be fair to it—the dangerous proposal that traffic lights should operate in flashing amber mode in all directions at traffic lights with low volumes of traffic during non-rush hour periods. The new clause proposes that traffic lights give longer green phases to main roads than to side roads and continuous green phases to main roads during quiet times of day and night, except where the traffic sensors recognise traffic on approaching side roads. That is essentially a description of how responsive traffic lights should operate in most situations, and it is generally what we want to happen in practice.

I repeat that I am not condemning right hon. and hon. Members on the Conservative Benches for the substance of what they suggest. Many of these things should be a matter of course in terms of achieving the network management duty, and should be reflected in the guidance indicated in the relevant clause—18, I think. As I said, however, it is an area best suited to guidance, not legislation, as local authorities are best placed to determine the operation of traffic lights in the light of local conditions, as I believe the right hon. Member for Wokingham was suggesting that his authority is now doing.

The proposal would, for example, prevent authorities from installing traffic light systems that revert to all-red in the absence of any demands, for example, late at night. In many instances, despite the complete aversion to all-red phases of the right hon. Member for Wokingham, they assist traffic flow—when they are traffic sensitive, they change as soon as a vehicle approaches, and they can do so within seconds. The balance must be struck in relation to starting at an all-red phase. In the context of road safety, therefore, if a pedestrian comes along, they can cross safety and take preference. It is therefore not always the case that all-red phases are counter to the needs, desires, freedoms—or whatever else one wants to suggest—of the motorist.

5.30 pm

This type of system has been successful in reducing the incidence of certain kinds of accident, and is also very responsive when the first demand is received, whether from a vehicle or from a pedestrian. Where suitable, it enables whoever arrives at the lights first—motorist or pedestrian—to receive the fastest possible response.

The new clause would also have the immediate effect of making fixed-time systems unlawful during non-rush hour periods, including systems with varying times depending on the time of day. Local authorities with vehicle-activated traffic light systems could also be in breach of the provision if the vehicle detectors failed during non-rush hour periods, because such systems are designed to revert to fixed-time operation.

I am happy for the substance of the new clause to be discussed in more detail when we consider techniques relating to network management. As for a point that is not part of the substance but was raised in Committee, the ability to turn left at red lights—I see that being done

successfully all the time when I am in France during the summer, and also in America, although of course those are right-hand turns—may have some merit at some junctions. Giving carte blanche at all junctions, however, could conflict with prevailing road safety systems.

Given the assurance that the substance of the new clauses—but not the four-way flashing amber phase—may be worthy of consideration, and the assurance that the network management duty and associated guidance will cover traffic light operation, I hope that, in the spirit of what has been a wonderful debate so far, Members will not press them to the vote following an extremely generous and forbearing double act on the Government Front Bench.

Mr. Greg Knight: What a contrast between the two Ministers! The hon. Member for Plymouth, Devonport (Mr. Jamieson) listened to, and accepted, most of our arguments. The hon. Member for Harrow, East (Mr. McNulty) tried to get in on his hon. Friend's coat tails by pretending that he was Mr. Reasonable as well. He is not. He appeared still wearing his Government Whip's uniform, and I am afraid that merely saying that some of our points may be worthy of consideration is not good enough. We wanted him to give a commitment that he would look at our proposals as a matter of urgency. Of course we accept that just changing one traffic light will not solve the problem, but what we need is guidance that those who set the timing of the lights are obliged to follow, the intention being to improve traffic flows.

Mr. Redwood: The facts are simple. Before the lighting phases were changed, the traffic flowed well; as soon as they were changed, it did not. If the Minister is right in saying that other traffic lights are gummed up as well, we are not stopping him from changing them all—but he must change the really difficult one, which is the one identified by my right hon. Friend.

Mr. Knight: My right hon. Friend is correct, and we have heard no realistic indication from the Minister today that he appreciates the scale of the problem, or is willing to grasp it. I realise that in a moment he will probably look over his shoulder expecting salvation from his troops in the approaching Division, but let me tell him that there is a bigger army out there—an army of angry, over-taxed motorists sitting in congested queues of traffic that need not exist. It is that army, which is bigger than his parliamentary army, that will sweep this Government from office in 2005.

I wish to test the mood of the House.

Question put, That the clause be read a Second time:—

The House divided: Ayes 167, Noes 279.

Division No. 91] **[5:33 pm**

AYES

Allan, Richard
Amess, David
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Baron, John *(Billericay)*
Barrett, John
Bellingham, Henry
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burns, Simon
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Dorrell, rh Stephen
Doughty, Sue
Duncan Smith, rh Iain
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Maude, rh Francis
Mawhinney, rh Sir Brian
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paterson, Owen
Pickles, Eric
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robertson, Hugh *(Faversham & M-Kent)*
Roe, Mrs Marion
Rosindell, Andrew
Russell, Bob *(Colchester)*
Sanders, Adrian
Shephard, rh Mrs Gillian
Shepherd, Richard
Simpson, Keith *(M-Norfolk)*
Soames, Nicholas
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Trend, Michael
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela

Webb, Steve *(Northavon)*
Whittingdale, John
Wiggin, Bill
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. David Ruffley and
Mr. Geoffrey Clifton-Brown

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Battle, John
Bayley, Hugh
Bell, Sir Stuart
Bennett, Andrew
Best, Harold
Blackman, Liz
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, Russell *(Dumfries)*
Buck, Ms Karen
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Cawsey, Ian *(Brigg)*
Chapman, Ben *(Wirral S)*
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coffey, Ms Ann
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cox, Tom *(Tooting)*
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Kelly, Ruth *(Bolton W)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
McIsaac, Shona
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Merron, Gillian
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Hara, Edward
Olner, Bill
Organ, Diana
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pickthall, Colin
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Dr. Richard *(Wyre F)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian

Whitehead, Dr. Alan
Wicks, Malcolm
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Mr. Fraser Kemp and
Vernon Coaker

Question accordingly negatived.

Clause 9

Removal of Certain Vehicles by Traffic Officers

Mr. Chope: I beg to move amendment No. 2, in page 5, line 19, at end insert—

'(3) When exercising any powers made under provisions referred to in subsection (1), and before arranging for the removal of a broken-down vehicle, a traffic officer shall, when this can be done without compromising safety or unreasonably impeding traffic-flow—

(a) grant the driver of the vehicle, where present, a reasonable opportunity to contact a breakdown organisation or other service provider of their choice, and if that organisation confirms to the traffic officer that it will attend the broken-down vehicle as soon as practicable, then the traffic officer shall allow that organisation a reasonable period in which to attend the aforesaid vehicle; or

(b) where the driver of the broken-down vehicle is not a member of a breakdown organisation, take into account any wishes of the driver with regard to attendance on the relevant vehicle and accede to such wishes where this would fulfil the purpose or purposes specified in section 5(3).'.

The amendment would prevent up to 10 million customers of the Royal Automobile Club, the AA, Green Flag and other motoring organisations from effectively being short-changed as a result of the changes proposed in part 1 of the Bill. Assurances have been sought from the Government on this issue, with which the Minister is familiar. Ministers made it clear on Second Reading and in Committee that they do not want the result that motoring organisations fear will flow from the Bill. There is one way in which matters can be satisfied, which is for the Minister to accept this amendment.

The amendment is a modification of what was proposed in Committee. It specifically incorporates the qualification that motoring organisations would not have the right to attend to their customers if, by so doing, they would compromise safety or unreasonably impede traffic flow. In all other circumstances, the customer of a motoring organisation who had broken down on the hard shoulder of a motorway would be able to phone up to call that organisation to attend to his or her needs. The amendment is particularly important for disabled groups and we know that the Disabled Drivers Association strongly supports it.

Mr. David Kidney (Stafford) (Lab): Briefly, I spoke on Second Reading in support of co-operation between the Highways Agency and recovery operators of the sort that currently obtains between the police and those operators. It is disappointing, all these months later, that the necessary talks have still not happened. I have a copy of the memorandum of understanding between the Association of Chief Police Officers and the operators, so why on earth can we not now have a tripartite understanding between the police, the Highways Agency and the operators?

This is an important issue—and not just because 90 per cent. of the activity is already carried out by the operators. It would be iniquitous if all the people who were members of motoring organisations were denied the use of those operators' services. The Minister would become unpopular if people started getting bigger bills for the removal of their vehicles from the motorway roadside than they would if their operator had turned up.

A constituent recently contacted me about his experiences. It was not a motorway case, but the Minister may be interested to know that the Highways Agency arranged for a private operator to turn up and remove a little bit of oil from the road, for which my constituent was charged £600. The Highways Agency will lose control over the costs. How much better if there were co-operation between the Highways Agency and the operators who have the skills and abilities to work with that agency on a collaborative basis. That would be more efficient, more time-saving and certainly less costly.

Mr. Redwood: I rise to support my hon. Friend on his important amendment. I find it extraordinary that the Government want to do so much damage to well established motoring organisations such as the Royal Automobile Club and the Automobile Association, and to deny motorists their choice and opportunity—*[Interruption.]* The Minister protests, but he has only to read the reasonable words of the amendment, which make it clear that we wish to

"grant the driver of the vehicle, where present, a reasonable opportunity to contact a breakdown organisation or other service provider of their choice".

Why does the Minister object to that, which seems such a reasonable thing to do? If he does object, as seems to be the case, I presume that, if we had enough time left, he would recommend that his hon. Friends voted the amendment down. That must mean that he has no time for the AA and the RAC, and that he would like them to be displaced by the expensive monopoly proposals in the Bill.

I do hope that the Minister will think again. I shall not develop my argument further, because I want to hear his reply in the hope that, even at this last moment, he might have seen the folly of his ways and grant us leave to add the amendment to the Bill.

Brian White: One of the reasons provided by several organisations to explain their concerns is their fear of a change of Government. I would certainly endorse that. The real danger with the Bill is that we end up with a Tory Government. I wholly concur, and any sensible person would also be fearful of that possibility.

There remain some genuine concerns about the need to ensure that the breakdown companies remain competitive, and that there is a national competitive framework governing the operation of the various providers. There is concern that the Bill's reasonable provisions are not so open-ended as they appear. The discussions need to be brought to a conclusion. I believe

[Brian White]

that the memorandum of understanding should become tripartite and that that should happen as quickly as possible. The Government should reiterate the assurances that the breakdown industry is seeking.

Mr. Jamieson: Again, these issues were rehearsed at length in Standing Committee. In case there is no time later, I want to make it clear that this Government hold this country's recovery organisations in high regard. The AA, RAC and Green Flag, to name but three, give their members an excellent service. The Government have absolutely no intention of supplanting the excellent work of those organisations. I hope that that reassures the Opposition, who seem hellbent on perpetuating a myth about the Government's intentions.

Clause 9 paves the way for regulations to be made that will empower traffic officers to remove vehicles that are broken down or abandoned, or parked illegally, obstructively or dangerously. The framework set out in regulations under section 99 of the Road Traffic Regulation Act 1984 already allows the police to remove vehicles in such circumstances. Opposition Members should be aware of that, as the measure was passed by a Conservative Government. The legislation works well, and so we intend to enable traffic officers to deal with the problem in a similar way.

Vehicles that are broken down, damaged or abandoned represent a safety hazard, especially on motorways and other high-speed roads. They can cause congestion and pose risks to road safety. It is essential that those vehicles can be removed quickly in the interests of the safety of any occupants and of other road users. Motorway hard shoulders and dual carriageway verges are dangerous places, and there are still too many fatalities and serious accidents involving stranded vehicles. It is therefore vital that traffic officers have the ability to require the removal of a stationary vehicle.

Amendment No. 2 would constrain the ability of traffic officers to sort things out. Over time, those officers become very experienced in assessing such situations, but the amendment would impede their discretion to have a vehicle removed. In practice, that could result in an increasingly dangerous situation: the removal of a vehicle from a hazardous location could be delayed while discussions were held on how long it might take a breakdown organisation to come along, or whether a friend was going to come to the driver's assistance.

On a busy motorway, with a vehicle in a dangerous position, that would clearly be totally unacceptable. I fully understand the concerns of the recovery organisations and their members that they should not to be subjected to over-zealous removal by the authorities, but that has not happened to date and there is no reason to believe that it will happen in the future.

Who is in the best position to judge an appropriate course of action? That is a key question. Traffic officers are well trained and experienced professionals who know the network and the prevailing traffic conditions. They will understand more fully the risks inherent in various breakdown situations. They will be at the scene, and also will be in touch with the regional control centres that can provide information relating to conditions elsewhere on the road. They are in the best position to make a judgment on the most appropriate course of action, not the driver or the recovery operators.

I emphasise again that the recovery organisations will be able to attend their members who break down on motorways and trunk roads, as they do now. For those drivers who are not members of a breakdown organisation, the recovery of their vehicles will be dealt with as it is now. That may include the use of police contracts to remove the vehicle from the motorway or trunk road.

The Government are committed to an ongoing dialogue with the recovery industry to see how further improvements can be made to the way that breakdowns are dealt with on motorways and trunk roads. The Highways Agency is convening a working group to discuss issues of removal and disposal of vehicles, and representatives of the recovery industry will be invited to attend. I am told that the working group will meet next Friday, 26 March, to discuss those matters, and I know for certain that the AA and RAC wish to attend.

In light of what I have said, I hope that the amendment will be withdrawn.

Mr. Chope: I will not withdraw the amendment because the Minister has not addressed it—he refers to hazardous situations, which it specifically excludes. Without it, the Highways Agency will be enabled to establish a monopoly roadside recovery service, which is not what anybody wants.

Question put, That the amendment be made:—

The House divided: Ayes 174, Noes 276.

Division No. 92] **[5:59 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Bellingham, Henry
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burns, Simon
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Dorrell, rh Stephen
Doughty, Sue
Fabricant, Michael
Fallon, Michael
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip

Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robertson, Hugh *(Faversham & M-Kent)*
Robinson, Mrs Iris *(Strangford)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Shephard, rh Mrs Gillian
Shepherd, Richard
Simpson, Keith *(M-Norfolk)*
Soames, Nicholas
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Trend, Michael
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Geoffrey Clifton-Brown and
Mr. Peter Atkinson

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Battle, John
Bayley, Hugh
Bell, Sir Stuart
Bennett, Andrew
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Buck, Ms Karen
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coleman, Iain
Connarty, Michael
Cook, Frank *(Stockton N)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cox, Tom *(Tooting)*
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gilroy, Linda
Godsiff, Roger
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
McFall, John
McIsaac, Shona
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice

Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Hara, Edward
Olner, Bill
Organ, Diana
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pickthall, Colin
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Dr. Richard *(Wyre F)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Vernon Coaker and Paul Clark

Question accordingly negatived.

It being after Six o'clock, MR. DEPUTY SPEAKER *proceeded to put forthwith the Questions necessary to dispose of the business to be concluded at that hour, pursuant to Order [5 January].*

Clause 11

UNIFORM

Amendment made: No. 3, in page 6, line 12, leave out 'may' and insert 'shall'.—*[Mr. Jamieson.]*

Clause 84

FINANCIAL PROVISIONS

Amendment made: No. 4, in page 52, line 39, leave out

'regulations under paragraph 3(3) of'

and insert

'an order under Schedule 3 to'.—*[Mr. Jamieson.]*

Mr. Deputy Speaker: Consideration completed.

Order for Third Reading read.

6.14 pm

Mr. Jamieson: I beg to move, That the Bill be now read a Third time.

I notice that we have three quarters of an hour in which to debate Third Reading, so that might give hon. Members the welcome opportunity to go to the "Taste of Cornwall" exhibition upstairs on the Lower Waiting Hall, which was organised by my hon. Friend the Member for Falmouth and Camborne (Ms Atherton). I enjoyed a lovely oyster and, I must say, a tiny drop of Skinner's Keel Over there. Anyone who wants to taste the fine fare of the west country should take the opportunity to do so.

Mr. Patrick McLoughlin (West Derbyshire) (Con): On a point of order, Mr. Deputy Speaker. I have just been reflecting on the words that you used at the end of the proceedings on Report. You said, "Consideration completed". I realise that the use of those words is a long established practice, but will you reflect on whether it would be more appropriate to say, "Time allocation completed"? Consideration of these matters has certainly not been completed, because we did not reach many of the amendments. Under the arrangements for the modernisation of the House, the Chair ought to consider not saying "consideration completed" because that is misleading, as the Government's guillotine concluded the remaining stages of debate. Will you reflect on that for subsequent announcements?

Mr. Deputy Speaker: I am more than happy to reflect on that point of order, as I do on every point of order. The House will have heard the hon. Gentleman's remarks, but I am afraid that for the time being the words that I used must rest.

Mr. Jamieson: Traffic management—the way that we manage our roads—affects all of us every day. The Bill will make sure that our road space is managed in the interests of road users, help us to get the most out of the investments that we make in our infrastructure, and cut out some of the unnecessary disruption that can clog up our roads.

Notwithstanding what has just been said, I am glad that, in Committee, we made good progress within the time allocated. The time allocation worked well for the Committee, and the Bill has been given good scrutiny by Conservative and Liberal Democrat Members. Some elements have received widespread support on both sides of the House. I am pleased to say that, in general, debate has been constructive, and it has helped to shape Government policy. I thank all who contributed to the

discussions, not just those who were in Committee, and who made useful and worthy contributions—so good, in fact, were some of the Opposition's contributions that they changed the Government's mind. When I was in opposition, that was rare. I thank the officials and those who support the Opposition. I know that there are many people in the backrooms of Members' offices who do a lot of work on Bills and get very little thanks from the public for doing so. I place on record my thanks to those people for their work.

Transport and infrastructure are there to support the economy, and if our economy is to function properly, goods and people need to move efficiently. Keeping traffic moving can help to improve safety and reduce pollution, so reducing congestion will help us to achieve some of our other goals. Congestion is a symptom of economic prosperity, and notwithstanding what was said on Second Reading, we now have growing economic prosperity. There are more than 1.5 million more people in work than in 1997. That is more people who are travelling to work, and more people with money in their pocket to spend on going out for leisure. I welcome that; it is a good thing and it is part of being in a prosperous, democratic society.

There are even more utilities digging up the roads, installing new services that we want and, of course, maintaining the vital infrastructure that lies beneath our roads.

Mr. Redwood: There are also more highways authorities, local and national, messing up the roads. Will the Minister, at this late stage, guarantee that in another place the Government will move amendments to extend to them powers that will control their activities?

Mr. Jamieson: From our debates, certainly in Committee, we know that such authorities are already included. It is for not only the utilities but the Highways Agency and the highways authorities to make sure that they do everything to avoid impeding the flow of traffic. In fact, the Bill gives new responsibilities both to the Highways Agency, through the traffic officers, and to local authorities through traffic managers, to make sure that traffic is kept moving safety in their areas.

Mrs. Dunwoody: Reading the Bill carefully, I find that it is precisely the fact that it all the time confirms the need to keep traffic moving that worries me. Is the Minister satisfied not only that the powers to be given to the new group of traffic officers will be properly controlled, so that we know what they are and are not capable of doing, but above all, that the general public will understand why we have yet another group of people whose function seems to be limited but whose powers seem to be considerable?

Mr. Jamieson: In time, the public will understand the role of traffic officers, who will begin to take up duty on our roads this year. Their task is to help to keep the traffic moving and ensure the safety of people on the network, which will be appreciated by the public. The Bill will not solve all our problems, but it complements our other policies. There will be more capacity where appropriate, as is happening on the M25. Billions of pounds will be invested in local transport improvements, and better use of new and existing capacity will make a difference. We need to manage both trunk roads and local roads properly, which is why the Bill gives the Highways Agency and local authorities the new powers that they need to do that job.

On our trunk roads, 25 per cent. of congestion is caused by incidents. We will not stop all those incidents, but we can reduce the time taken to deal with them and cut out unnecessary congestion. The new traffic officer service will target new devoted resources on keeping traffic moving on our motorways, and will be a uniformed, dedicated, 24/7 force serving the motorist. It will make our motorways safer, give drivers better information and improve traffic flow. In short, the traffic officer service will be the motorist's friend.

The Bill creates new powers for local authorities. Permit schemes and other provisions will put local traffic authorities in a stronger position to manage their roads. We are creating a realistic expectation that all local authorities will focus on managing their roads, as the best authorities are already doing. Creating new powers, however, is only part of the picture. Right hon. and hon. Members argued forcefully on Report and in Committee about many aspects of network management, authorities' own roadworks, the use of bus lanes and phasing of traffic lights—both subjects of debate today—and speed limits, and humps, which my hon. Friend the Member for Bassetlaw (John Mann) discussed in Committee. Powers are already in place to deal with such issues, but we agree that we need to make sure that they are being used properly with the right end in mind, which is why the new network management duty that we are giving to local traffic authorities is important. It is not just about doing things that are new—we need to make sure that everything else is controlled and working properly.

The network management duty and the accompanying guidance for local authorities will focus attention on getting the right results. It will not, however, tell authorities what decisions they have to make to achieve those results. Authorities themselves are better placed than us to take those decisions. We are already making good progress. Ministers and officials are meeting key stakeholders to develop the guidance on the network management duty, and we are making similar progress with the secondary legislation stemming from parts 3 and 4. Even today, authorities and utilities are developing options for the creation of permit schemes, and I look forward to the results of their deliberations and seeing how we can make a difference to what happens on our roads.

While this Bill is in the other place, we will work hard to make sure that its key measures deliver results for road users as soon as possible. Before the end of April, I expect the Highways Agency's traffic officers to be operating on the ground in the west midlands, and working with the police to keep traffic moving and to clear up after incidents. I look forward to the benefits that the service will deliver; to giving traffic officers their full powers when the Bill receives Royal Assent; and to the delivery of benefits in the north-west and south-east by spring 2005, and across the whole network by the end of next year.

Mr. Paul Marsden: I reiterate the general support of the Liberal Democrats for the Bill and its concepts. The Minister has outlined the benefits that it will bring about. How will they be measured? Will it be down to individual performance mechanisms and indicators for specific parts of the traffic officer service, or will it be down, ultimately, to reducing congestion, which should be the objective?

Mr. Jamieson: There will be a combination of those aspects. We are setting targets for the traffic officers. It will be a matter of reducing congestion and dealing with incidents more rapidly than is currently the case. There will be measures of customer satisfaction to see whether people who use the roads value the service they get when, for example, a car has gone out of control or broken down in the fast lane of a motorway. Those are hazardous and worrying situations, and the traffic officers will be able to assist. We will judge them on the basis of their contribution.

This is a new service, and we will see how the tasks and roles of traffic officers develop. Some will become more important than others and we will change the priorities accordingly. We want to learn from the west midlands experience as we roll that out to the rest of the country, to see what traffic officers do best and how they can best contribute to keeping our traffic moving safely and to the satisfaction of all motorists, whatever type of vehicle they drive.

As the House knows, we are making good progress towards implementing other key measures. We expect to be able to issue guidance to authorities on the network management duty very soon after Royal Assent, so that we can focus immediately on bringing together all those strands in the authorities and on keeping traffic moving on the roads. Authorities will be given the necessary powers to control street works and road works as a priority. There will be full public consultation this summer on regulations for permit schemes. We want to see authorities using those powers effectively as soon as they are available.

People want to know how our plans will affect them. I am pleased to say that the Bill will make a difference by supporting the economy, improving safety and reducing pollution. I therefore commend the Bill to the House.

6.27 pm

Mr. Damian Green: As the House reaches the final stage of the Bill before it moves to another place, I pay tribute to colleagues in all parts of the House who have attempted manfully and occasionally successfully to improve it. The Minister graciously pointed out that he has taken on board some of the sensible suggestions made by my right hon. and hon. Friends, and we are delighted with that.

On Second Reading, we moved a reasoned amendment. We accepted that we need to take steps to help drivers and others who use the road network, but we did not accept that the Government's proposals amounted to a coherent, well thought out strategy to solve the many problems on our roads that the Minister mentioned at the beginning of his speech. The central problem with the Government's approach to traffic management is incoherence. They cannot decide whether they regard the car as an evil or not. Their heart tells them, and many of their own Back Benchers tell them, that motorists are a bad thing whose lives need to be made miserable, but they accept that there are tens of millions of drivers in this country, many of whom rely on the car as an essential necessity for going about their daily business.

It is our contention that those people should have their lives improved as much as possible by the traffic management network. That is what we have been seeking to do with our suggested changes to the Bill. The question facing us today, after the Committee and Report stages, is whether enough of the many persuasive arguments put by my right hon. and hon. Friends and by hon. Members in other parts of the House, including on the Government Benches, have been taken on board by Ministers. The answer, regrettably, is no. We have done our best to improve the Bill so that it genuinely meets the needs of road users, but Ministers have insisted on sticking to the bulk of their original plans, so the Bill is not yet in a fit state for us to support it. I hope that in another place it can be changed in those areas where it is deficient.

All that despite the rather good start to the debate on consideration. We were entirely happy to support Ministers on their new clause on blue badges to help disabled people, and we paid tribute to Members on both sides of the House who lobbied for that. Then, Ministers graciously conceded that our ideas on civil enforcement and the need for statutory guidelines are sensible. We are delighted that they agreed to look again at the wide-ranging and ill defined powers that they have given traffic wardens to impose penalties on drivers of moving vehicles, and we hope that they will return with further sensible suggestions. It was good to hear Ministers admit that we were right about the need for statutory guidelines. Indeed, the Under-Secretary of State for Transport, the hon. Member for Plymouth, Devonport (Mr. Jamieson), was praised for his flexibility. Despite that, or perhaps because of it, that was it for the rest of the day as far as common sense was concerned, and we got no more real agreement from the Government.

Nevertheless, I hope that when the Government move their own amendments in another place we can support them, because this is a key issue for those who are concerned not only with traffic management, but with the wider issue of respect for the forces of law enforcement. One of the great problems of our age is the increasing breakdown of respect among the general population for the police and other law enforcement agencies; over-zealous civilian enforcement of traffic laws is a significant contributor to that.

The second problematic aspect of the Bill is the permit scheme that the Government propose to foist on councils and the utilities. We had an extremely entertaining debate—largely conducted, it must be said, on this side of the House—on the balance between those two good Conservative principles of low and honest taxation and local accountability. We came down on the side of low and honest taxation because, as the National Joint Utilities Group says, the Government's scheme will add £1.2 billion per annum to utilities' costs in building up their networks. That is why we suggested that the fee for any application for a permit or issue of a permit should not be higher than the administration cost incurred.

The arguments over the extra £55 per household tax that the Government propose to impose were well rehearsed, and I will not go over them again. However, I invite Ministers to consider what happened in the experiments that they set up to test this type of system. The Halcrow report on the pilot schemes that were implemented in Camden and Middlesbrough showed that utilities did not change their practices under lane rental although they had to pay the charges. The objectives—to reduce journey times in Camden and to reduce delays in bus journeys in Middlesbrough—were not achieved, and the additional costs to the utilities in the 11 months of the pilots were £1.18 million in Camden and £862,000 in Middlesbrough. If Ministers looked at the evidence that they themselves commissioned, they would not be proceeding down this route. It is somewhat stubborn and pig-headed of them to persist with the scheme, and I assure them that we will continue our opposition in another place.

The third area where the Bill is seriously deficient is in the effect on the breakdown services of the proposals on managing incidents on motorways. Ministers have fallen over themselves to provide assurances that they do not intend to damage the RAC, the AA and Green Flag, and did so again today. Sadly, they seem not to have read their own Bill, which permits the Highways Agency to establish a monopoly roadside recovery service funded by charges on motorists. Given Ministers' record on milking motorists, they should understand why bodies such as the AA and the RAC, which are of course supportive of improved incident management, are so concerned about the Bill. Ministers will probably not listen to Opposition parties, but perhaps they will listen to the motoring organisations, which, as has been pointed out, have 10 million members. The AA says:

"The Bill, as drafted, could not only enable the removal of motorists' existing right of choice of commercial provider but also remove the existing right of one motorist to stop and help another . . . Consumer protection issues also appear to have been overlooked because the Bill gives powers for charges to be set to create a revenue stream in the financial interests of the HA"—

the Highways Agency—

"or contractors".

In other words, the body empowered to remove vehicles will be funded by the charges that it can make. I should have thought that that in itself would be enough to ring alarm bells with Ministers.

The AA makes another good point, particularly apposite given our debate on blue badges and the needs of disabled drivers:

"The Disabled Drivers Association says that the special needs services provided by the major roadside recovery organisations are vital to hundreds of thousands of vulnerable drivers. It would neither make sense nor be acceptable to them to put these national services under threat."

Ministers need to look again at those points.

The RAC envisages:

"A needless doubling up of resources",

because

"70 to 80 per cent. of our customers call for help from a mobile phone. This means that in many cases breakdown organisations will already have sent a recovery vehicle before the Highways Agency becomes involved."

The RAC, too, is concerned about unfair charging of motorists and in particular—the Minister did not address this extremely good point at all—the second order effect, by which there will be a reduction in the number of motorists with breakdown cover. If people know that the Highways Agency has some kind of monopoly right on motorways, and will come along, charge them what it likes and take their cars away anyway, that will discourage them from joining the excellent breakdown organisations.

Mr. Jamieson: I am not sure whether the hon. Gentleman was in the Chamber when we debated that on Report, but if so he would have heard me say that we hold the breakdown services in the highest regard and that the Government have no intention, through the Highways Agency or any other body, of supplanting their excellent work. There will be no incentive for people to leave the AA, the RAC or any other body under the "second order" to which the hon. Gentleman refers, because they will be charged for having their vehicle totally removed from the road. The only powers that we have transferred to traffic officers are those that the Conservative Government gave the police, back in 1984.

Mr. Green: I was here, and I heard the Minister give those warm words, but he does not appear to have listened to the words of the organisations. The fact is that they do not believe him, and I am afraid that we are now at the stage of the decaying years of this Government when no one believes a word that they say. The Minister can reassure people until he is blue in the face, but it is quite clear that those hugely responsible, popular, important organisations have not been reassured. He has made exactly the same points on meetings taking place in a few weeks' time as he made on Second Reading, and he has not accepted any amendments drafted by those organisations and tabled by my right hon. and hon. Friends. I am therefore not surprised that they suspect his motives. The warm words that he keeps repeating are not backed up by any deeds. Until Ministers do something to help the emergency organisations, rather than just say how much they value them, they will not be credible on this point.

Among the noteworthy aspects of today's debates were the warm tributes to local authorities and local power that the Minister kept paying. He will be aware, however, of the real concerns of local government about the centralising tendencies of the Bill as it stands, in particular about the powers to impose traffic directors on local authorities. The Bill does not state in what circumstances that might happen or what evidence the Government will have to produce to enable them to act in that way. It does not set a timetable for any review of arrangements in cases in which the Government have declared a local authority to have failed and have taken away its powers of traffic management—*[Interruption.]* The Minister is sitting there chuntering, but he should perhaps talk to his colleagues in the Local Government Association, who made those points very strongly in the days leading up to this debate. He has not convinced even his Labour colleagues in the LGA: yet another group of people who can see that Ministers' words and deeds are completely out of sync.

[Mr. Green]

In amendment No. 1, which we did not reach, we suggested adding to statutory duty the need to keep the roads in good repair. My hon. Friend the Member for West Derbyshire (Mr. McLoughlin) made the good point that the Bill has therefore not completed its scrutiny. Surely it is a basic and sensible aspiration to ask local highways authorities to keep the roads in good repair. That is the sort of thing that should appear in a traffic management Bill, and it is a great shame that, because of the Government's habit of trying to shorten parliamentary scrutiny of their legislation, perfectly non-contentious and sensible ideas such as that in amendment No. 1 cannot even be debated in the House.

So the Bill, which purports to help traffic flow and improve the conditions on our roads, has failed to achieve its objectives. It should have provided relief for congested streets and frustrated road users, but it is now clear that we shall have to wait for such useful legislation until the next Conservative Government. This Government have been waging war on the motorist since they came to power and, sadly, the Bill does not mark a ceasefire, as it was meant to. In its own terms, the Bill fails in its purpose, and I urge the House to reject it.

6.40 pm

Mrs. Dunwoody: Any traffic management scheme must be properly organised, and the Bill represents a sensible attempt to do exactly that. We desperately need to bring a bit of sense to the way in which we manage our road space in congested towns and villages and to accept that many different groups of people need to use what is a very limited space.

I have one reservation about the Bill, however, and I would like to spend a minute putting it on record. The powers that it gives to traffic officers are very wide-ranging while not being tremendously precise. They also appear to present some difficulties. We are creating a new traffic police force without the full skills and abilities of true traffic policemen. We could easily have expanded the existing police forces to create a real traffic police force, if it were only the clogging up of motorways that was causing the difficulty. I hope that we shall not regret this decision in due course.

6.41 pm

John Thurso: I see a number of other hon. Members waiting to speak, so I shall be brief. I pay tribute to all hon. Members who took part in our proceedings today and in Committee, which was certainly helpful to the Bill.

I gave the Bill a pretty broad welcome on Second Reading. I said that its general principles were right, and that is still my view. I raised three points at that time, and I shall touch briefly on each of them now. The Minister mentioned the problems of congestion. They certainly impede our economy and add to emissions, which has a negative impact on the environment and on human health. The Bill is welcome in that it seeks to address those problems in general terms.

We have talked about the timetable for the Bill, and it certainly proved adequate in Committee. The Bill received good scrutiny, and I pay tribute to the business managers for achieving that. I am also grateful to the Minister for mentioning the backroom staff on all sides; they do a good job. I appreciated the opportunity, as did my staff, to meet his officials to consider various aspects of the Bill. I have to say, however, that on Report, holding six short debates was perhaps not the best way to proceed. I am sorry that we did not get to the one debate that I would have liked to take part in, which was the one on my amendment.

I expressed my concern on Second Reading that traffic officers and traffic managers might not have sufficient regard to safety. The Minister gave reassurances in Committee in that regard, which I was content to accept. I believe, from what he has said, that the commitment to road safety will be there. Another point that I raised with him, about which I am less certain, relates to environmental management, and to whether network managers will have sufficient regard to that issue. There is an imbalance between keeping traffic moving and what is best for the environment. It remains to be seen whether the Bill will look after what is required for the environment.

One issue that we debated in Committee and failed to get to today was the London settlement in the Greater London Authority Act 1999 and how the powers that the Bill confers will relate to traffic directors and the Mayor. As the Bill stands, it removes the primacy of the Mayor on transport matters, by enabling traffic directors to override the Mayor's strategy and directions in relation to local implementation plans, and his directions to Transport for London. It therefore contains a major shift in the London devolution settlement. In Committee, the Minister said that it was not the Government's intention to unpick the devolution settlement, but further research has shown that that is precisely what they did, as the back-stop powers that they required were already available under clause 143 of the Bill that set up the Greater London authority. That matter may have to be dealt with in another place.

Notwithstanding that fairly severe reservation and the other matters that I touched on, I believe that the principles of the Bill are correct. It is important that our traffic be kept flowing as freely as possible. My colleagues and I are content to support the Government in the Lobby.

6.45 pm

Brian White: Consideration on Second Reading began with the Government responding positively to a letter that I wrote about the concerns of utility companies by setting up the working group. This afternoon, the Government accepted an amendment on the blue badge scheme that I tabled in Committee. I thank Ministers for their positive response throughout.

Having said that, I raised a number of other concerns in Committee regarding the permit scheme and road safety that Ministers need to continue to take on board during the ongoing consultation. The assurances that they gave in Committee on how those concerns will be dealt with in the ongoing discussions are important, particularly those on network management having a duty to deal with road safety issues.

It is important to get the balance right between utilities and local authorities—that has been mentioned today—and in the co-ordination of street works. I

welcome the assurance that the Government gave in Committee that start-up companies will not find themselves at an unfair disadvantage over the works that are essential for the growth of our economy. I appreciate that the right hon. Member for Bromley and Chislehurst (Mr. Forth) will want to endorse that.

The traffic forum proposals should be taken forward. Also, the involvement of stakeholders in drawing up the regulations and, in particular, the need for joined-up government, are important. It is not only the Department for Transport that should be involved.

The Bill is a useful step forward and I urge Ministers, as they take the consultation forward, to take on board the real, underlying concerns that gave rise to a number of amendments that were considered in Committee.

6.47 pm

Mr. Redwood: Previous Transport Ministers under this Government worked on the assumption that 30 million motorists must be wrong. If the motorists were not wrong, they would impose rules, regulations and new restrictions to ensure that they were, and then charge them for it.

The latest Secretary of State and his ministerial team offered us something better. We were told that they had seen the light: they had come to realise that most people most of the time make their journeys by car, that most goods move by van or lorry, and that however successfully we improve railways and other public transport modes—this Government have been singularly unsuccessful in that—we are unlikely to get away from the fact that the overwhelming majority of longer journeys are undertaken by road vehicle.

We entered into the spirit of the Bill expecting great things. Certainly, the Under-Secretary of State for Transport, the hon. Member for Plymouth, Devonport (Mr. Jamieson) has been pleasant and agreeable—from time to time, he has found merit in what the Opposition have said—so it is more in sorrow than anger that I have to say that I share the disappointment of my hon. Friend the Member for Ashford (Mr. Green), who sits on our Front Bench.

I was expecting much more. I was told on Second Reading that several ideas that I had put forward had a lot to recommend them and would help to improve traffic flow, but I find that somehow they have not found their way into the Bill as yet. I live in hope, because in the other place, where there is a better voting balance, wiser heads may prevail. The Minister may take away from today's debates some better ideas that could be reflected in the Bill before it returns to the House.

So many points need improving. Today, for example, the hon. Member for Crewe and Nantwich (Mrs. Dunwoody) talked about important issues concerning delivery vehicles. She is worried about the lot of the milk float. It has to go out early in the morning and hazard its way round the bus lanes worrying about infringements and taxes being imposed on it if it intervenes by using the bus lane. The driver also has to worry about crossing the bus lane on foot, presumably after having parked in the middle of the highway. That is a ludicrous situation. The Minister agreed, but had no immediate solution. The milk float is one of many delivery vehicles that have to chance their arm with bus lane regulations. I hope that the Government will think again and understand the need for change. One possible solution is to alter the times at which bus lanes come into effect, so that early-morning deliveries can take place without difficulty. If we want to improve road capacity and reduce congestion, bus lanes should only operate at busy times of day, when frequent and regular bus services need to use them. It seems ridiculous to blank off half or one third of the highway on each side for the whole day when often no congestion warrants that intrusion or no buses are using that facility.

We have attempted to address speed limits but without success. All of us believe that low limits should be imposed where vulnerable people—particularly children and the elderly—may be on or near the carriageway. At times when children are entering or leaving school, it makes sense to impose tight speed controls. They can also make a lot of sense when applied to busy roads in residential areas and near the homes of elderly people.

It does not make sense to impose a series of varied speed limits—30, 40, 50, 60 or 70 mph—on main trunk roads through urban areas in a way that the motorist finds confusing. Often, lower speed limits are set than most motorists judge to be safe. Those arbitrary limits are buttressed with cameras as a way of collecting large sums of money from motorists who may not be aware that the limit has suddenly changed from 60 or 50 mph to 40 mph and have to make a contribution to the one-armed bandits in the sky.

The Under-Secretary frowns, but an experienced motorist used to be able to judge the speed limit by the environment through which he or she was driving. If one was driving through a well-lit, built-up area one knew that the limit was 30 mph. A dual carriageway in an urban area meant a 40 mph limit. Anywhere else on a main highway meant a 60 mph limit in the case of a single carriageway and 70 mph for a motorway-type road.

There is now a stunning array of different speed limits, particularly in urban areas. Experienced motorists cannot guess or judge but have to keep their eyes skinned to the side of the road to see the one sign—often covered in mud, dirty and not easily recognisable—when their eyes should be fixed on the road ahead, in case there is an unusual impediment. As a result, even law-abiding motorists often get caught out in areas they do not know well. There should be a much more rational approach. My hon. Friends on the Front Bench suggest a limit of 80 mph on motorways. In trying to observe, as I do, the 70 mph limit I am always in the slow lane and practically every other vehicle overtakes. If I broke the speed limit and got caught, that would make far too exciting a story—so like the Minister, I suspect, I try to behave myself. I notice that most of my constituents do not believe that the 70 mph speed limit is reasonable or sensible and regularly break it.

Parking is another issue that we have debated but on which we have not succeeded in changing the Minister's mind. One reason why highway capacity is so limited is that many people at home and work and in town centres have to park their vehicles on the carriageway because planning rules do not make sufficient provision for

[Mr. Redwood]

parking, hard standing or garaging. That does not stop people owning and using cars but means that a large number of vehicles, when not in use, stand out on the highway—reducing the space available on a crowded highway network in a crowded island. I hope that Transport Ministers will talk to their planning colleagues and re-examine the guidelines.

The guidelines are based on the false proposition that, if planners restrict the amount of garage and hard-standing space in people's homes, and the amount of car parking in city and town centres, people will be deterred from owning or using cars. That is a misunderstanding of human nature. As society gets more prosperous, and as the public transport alternatives are so obviously not up to many people's demands in relation to going to work, taking the children to school or going about their leisure and pleasure, of course, people will own cars. If there is not sufficient parking space at home, they will park out on the highway, and if there are not sufficient off-road parking places in town and city centres, more congestion will result as vehicles circulate around the town and city desperately looking for the limited parking places available, and having to play a kind of Russian roulette to get one. That increases congestion and pollution, and does not succeed meeting in the green objectives that underlie the policy.

We have debated the issue of bus lanes. Again, it was disappointing that Ministers did not decide to include in the Bill a provision to allow vulnerable vehicles and other users of the highway such as motor cyclists and cyclists the right in every case to use the bus lane. Ministers were persuaded of the case for cyclists to use the bus lane, and said that that usually happened, so it would not have hurt to put it clearly in the legislation. They also said that they were studying the case of motor cyclists. Hundreds of thousands of cyclists and motor cyclists who may hear about this debate will be disappointed that the Bill does not recognise their needs or include them as reasonable users of the bus lane. The Minister says that he has a lot of sympathy with my view, so I do not know why he cannot use his legislative pen to put my mind at rest and show either that that is happening or that it should happen as a matter of course.

Many Members on both sides of the House recognise that traffic lights, their location and use, are one of the big problems in creating congested Britain. We have made several proposals for improving the use, phasing and deployment of traffic lights, which we think could make a lot of sense. The case, as with that for amending the bus lane regulations, is based on safety as well as speed and ease of passage. Many accidents occur at junctions, which is not surprising given that, at junctions, traffic moving in different directions comes into conflict and powerful vehicles come into potential conflict with bicycles and pedestrians. Junctions are the most dangerous parts of the road network. Our motorways, which are by far and away our fastest roads, are also our safest roads, because most of the hazards of the junction have been taken out by grade-separated interchanges, meaning that traffic moving in different directions never comes into conflict. Of course, no pedestrians or push cycles are allowed on motorways. Relatively high speeds at uncongested times of day are therefore combined with much greater safety because of segregation of traffic and proper use of the motorway.

On the main trunk road network, which does not have dual carriageway and grade-separated interchange provision, there is much more conflict between different types of vehicle moving in different directions and more vulnerable road users. I hope that, as a result of the debate, the Government will recognise the need to study those junctions and how many of them can be enlarged and improved with a view to segregating different users of the junction and segregating traffic flowing in different directions to reduce the likelihood of conflict. My single message to the Government on safety and congestion is that it is not speed that causes the accidents, and it is not just a case of trying to get traffic moving more quickly to stop congestion. If we want a really safe highway network, we must design conflict out and we will then cure both congestion and many of the safety problems.

We need to be much kinder to the pedestrian. On the railways, we have a very good rule that people should never walk anywhere near the tracks and should not try to cross the railway lines other than by means of a bridge, and yet different rules seem to apply when it comes to managing the main road network. As a pedestrian in London rather than a car user, I think that we pedestrians should also obey the rules. Pedestrians should have proper provision, probably with more bridges and underpasses, so that we can cross the road without having to wait for traffic and avoid the conflict between pedestrians and cars that often occurs.

The Bill provides for a massive stealth tax on the utility companies. My right hon. and hon. Friends have calculated that it could be as much as £55 per household as a result of the powers—

It being Seven o'clock, MADAM DEPUTY SPEAKER *put the Question already proposed from the Chair, pursuant to Order [5 January].*

The House divided: Ayes 333, Noes 136.

Division No. 93] **[7:00 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barrett, John
Battle, John
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Bruce, Malcolm
Buck, Ms Karen
Burnett, John
Burnham, Andy
Burstow, Paul

Byers, rh Stephen
Cairns, David
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Chidgey, David
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coleman, Iain
Connarty, Michael
Cook, Frank *(Stockton N)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cotter, Brian
Cousins, Jim
Cox, Tom *(Tooting)*
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gardiner, Barry
George, Andrew *(St. Ives)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Green, Matthew *(Ludlow)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hancock, Mike
Hanson, David
Harman, rh Ms Harriet
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Heath, David
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Holmes, Paul
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kemp, Fraser
Kennedy, rh Charles *(Ross Skye & Inverness)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, David
Lawrence, Mrs Jackie
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lepper, David
Leslie, Christopher
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Llwyd, Elfyn
Love, Andrew
Lucas, Ian *(Wrexham)*
McAvoy, Thomas
McCafferty, Chris
McCartney, rh Ian
MacDonald, Calum
McDonnell, John
McFall, John
McIsaac, Shona
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marsden, Paul *(Shrewsbury & Atcham)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moore, Michael
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Murphy, Denis *(Wansbeck)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
Oaten, Mark *(Winchester)*
O'Hara, Edward
Olner, Bill
Opik, Lembit
Organ, Diana
Owen, Albert
Palmer, Dr. Nick
Pickthall, Colin
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Sanders, Adrian
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Thomas, Simon *(Ceredigion)*
Thurso, John
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm

Williams, Roger *(Brecon)*
Willis, Phil
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Mr. John Heppell and Paul Clark

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, rh Michael
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Bellingham, Henry
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burt, Alistair
Butterfill, Sir John
Cameron, David
Campbell, Gregory *(E Lond'y)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cran, James *(Beverley)*
Curry, rh David
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Dorrell, rh Stephen
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Forth, rh Eric
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Goodman, Paul
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Howard, rh Michael
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paterson, Owen
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robertson, Hugh *(Faversham & M-Kent)*
Robinson, Mrs Iris *(Strangford)*
Roe, Mrs Marion
Rosindell, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Tredinnick, David
Trend, Michael
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willetts, David
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Noes:
Mr. David Ruffley and Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

European Parliamentary and Local Elections (Pilots) Bill

Lords Reasons for insisting on certain of their amendments to which the Commons have disagreed, considered.

7.16 pm

Madam Deputy Speaker (Sylvia Heal): Under the Order of the House of 8 March, any message from the Lords relating to the European Parliamentary and Local Elections (Pilots) Bill may be considered forthwith, without Question put.

A message has been received from the Lords as follows: the Lords disagree to the Commons amendment to a Lords amendment to the European Parliamentary and Local Elections (Pilots) Bill, and they insist on a Lords amendment to which the Commons have disagreed, for which disagreement they assign their reason.

Mr. Patrick McLoughlin (West Derbyshire) (Con): I beg to move, That the House do now sit in private.

Question put forthwith, pursuant to Standing Order No. 163 (Motions to sit in private):—

The House proceeded to a Division.

Madam Deputy Speaker: I have asked the Serjeant at Arms to investigate the delay in the Lobby.

The House having divided: Ayes 122, Noes 311.

Division No. 94] **[7:17 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, rh Michael
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Beggs, Roy *(E Antrim)*
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burt, Alistair
Butterfill, Sir John
Cameron, David
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Curry, rh David
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Forth, rh Eric
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Goodman, Paul
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
Maples, John
Mawhinney, rh Sir Brian
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paterson, Owen
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robertson, Hugh *(Faversham & M-Kent)*
Roe, Mrs Marion
Rosindell, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Tredinnick, David
Trend, Michael
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Walter, Robert
Waterson, Nigel
Whittingdale, John
Wiggin, Bill
Wilkinson, John
Willetts, David
Wilshire, David
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Ayes:
Mr. David Ruffley and
Mr. Geoffrey Clifton-Brown

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barrett, John
Beard, Nigel
Bell, Sir Stuart
Bennett, Andrew
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Bruce, Malcolm
Buck, Ms Karen
Burnett, John
Burnham, Andy
Byers, rh Stephen
Cairns, David
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Chidgey, David
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clelland, David
Coaker, Vernon
Connarty, Michael
Cook, Frank *(Stockton N)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cotter, Brian
Cox, Tom *(Tooting)*
Crausby, David
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw

Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, Andrew *(St. Ives)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Green, Matthew *(Ludlow)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hancock, Mike
Hanson, David
Harman, rh Ms Harriet
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Heath, David
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Holmes, Paul
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Ann *(Brentford)*
Keetch, Paul
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lepper, David
Leslie, Christopher
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
McAvoy, Thomas
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
McFall, John
McIsaac, Shona
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marsden, Paul *(Shrewsbury & Atcham)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Merron, Gillian
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moore, Michael
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Murphy, Denis *(Wansbeck)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
Olner, Bill
Öpik, Lembit
Organ, Diana
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pickthall, Colin
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Robinson, Geoffrey *(Coventry NW)*
Robinson, Mrs Iris *(Strangford)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Sanders, Adrian
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Thomas, Simon *(Ceredigion)*
Thurso, John
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Roger *(Brecon)*
Willis, Phil
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Younger-Ross, Richard

Tellers for the Noes:
Mr. John Heppell and Paul Clark

Question accordingly negatived.

Lords Amendment 1B

Lords Disagreement and Reason

The Lords disagree to Commons Amendment 1A to Lords Amendment 1 for the following Reason—

Because it is appropriate to make provision for no more than two pilot regions, as recommended by the Electoral Commission.

7.33 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): I beg to move, That this House does not insist on its amendment No. 1A to Lords Amendment No. 1.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following: Government amendment (a) to Lords amendment No. 1.

Lords amendment No. 3B—*Lords Insistence and Reason*—

The Lords insist on their Amendment 3 to which the Commons have disagreed, for the following Reason—

Because it is appropriate to impose the requirements set out in the Lords amendment.

Government motion to insist on its disagreement to the said amendment.

Government amendment (a) in lieu thereof.

Mr. Leslie: Earlier today, their lordships considered again the views of the Commons expressed last Monday evening. The package of measures that we propose includes a concession to their lordships: whereas the Government and the Electoral Commission had hoped to dispense with the requirement for a second person to witness the signature of each voter with a declaration of identity, we are prepared to acquiesce to their Lordships on that particular point, and allow the witnessed signature arrangement to occur in this June's all-postal elections. I realise that that will disappoint the Electoral Commission and many hon. Members, because of worries about the efficacy of a witness signature process, but on balance—and in view of the insistence by the Lords on that point—we feel that on that matter we can compromise without overriding harm coming to the overall policy of all-postal voting. However, we remain opposed to sending expensive and wasteful receipt acknowledgements to every elector who returns a ballot paper, so we wish to delete the measure that would provide for that.

Andrew Bennett (Denton and Reddish) (Lab): It is a shame that we are making that concession to the Lords. What will happen to ballot papers that are returned without the declaration completed correctly? Will the returning officer give people the opportunity to correct their mistake, or will the mistake invalidate their papers?

Mr. Leslie: Owing to the insistence of their lordships, we felt that we needed to try to find consensus on the matter. I tend to agree with my hon. Friend that we would ideally have moved to a single signature arrangement, such as that which we initially set out, but their lordships clearly do not feel that we are yet ready to do that. I suspect that we will return to the matter at another time. The declaration of identity will require a witness signature, which happens under normal postal voting arrangements for postal voting on demand. In that respect, the provision is in line with existing legislation, but I think that further reform will undoubtedly be necessary.

More significantly, their lordships overturned the will of the House of Commons on the Government's intention for four regions—the east midlands, the north-east, the north-west and Yorkshire—to undertake all-postal voting. They did that despite hon. Members' vote last Monday to support the measure. I listened closely to the debate in their lordships' House, and they gave no more substantive reasons for overturning the proposal for four regions than they gave previously. The House of Commons has made its decisions on four regions before in full view of the facts, which is why I urge it to do so again.

Four regions will make up a good pilot. It will cover a minority of the country—31 per cent.—but it will be on a large enough scale to test out new procedures effectively. Postal voting is worth trying out on that larger scale. It makes democracy easier for the public because people's opportunities to express their views are brought to their doorsteps, so electors are not expected to overcome obstacles and travel to a polling station. I understand that several noble Lords and Conservative Members occasionally say that we should not make voting more convenient, but that is a ludicrous position to take.

Mr. George Osborne (Tatton) (Con) *rose*—

Mr. Leslie: Talking of ludicrous, I give way to the hon. Gentleman.

Mr. Osborne: The Minister is belittling the arguments against including the north-west, for example, in the pilot. Does he accept that the Electoral Commission did not feel able to recommend the north-west as a pilot area? Why do the Government think that they can override the Electoral Commission?

Mr. Leslie: The hon. Gentleman should study closely what the Electoral Commission says. It is true that its definition of what forms a pilot differs from the Government's as regards the issue of scale, but it is certainly not the case that it said no to Yorkshire and the north-west. Indeed, it said that those regions in themselves were "potentially suitable"—it gave them that designation. *[Interruption.]* It is true that the regions were not on the Electoral Commission's top two list, which is what the hon. Member for Somerton and Frome (Mr. Heath) implies from a sedentary position, but nevertheless I hope that hon. Members will acknowledge that it recognised north-west and Yorkshire as potentially suitable and that they remain as such.

Mr. Paul Tyler (North Cornwall) (LD): Will the Minister confirm that the Electoral Commission thought that the third region—if there was to be a third—was going to be Scotland, rather than either of the other two regions?

Mr. Leslie: It is certainly not the case that neither of the other two regions was considered. The Electoral Commission produced a grouping of regions that it deemed to be potentially suitable. As we have said many times throughout the passage of the Bill, Scotland and Scottish returning officers did not want to proceed with the process, which is why we moved down the list. Yorkshire and the north-west came next on the list, so we followed the Electoral Commission's ranking in the light of the views of experts, administrators and regional returning officers. I hope that the hon. Gentleman will acknowledge that as a relatively logical process.

Mr. Osborne: The experts at the Electoral Commission said, on 4 March, that they

"felt unable to make a positive recommendation in respect of those regions"—

that includes the north-west—

"having assessed their suitability against the guidelines we have applied."

[Mr. Osborne]

Why is the Minister overriding them?

Mr. Leslie: If the hon. Gentleman reads further the letter sent to me by the commission's chairman, he will see the sentence:

"We named a further four regions that were potentially suitable as pilots."

Mr. Osborne: Potentially suitable.

Mr. Leslie: Yes, potentially suitable, as I said to the hon. Gentleman. He cannot in any way suggest that the Electoral Commission had not said that Yorkshire and the north-west were somehow not potentially suitable.

Mr. Chris Mole (Ipswich) (Lab): Does the Minister accept that the evidence given by the regional returning officer for Yorkshire and Humberside to the Select Committee's current inquiry asserted that the worst that could happen now would be for the Government to change their mind about the pre-planning for the elections, because the local authorities are not a position to return to a traditional approach to voting in this election?

Mr. Leslie: It is indeed the case that, increasingly, returning officers in the north-west, Yorkshire, the east midlands and the north-east are saying that they want to proceed with all-postal voting. That is the view of the administrators on the ground, and they not only want the Government to sustain that position; they want Parliament to sustain it. That is what I am asking the Commons to agree to tonight.

We know for a fact that more people will participate in all-postal voting. What can be wrong with that? Surely it is right and proper that we take steps to encourage wider participation. That is the responsible path to take if we are to reinvigorate our democratic process.

Mr. Gerald Kaufman (Manchester, Gorton) (Lab): I just want to clarify something because I may have got the wrong end of the stick—it would not be the first time. When my hon. Friend was speaking to the motion on the amendment and announcing the change regarding witnesses which my hon. Friend the Member for Denton and Reddish (Andrew Bennett) deplored, did he say that the matter on which the Government were now giving way to the Lords was something that the Electoral Commission wanted?

Mr. Leslie: My right hon. Friend is entirely right. The commission advised Parliament and the Government that it would prefer to move away from the process of the declaration-of-identity witness signature towards a single-signature arrangement. It is a pity that the Opposition parties, in collusion in the other place, have been determined to push that point, but we do not feel that it is at the core of the Bill, and we have reluctantly decided to concede on it.

Mr. Kaufman: Having given that explanation, which confirms what I thought I heard, will my hon. Friend explain how even the heights of hypocrisy which both the Conservatives and the Liberal Democrats can reach—they are heights with no ceiling—allow them to reconcile their demand that we abandon something that the Electoral Commission wanted with them giving as their reason for insisting on the amendment the fact that the commission wanted something? Just what kind of creeps are these people?

Mr. Leslie: I am not sure that I can answer that last question in parliamentary terms, but I agree that even the sky is not the limit when it comes to the double standards and inconsistency in the arguments pursued by other parties. When the commission's advice suits them, they will uphold it; when it does not suit them, they will not uphold it.

If the Opposition parties recognise the arrangements that are in place, they will see that the Electoral Commission is there to advise, but ultimately Government and Parliament have to make the final decisions. We make decisions in full cognisance of the advice that is available to us but also with an eye to the fact that we are accountable to those who elect us, unlike, of course, those in the other Chamber.

7.45 pm

On the issue of scale, which concerned Members in the other place, it would be perverse to ignore the plans for October's all-postal referendum on elected regional assemblies—indeed, the Electoral Commission supports all-postal voting—so proceeding in the north-west, the north-east and Yorkshire clearly makes good sense. We have answered questions and made proposals to placate worries about fraud, and the Electoral Commission, the returning officers and the police are all keen to work together to make all-postal voting a success. Extensions of the offence of personation have been included in the Bill, and election officials have other new powers to crack down on any hint of malpractice. It is extremely odd that Opposition parties in the Lords should say in the same breath that they are prepared to see all-postal voting in two regions, but not in a further two. All the queries raised have been about the system and nature of postal voting, including specious worries about fraud, which can be answered and ameliorated satisfactorily. That is entirely different from suggesting that a greater problem is presented by having four regions as opposed to two. If their lordships thought that the arrangements for all-postal voting were unsafe, why are they happy with two regions but not three or four? Scale presents few issues or problems, yet their lordships failed to address that question.

All-postal voting in only two regions could result in fewer people voting by post than was the case in the last round of local election pilots in 2003—a backward step which would be inexplicable to the many members of the public who are keen on all-postal voting. There is little more to be said about the matter, as the House of Commons has expressed its view, and should do so again tonight. By delaying the Bill, their lordships are jeopardising the crucial preparation period before elections. Returning officers need time to prepare, contract and put their plans in place, and they have asked Parliament to make a decision now on which regions will go ahead. By supporting the proposals, the

House of Commons can reiterate its strong view that four regions need to proceed. I therefore commend the proposals to the House.

Mr. Nick Hawkins (Surrey Heath) (Con): Cracks in the Government edifice have started to appear with the first Government concession. Although it is welcome, it does not go nearly far enough, and the Minister, as usual, has tried to skate over the Electoral Commission's true view. Only a few days ago, in the Chamber, we referred to a letter to him from Sam Younger, the chairman of the Electoral Commission, who, I remind him, said that

"it does not follow that the Commission would be unconcerned about the number of pilot regions. As I have mentioned, we expected the Government to nominate three regions and were surprised to learn that the Bill was to be amended to name four regions."

That is about as strongly worded as letters to Ministers get *[Interruption.]* The Deputy Prime Minister is chuntering. Throughout our debates we have mentioned the unseen hand of the Deputy Prime Minister, who was determined to get his own way about Yorkshire and Humber. He has been working by remote control to try to persuade the Electoral Commission of the Government's case. Finally, he is here in person tonight, and is openly blustering about wanting to get his way, as he always tries to do. Fortunately, we have a bicameral legislature. The upper House is entitled to express its view, and we want to support its sensible warnings about fraud and the dangers of involving half the country in postal pilots. It will come as no surprise to the House that the Opposition remain entirely unconvinced by the arguments the Minister has expressed again tonight for piloting in four regions.

There are two fundamental reasons why we and the other place must stand firm. First, it is irresponsible to operate a so-called pilot scheme in nearly half of England. Almost half the regions will hold combined European parliamentary and local elections in June, when pilot schemes should be designed to generate evidence on a system of voting that is new, innovative and by no means guaranteed secure. The independent Electoral Reform Society has said, as the Minister is well aware, that for the first time in 130 years there is an opportunity, sadly, for large-scale electoral fraud.

Mr. Ronnie Campbell (Blyth Valley) (Lab): There was a pilot scheme during the last local elections in my constituency, Blyth Valley. When I asked the returning officer afterwards how it went, he said he was amazed at how correct the ballot was and at the fact that there was little, if any, fraud.

Mr. Hawkins: That is not the experience of many who spoke in the previous debates on this—*[Interruption.]* The Deputy Prime Minister continues to shout from a sedentary position. I refer him to the detailed speeches of the noble Lord Greaves in several debates about wholesale fraud in various areas—

Several hon. Members *rose*—

Mr. Hawkins: —particularly the north-west—

Madam Deputy Speaker: Order. The hon. Gentleman was not giving way at that point. He clearly is now.

Mr. David Watts (St. Helens, North) (Lab): I am grateful to the hon. Member for Surrey Heath (Mr. Hawkins). Will he refer to the commission's report on the pilot schemes that were conducted both in my own constituency and in that of my hon. Friend the Member for Blyth Valley (Mr. Campbell), and acknowledge that the report indicated that there was no evidence whatever that fraud had been committed? Will he deal with that specific point? I cannot see that he is providing any evidence to justify his claims.

Mr. Hawkins: I can certainly respond to the hon. Gentleman. The Electoral Commission's own report on the matter raises concerns about fraud, specifically in relation to the north-west. The commission points out that there may well be criminal trials arising from some of the pending allegations, and some of those trials might coincide with the forthcoming elections. That was one of the reasons why the commission was so concerned about the north-west.

Mr. William Cash (Stone) (Con): I heard the Deputy Prime Minister shouting across the Floor of the House, "Where's the evidence?" I am sure he is acquainted with the Alden committee report relating to Birmingham, which has a Labour council. I shall refer to that later, if I catch Madam Deputy Speaker's eye. I should be very surprised if the Deputy Prime Minister does not know about that report, in which Mr. Alden stated that matters had become so bad that the rules that exist in Northern Ireland had to be applied, and the police went on to say that the postal voting system had few major checks or controls. The situation in Birmingham at the time was a scandal, and I am surprised that the Deputy Prime Minister does not seem to be aware of it.

Mr. Hawkins: I am grateful to my hon. Friend.

Madam Deputy Speaker: Order. Before the hon. Gentleman replies, I would prefer this short debate to be conducted in an orderly manner, without Members on either side shouting from sedentary positions.

Mr. Hawkins: I am grateful for that, Madam Deputy Speaker. The Government are showing that they wish to ignore the advice of their own creation, the Electoral Commission, which was able to recommend unequivocally only two pilot areas. It has done the research. During the debates in another place, Lord Greaves highlighted specific problems in the two regions that the Government are seeking to insist on, where there are serious concerns about fraud, electoral malpractice and intimidation. I refer hon. Members to columns 12 to 18 of 26 January in another place. I also refer hon. Members to what Lord Greaves said in the debate this afternoon, when he repeated his concerns.

Andrew Bennett: Will the hon. Gentleman separate two issues? There has been some evidence of fraud under the existing postal vote system, but that will apply whatever we decide tonight. However, there is no evidence of fraud in the pilot. There is a strong argument that if there is a high turnout, which we could get as a result of postal ballots, any fraud will become much less significant.

Mr. Hawkins: That point simply does not deal with the fact that on this issue, in relation to these pilots, the

[Mr. Hawkins]

Electoral Commission is recommending against the two extra areas that the Government want to include. One of the concerns that the commission raises specifically is fraud in relation to the north-west.

Mr. Leslie: The hon. Gentleman says that the Electoral Commission recommended against the north-west and Yorkshire. Is he absolutely sure that that is a correct representation of the Electoral Commission's view?

Mr. Hawkins: As the Minister knows full well, we have said that the Electoral Commission was able unequivocally to recommend only two regions. The Government are ignoring their own Electoral Commission's recommendations. The Government are insisting on these four pilot regions for their own reasons. The Minister in another place, Lord Filkin, made it perfectly clear that he does not believe that the clearly-evidenced lack of enthusiasm of regional returning officers or the possibility of malpractice should be any impediment to piloting the all-postal schemes in the two additional areas. The Electoral Commission clearly begs to differ, as Sam Younger's recent letter to the Minister makes absolutely clear. We remain absolutely adamant that only the two regions unequivocally recommended by the Electoral Commission—the north-east and the east midlands—should be pilots.

Mr. Watts: May I point out that the overwhelming view of people in the north-west, as received in representations, is support for the idea of all-postal ballots? Will the hon. Gentleman deal with my original point? Can he give us any evidence of fraud and tell us whether any prosecutions are going ahead as a result of the pilot schemes that were launched in the north-west and in other areas?

Mr. Hawkins: I dealt with that point in my earlier answer to the hon. Gentleman. If he reads the Electoral Commission's report, he will find that it deals specifically with the concerns about possible fraud that were so adequately set out by Lord Greaves, who has extensive experience of elections in the north-west. That is further evidence of why the Electoral Commission is right.

Mr. Cash: Does my hon. Friend accept that the real issue often turns on the electoral roll? A serious problem has arisen in that context. Far too many people are going on to the electoral roll, which appears to have some connection with the latest immigration problems.

Mr. Hawkins: I very much agree with my hon. Friend.

Given that these are pilots—experimental trial schemes—it seems sensible to have them only in the two regions where the Government's own Electoral Commission is confident about using the all-postal scheme, and where all the regional returning officers support it and there are no fears about fraud. If the pilots are successful, next time round more enthusiasm and confidence might be expressed by regional returning officers in areas where they have not been confident in the past; then, perhaps, the all-postal system could be widened.

I welcome the Government's concessions on houses in multiple occupation. They have not gone far enough, but they are at least recognising some of the arguments that were advanced by Opposition Members here and in another place.

We feel that the Government are taking an unjustifiable risk by insisting on four pilot regions against the recommendation of the Electoral Commission, which, as Sam Younger's letter makes clear, is still concerned about that. It is vital to balance any plans that the Government have for innovation against the security and safety of our democratic process. We welcome the Government's small concession, but they have not gone far enough. We shall continue to maintain our position and to vote against their continuing attempts to impose this measure.

Mr. Kaufman: I elicited from my hon. Friend the Minister the fact that the House of Lords is insisting on excluding these two regions because, in the contention of the Opposition, the Government are going against the wishes of the Electoral Commission; but there were cheers from the Liberal Democrat Benches when my hon. Friend said that he was going to make a concession that went against the wishes of the Electoral Commission. What we get from that rabble opposite—or those several rabbles opposite—is not honest, open, clear reasons for opposing the measure, but adventitious excuses to avoid something that they do not want to happen. They do not want to give more people more opportunities to vote in elections that they are scared of losing. They want as few people as possible to vote—*[Interruption.]* The hon. Member for Tatton (Mr. Osborne) jeers, but it would be very difficult for the Conservative vote in my constituency to get any lower than it is. It has almost disappeared there, although there is still just a little scope for further reduction.

8 pm

Mr. George Osborne *rose—*

Mr. Kaufman: I shall give way in a moment.

Let us be clear about this. My hon. Friend the Minister is right when he says that the pilot scheme is wanted overwhelmingly in the north-west. That has been made absolutely clear by my constituents and those of many other hon. Members.

Shona McIsaac (Cleethorpes) (Lab): Is my right hon. Friend aware that one of the Liberal Democrat Euro MPs in his region, Mr. Chris Davies, has stated his reason for opposing the all-postal ballot? It is:

"Automatic postal voting is designed solely for those too lazy to make the effort."

Does not that reveal the Liberal Democrats' true colours?

Mr. Kaufman: One never knows what the Liberal Democrats' true colours are, because they vary from street to street. If they could get away with it, they would

vary from house to house. The fact is that this Chris Davies—who was, happily, booted out of this place and found a haven in the European Parliament—has said that postal voting is for lazy voters. My constituents will be told, whether they get the pilot scheme or not, that the Liberal Democrats believe that if they want postal votes they are lazy voters. But let me tell the House something else. If the pilot scheme goes ahead in the north-west, the Liberal Democrats—certainly those in Manchester—will claim that they fought for it all along and really wanted it. They will tell everyone what a marvellous privilege it is for the voters to get what the Liberal Democrats have been seeking to get for them.

The hon. Member for Surrey Heath (Mr. Hawkins) talked about fraud. We in the Gorton constituency are well accustomed to what fraud is. We are well accustomed to the Liberal Democrats claiming that they got £120,000 for the Anson Cabin project, when in fact I got it with the assistance of my right hon. Friend the Prime Minister. In Gorton, we are accustomed to lies, cheating, hypocrisy and misrepresentation at that level, from that rabble. As I have said, if we prevail tonight and get the pilot scheme, the Liberal Democrats will say that they wanted it, that they love it and that it is the best possible way of proceeding in our local and European elections on 10 June.

Mr. David Borrow (South Ribble) (Lab): Does my right hon. Friend agree that my constituents will find it difficult to understand why money should be invested in running a postal ballot for the referendum on a regional parliament in the autumn of this year, if a similar investment cannot be made in June for the European elections? It would seem sensible to my constituents that one lot of investment should be used for two elections.

Mr. Kaufman: My hon. Friend is absolutely right.

Let us be clear about this. What we are seeing from the two Opposition parties is not a consistent, honourable approach to elections. They want as few people as possible to vote, because the only way that they win council elections is on very low polls.

Mr. Osborne: Will the right hon. Gentleman confirm that the Conservative MPs in the north-west—and probably the Liberal Democrat MPs as well—had the highest turnouts in their constituencies at the general election, and that the Labour MPs had the lowest? The hon. Member for Liverpool, Riverside (Mrs. Ellman) had the lowest in the country. I dare say that the turnout in Gorton was pretty low, too.

Mr. Kaufman: But it is quality. When I was first elected to the House of Commons in 1970, the Conservatives got 10,000 votes from an electorate of 43,000. In 2001, they got 2,700 votes from an electorate of 67,000. In the local elections in Manchester, the Conservatives are hard put to it in my six wards to get into four figures. They are afraid, just as the Liberal Democrats are afraid, that they will be found out if people get the opportunity to vote in large numbers. Well, they are being found out tonight.

I recommend that my right hon. and hon. Friends insist on this. I quite understand why my right hon. Friend the Deputy Prime Minister believes that Yorkshire and Humberside should be included and I say this to the hon. Member for Surrey Heath: if he believes that there are huge opportunities for fraud in these postal ballots, he should not be saying that we can have two rather than four. He should be saying that there should be none, but he dare not say that. I will acquit him of inconsistency in one matter—namely, he possibly believes what he is saying. I do not give that to the other party.

Mr. David Heath (Somerton and Frome) (LD): One of the misfortunes of these occasions is that it is almost impossible to put any new arguments on such matters once they have been debated at length in the House and in another place. We have heard no new arguments from the right hon. Member for Manchester, Gorton (Mr. Kaufman), who seems to have taken a bitter pill before arriving in the Chamber. He showed no evidence whatever of having read the Electoral Commission's report before commenting on it, which is a cause of great sadness.

Mr. Kaufman: On a point of order, Mr. Deputy Speaker. You will be aware, as will the hon. Member for Tiverton and Honiton (Mrs. Browning), that I am a member of the Speaker's Committee on the Electoral Commission. The Electoral Commission sends me all its documents for careful perusal.

Mr. Deputy Speaker (Sir Alan Haselhurst): The right hon. Gentleman is experienced enough to know that that is not point of order and, equally, experienced enough to know that he has got it on the record.

Mr. Heath: As I said, there is no evidence that the right hon. Gentleman has read the Electoral Commission's report, which is perhaps worth repeating. Let me get away from that to say that I welcome the Government's move in incorporating at least some of the changes recommended in another place in terms of declaration of identity. That is helpful. It means that we do not have two different systems applying in terms of postal votes, whether in respect of these pilots or every other election happening on the same day, at the same time and in the same way. That seems to me to be sensible, up to the point where we have the improvement recommended by the Electoral Commission, which I wholeheartedly support and which involves a pre-signature system.

Mr. Watts: Will the hon. Gentleman give way?

Mr. Leslie *rose—*

Mr. Heath: I shall give way to the Minister in a moment. The pre-signature system will provide for better voter identification, but it clearly cannot be in place for these elections. We hope, however, that it will be for future elections.

Mr. Leslie: The hon. Gentleman has acknowledged that the Government are reluctantly conceding on the declaration of identity, but will he also acknowledge that we are conceding that—something he has been pressing for—in the face of the advice from the Electoral

[Mr. Leslie]

Commission? Does he think it right that we can take advice from the Electoral Commission but perhaps not necessarily act on every single piece of advice from it?

Mr. Heath: The Minister has the difficulty of arguing two contrary positions—apparently accepting what he says is the Electoral Commission's advice on the one hand while, on the other, rejecting it entirely.

I take what is, I hope, a more pragmatic and sensible view: I agree with the Electoral Commission's intention, which is clearly stated in its important document as to where it wants to get to. We do not think that we are there yet; the Minister knows perfectly well that we are not there yet. We have a holding position until the next election, when, I hope, we will have a proper system for pre-registration of voters, which will eliminate the potential for fraud in that area without our having the rather cumbersome system that none of us wants.

Mr. Watts: The hon. Gentleman seems concerned not to cause confusion among the electorate. Voters in St. Helens have already used a postal ballot. They will be asked to participate in a traditional ballot twice, then go back to a postal ballot. If that is not confusing, I do not know what is—and it is exactly what the commission's report said should be avoided.

Mr. Heath: The hon. Gentleman makes his intervention at entirely the wrong point, on a matter that I have not yet addressed. Nevertheless, I will answer his point. Exactly the same argument could just as easily be made by me, in pursuit of my constituents' interests. They had an all-postal ballot for South Somerset district council but will be prohibited by the legislation that the hon. Gentleman is supporting this evening from an all-postal ballot in the European elections.

Mr. Watts *rose—*

Mr. Heath: Let the hon. Gentleman listen. I have said all along that one should either have a pilot scheme that enables one to address some of the outstanding issues or a UK-wide postal ballot—in which I personally can see some merit.

The Government propose neither. They say, "We will not have a proper pilot scheme because we will not have the two regions that the commission proposed. We will poll the whole north of England. Anybody north of the Trent will have an all-postal ballot. Anybody south of the Trent will be prohibited." Where is the logic for the constituents whom many of us seek to represent?

If the Government had said they wanted a UK-wide, all-postal ballot, we would have raised exactly the same concerns about the potential for personation and fraud but at least there would have been some logic. There is no logic in the Government having a pilot scheme that is not a pilot scheme and determining a region that constitutes half the local authorities in England—saying that an all-postal ballot is not available for the other half. Neither will one be available to Scotland, despite the fact that it was the runner-up in the Electoral Commission report, or Wales. It was not even considered for south-west England because of the addition of Gibraltar—which apparently is a prohibitive factor in an all-postal ballot.

Every argument advanced by the Government has been turned on its head in the next breath—they have been arguing in two directions at once. They know that this development is in the interests of political expediency and nothing else; otherwise, they would look for a pilot scheme or a UK-wide election. After all, we are talking about a single national campaign in which half the electorate will go the polls two or three weeks before the rest of the country. They will watch the same television programmes and see the same campaign unfolding.

Mr. Michael Connarty (Falkirk, East) (Lab): The hon. Gentleman prays in aid the situation in Scotland. He obviously does not take into account the fact that electoral registration officers in Scotland said that they could not cope. Although Scotland was possibly recommended, the electoral officers were the barrier more than anything else. That was not a matter of political choice but dictated by the logistics of the exercise.

Mr. Heath: The hon. Gentleman adduces an argument which in other debates was hotly contested by his right hon. and hon. Friends, who said that that claim was absolute nonsense and that the particular returning officer who gave that indication did not represent the advice of returning officers across Scotland. They said that Scotland had come third and was entitled to the opportunity to engage in this great experiment.

Mr. Watts *rose—*

Mr. Heath: I have already given way to the hon. Gentleman. The Government plucked two English regions out of the air—

Mr. Leslie: Not out of the air.

Mr. Heath: They were not positively recommended by the Electoral Commission. I accept that they were listed as having potential, which was not realised. I have potential to open the batting for England, which has not been realised yet and is unlikely to be realised in the immediate future. Nevertheless, the Government have chosen to take that line.

There were arguments of the Government's own devising for not including those regions in the pilot scheme: the number of local authority elections on that day, the complexity of the region, and the potential difficulties—they are no more than potential difficulties—of fraud. The hon. Member for Denton and Reddish (Andrew Bennett) made the point that the potential for fraud is diluted because it is such a large area. Of course, he is absolutely right in terms of the European parliamentary elections. At the same time, however, every single person voting in European parliamentary elections also votes in wards in local authority elections. That is where the potential mischief applies and where we must tread carefully if we are to maintain the integrity of the voting system.

8.15 pm

I believe that the Government have made an important concession this evening, and it is the first of two concessions that they will make before the end of this week—*[Interruption.]* I hear the comment from the Labour Benches that that is not so. We shall see. I believe that they will be forced to recognise that the Electoral Commission's advice on determining what areas should be available is not to be swept aside for political convenience, and not to be arbitrarily ignored. I believe that we will come to a satisfactory conclusion. We are only halfway there this evening. I suspect that we will conclude the business when this matter has been debated one more time in another place, and we shall all return believing that we have done a good job in improving this legislation.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): I will be brief, as I understand that other Members wish to speak.

I want to develop the point that was first raised by my right hon. Friend the Member for Manchester, Gorton (Mr. Kaufman). Undoubtedly, there is a contradiction in the position being adopted by the collective Opposition. On the one hand, it is all right to overturn the advice of the Electoral Commission on the issue of signatures, but on the other, it is not all right on the issue of postal votes. The only aspect of my right hon. Friend's contribution with which I disagreed was that he minced his words so much in his criticism of the Opposition, and particularly of the way in which the Liberal Democrats have two stances. That was revealed in response to the intervention of my hon. Friend the Member for Cleethorpes (Shona McIsaac) in which she referred to quotes from a Member of the European Parliament, Mr. Chris Davies, who purports to represent my constituency, too. That particular individual argues against postal ballots on the basis that it is a provision for lazy voters—he does not consider elderly people, shift workers, including many of my constituents, elderly people, people with families and so on.

Ms Dari Taylor (Stockton, South) (Lab): Does my hon. Friend accept that the reason why the Opposition parties welcome the fact that the other place has thought that the north-west and Yorkshire and Humber should not be included in the pilots is that the high turnout will mean that Labour votes are expressed and recorded, and Labour local authorities and Labour Governments elected? That is manipulation coming directly from the other place.

Mr. Miller: My hon. Friend makes a point a behalf of her constituents, whom she represents extremely well.

I want to return to my point about the quotes from that Member of the European Parliament. At least he has some legitimacy, albeit under the bizarre list system, in my constituency. Unlike those at the other end of the Corridor, I was elected to represent Ellesmere Port and Neston. I suppose Chris Davies has some legitimacy in that respect as an MEP, but not a single vote is cast for anyone at the other end of the Corridor. Yet I understand that, by a vote of 174 to 130 dominated by the hereditaries, the will of this House—the will of the people who sent me here to represent Ellesmere Port and Neston—has been overturned.

Mr. Watts: Does my hon. Friend agree that what is missing from the debate is the issue of what the voters want? It has been shown that when a postal vote is held, double the number of people—

Mr. Deputy Speaker: Order. The hon. Gentleman should be addressing the Chair, not his hon. Friend.

Mr. Watts: I apologise, Mr. Deputy Speaker. Is my hon. Friend aware that the turnout is doubled when a postal vote takes place? When a Liberal Democrat Member says that this is about lazy voters, he is actually accusing half the voters of being lazy.

Mr. Miller: My hon. Friend makes his point eloquently. His constituency has been subject to one of the pilots, as has Chorley in the north-west. I have examined the statistics carefully, because I am interested in alternative ways of voting. I have investigated other systems such as electronic voting. Although that system benefited the Conservative party in Vale Royal, I am in favour of it. I think it would be very short-sighted of us not to look for new opportunities to enfranchise people in all our communities.

Mr. Cash: The hon. Gentleman mentioned the remarkable result in Chorley, where a postal ballot system increased the turnout from 31 per cent. in 1998 to 61 per cent. How does he explain the fact that the turnout dropped by 0.4 per cent. in Greenwich and by 3 per cent. in Hackney under the same system?

Mr. Miller: I think there are special circumstances that we should examine in all the pilots we undertake, but I also think the Greenwich pilot was far too small for us to make any statistical sense out of the data. I should be happy to debate the point with the hon. Gentleman elsewhere.

My constituents in the north-west undoubtedly want more opportunities to vote. People who work difficult shifts in the chemical and vehicle-building industries in particular often find that that they must either rush to the ballot box after a 12-hour shift or miss their opportunities. Tremendous strides have been made in the recent past in removing some of the constraints preventing people from having postal ballots. I think we should agree, in the interests of those people and the other sections of society that I mentioned earlier, that it is utterly irresponsible of the Lords not to allow the will of the people of my constituency and of this House to prevail.

Mr. Cash: One of the biggest problems involved in the whole question of postal voting is the background to the reasons why people want the turnout to increase. According to a recent opinion poll connected with the approaching European elections, it was stated that no more than 19 per cent. of the people of this country would participate. We know that in the last European elections the turnout was only 24 per cent., and I believe that in one part of the north-west—Liverpool, I think—it was only 9 per cent.

[Mr. Cash]

There is a serious problem. This is a democratic question, and it is also about whether or not politics and politicians in general inspire confidence. We have discovered that, as a result of what has happened in the last few years, confidence in the electoral system has fallen further and further. Indeed, the average turnout in general elections between 1945 and 1997 was approximately 73 per cent., but between 1997 and 2001 there was an astonishing drop of 12 per cent. People in this country certainly need to take account of the fact that this is not just a question of the technicalities that can be applied by increasing the number of people who vote by post. There is a much deeper crisis about our democracy as a whole, which is clearly demonstrated by the figures that I gave for the period 1997 to 2001. It is clear that it is directly connected to the atmosphere of dishonesty, to which the Government have contributed by the way in which they have gone about what they have done.

Andrew Bennett: Will the hon. Gentleman go back over those figures and relate them to how close the public perceived the election to be? Turnout almost every time went up when people thought that it was going to be a close contest.

Mr. Cash: I am not against the idea of postal votes. That is something on which we ought to agree on both sides of the House; I am sure we do. I am speaking for myself here. I am deeply encouraged by the fact that in Chorley, as I said, there was an increase in turnout from 31 per cent. in 1998 to 61 per cent. in 2002. That cannot be anything but a good thing because it is people participating in the democratic process, but the problem is that that is not mirrored throughout the country.

I have to take the point that the hon. Member for Somerton and Frome (Mr. Heath) made, which is simple but none the less valid. We are going to have elections that will affect the outcome in the European Parliament and thereby, because of the power of co-decision, have a vast impact not only on this House but on our electorate, because the power of co-decision is a power equivalent to that of voting in the Council of Ministers. Therefore, we should be taking the matter extremely seriously, and I am sure we are. The point that the hon. Gentleman made that there should be consistency throughout the country is important. In the areas that are disputed in the amendment and in the northern part of the country in broad terms, why should a system be put in place that differentiates sharply from the position in the south? I am afraid that I cannot—

Several hon. Members *rose—*

Mr. Cash: I will certainly give way. I cannot conceive of any reason for that. I am happy to give way to the hon. Member for Cleethorpes (Shona McIsaac), not the right hon. Member for Manchester, Gorton (Mr. Kaufman).

Shona McIsaac: Does not the hon. Gentleman acknowledge that, in the Yorkshire and Humber region, there is to be a referendum in October that returning officers are preparing for? Many parts of that region had postal vote elections last year. To go back to the traditional way of voting in June will be a backward step, because the majority of people who have had postal votes already assume that they can vote in that way in June. In fact, his own party in my area is already promoting that fact on its website.

Mr. Cash: That is a perfectly fair debating point. I think that we should be taking the whole question—

Shona McIsaac: Answer.

Mr. Cash: Wait a minute. I am not saying that I necessarily agree with that point but it is a perfectly fair point to make. What I am saying is that we should be taking the matter extremely seriously. This may be a truncated debate and our time may run out—my time in particular may run out very soon—but in terms of what is at stake this is a central question for the future of democracy in this country. We had better get this right.

The Deputy Prime Minister was ranting on and asking for the evidence, so I quoted the Alden committee report, which is really very instructive. The Labour council had the good sense to appoint a Conservative city councillor whom they greatly trusted to lead the investigation. *The Birmingham Post* quoted John Alden as saying that until he had completed his investigation, he had not realised how serious the perversion of democracy had become. That is in relation to postal voting, personation and intimidation at polling stations in Birmingham.

Mr. Watts: Is the hon. Gentleman aware that what he is referring to is in relation not to all-postal voting but to traditional voting? He seems to be advocating doing away with all postal voting in any circumstances.

Mr. Cash: I am not advocating that. The hon. Gentleman heard me just now saying that I could see advantages in postal voting systems, provided that they are free of the perversion of democracy that John Alden identified. I am glad to see the Minister nodding at that. We have been round this track before, and I feel strongly about the need to ensure that we have a proper voting system. The more people who participate, the better. Indeed, the issue of the European elections will become increasingly important because, to my great concern, more and more power in law making is being transferred upwards, in what I believe is an undemocratic way. If we are to have a European Parliament, let us for heaven's sake have a system that cannot be perverted as in the case identified in the Alden committee report.

The Electoral Commission recommended that all-postal voting should become the norm for local elections, but there are concerns about ballot security. It said that investigations into previous postal voting had been both piecemeal and inadequate. What reliable evidence there is suggests that the scope for abuse is wider than the Government might care to admit.

In addition to the problem of fraud, there are concerns about voter confidentiality—

It being one hour after the commencement of proceedings, MR. DEPUTY SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [8 March].*

Question agreed to.

MR. DEPUTY SPEAKER *then proceeded to put the Question necessary to dispose of the business to be concluded at that hour.*

Question put, That amendment (a) in lieu of Commons Amendment No. 1A, be made:—

The House divided: Ayes 274, Noes 152.

Division No. 95] **[8:34 pm**

AYES

Abbott, Ms Diane
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Battle, John
Beard, Nigel
Beckett, rh Margaret
Bennett, Andrew
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Buck, Ms Karen
Burnham, Andy
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Connarty, Michael
Corbyn, Jeremy
Cousins, Jim
Cox, Tom *(Tooting)*
Cranston, Ross
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Etherington, Bill
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Ann *(Brentford)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
McAvoy, Thomas
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Merron, Gillian
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pickthall, Colin
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Quinn, Lawrie
Rammell, Bill
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, Angus *(Moray)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salmond, Alex
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*

Thomas, Gareth *(Harrow W)*
Thomas, Simon *(Ceredigion)*
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wishart, Pete
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Mr. Nick Ainger and Margaret Moran

NOES

Allan, Richard
Amess, David
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burnside, David
Burt, Alistair
Butterfill, Sir John
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Dorrell, rh Stephen
Doughty, Sue
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Gray, James *(N Wilts)*
Green, Matthew *(Ludlow)*
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Hermon, Lady
Holmes, Paul
Horam, John *(Orpington)*
Jack, rh Michael
Jenkin, Bernard
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Key, Robert *(Salisbury)*
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Leigh, Edward
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Maude, rh Francis
Mawhinney, rh Sir Brian
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Prisk, Mark *(Hertford)*
Randall, John
Reid, Alan *(Argyll & Bute)*
Robertson, Hugh *(Faversham & M-Kent)*
Robinson, Mrs Iris *(Strangford)*
Roe, Mrs Marion
Rosindell, Andrew
Russell, Bob *(Colchester)*
Sanders, Adrian
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Sir Teddy
Teather, Sarah
Thurso, John
Tonge, Dr. Jenny
Trend, Michael
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Webb, Steve *(Northavon)*
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. David Ruffley and Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

Lords amendment 3B—*Lords Insistence and Reason*

Amendment proposed: (a) in lieu thereof:—

Question put, That the amendment be made:—

The House divided: Ayes 312, Noes 115.

Division No. 96] **[8:49 pm**

AYES

Abbott, Ms Diane
Ainsworth, Bob *(Cov'try NE)*
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barrett, John
Battle, John
Beard, Nigel
Beckett, rh Margaret
Bennett, Andrew
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Bruce, Malcolm
Buck, Ms Karen
Burnham, Andy
Caborn, rh Richard
Cairns, David
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Chidgey, David
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Connarty, Michael
Corbyn, Jeremy
Cotter, Brian
Cousins, Jim
Cox, Tom *(Tooting)*
Cranston, Ross
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank

Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Etherington, Bill
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gardiner, Barry
George, Andrew *(St. Ives)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Green, Matthew *(Ludlow)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hancock, Mike
Hanson, David
Harman, rh Ms Harriet
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Heath, David
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Holmes, Paul
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Kaufman, rh Gerald
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
McAvoy, Thomas
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marsden, Paul *(Shrewsbury & Atcham)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Merron, Gillian
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moore, Michael
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
Oaten, Mark *(Winchester)*
Öpik, Lembit
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pickthall, Colin
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Quinn, Lawrie
Rammell, Bill
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Robertson, Angus *(Moray)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salmond, Alex
Sanders, Adrian
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Teather, Sarah
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Thomas, Simon *(Ceredigion)*
Thurso, John
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Roger *(Brecon)*
Willis, Phil
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wishart, Pete
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Nick Ainger and Charlotte Atkins

NOES

Amess, David
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burt, Alistair
Butterfill, Sir John
Cameron, David
Campbell, Gregory *(E Lond'y)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Curry, rh David
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Dorrell, rh Stephen
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Fabricant, Michael
Fallon, Michael

Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Forth, rh Eric
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Gray, James *(N Wilts)*
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Hermon, Lady
Horam, John *(Orpington)*
Jack, rh Michael
Jenkin, Bernard
Key, Robert *(Salisbury)*
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Maples, John
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Prisk, Mark *(Hertford)*
Randall, John
Robertson, Hugh *(Faversham & M-Kent)*
Robinson, Mrs Iris *(Strangford)*
Roe, Mrs Marion
Rosindell, Andrew
Shephard, rh Mrs Gillian
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Tredinnick, David
Trend, Michael
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Noes:
Mr. David Ruffley and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

Message to the Lords, with the Bill and Amendments.

Nuclear Global Threat

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Kemp.]*

9 pm

Llew Smith (Blaenau Gwent) (Lab): The Government's opposition to weapons of mass destruction was given as the reason for going to war with Iraq. Those weapons did not exist in Iraq, but they exist in Israel, and not only does Israel have weapons of mass destruction; it has the ultimate weapon of mass destruction—nuclear weapons. Indeed, it has 200 nuclear warheads. However, there is no talk, and quite rightly so, of any kind of war with Israel, partly, one would have thought, because of its weapons of mass destruction, partly because it daily invades its neighbour, Palestine, and partly because it daily treats UN resolutions with contempt. Obviously, our Government are selective in their opposition to weapons of mass destruction: they are okay as far as Israel is concerned, but they are certainly not okay as far as Iraq is concerned.

The threat of weapons of mass destruction, and in particular of atomic and nuclear weapons, has been with us since 1945, and the bombing of Hiroshima and Nagasaki, the tragedy that went with that and the tragedy that followed it, with the deaths of hundreds of thousands of Japanese civilians and, probably, a similar number of injuries. On some of the anniversaries of those bombings a message has come from the Japanese people: "Step back and learn from us." Sadly, we have failed to act on that message, which the Japanese people wanted to be not only heard but acted on.

Sadly, too, the Government are refusing to support some of the peacemakers, the people who have had the good sense and the courage to warn of nuclear proliferation and its threat to this planet. In particular I think of Mordechai Vanunu, who for the past 18 years has been rotting away in an Israeli jail. His crime, if crime is the right word, and it certainly is not, was telling the truth about Israel's nuclear capability when all around him were lying.

We are also selective in our opposition to weapons of mass destruction, and in particular nuclear weapons, when we consider our own position. I am not saying that the Secretary of State of Defence has learned to love nuclear weapons, but he has accepted the need to use them in certain circumstances. I remember him saying a while back:

> "The United Kingdom would, in the right conditions, in extreme circumstances of self-defence, be prepared to use nuclear weapons."—[*Official Report*, 10 April 2002; Vol. 383, c. 30W.]

For me, there are no conditions and no circumstances that would justify the use of nuclear weapons. Pressing that button would, for a number of reasons, be the ultimate act of madness.

Nuclear weapons are madness because they are a total waste of money. Trident alone has cost the United Kingdom in the region of £15 billion, and the annual cost of operating those weapons is in the region of £280 million. It is madness to use that money on such a weapon when it could be spent for far more socially useful purposes, such as providing some of the services that for many years people took for granted. If we stopped spending money on nuclear warheads, we

could, for example, use it to return to the old socialist principle of free higher education or, indeed, provide more decent pensions for our senior citizens—the list of uses is endless.

Our nuclear industry involves another financial cost. On 2 July 2002, the Department of Trade and Industry announced that the clean-up liability for the civil nuclear industry was about £48 billion, and rising. The Ministry of Defence has not revealed the equivalent figure for the military today, but hopefully the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for Harlow (Mr. Rammell), will provide the House with such information when he replies to our debate.

There is one cost that I would welcome, but which the Government have failed to meet—proper compensation for the atomic veterans and their families for the suffering caused by events many years ago. It is estimated that the United States spent $3 trillion between 1940 and 1995 on a possible nuclear war. Annually, it spends $27 billion on preparations for such a war. Those figures do not include the costs of environmental clean-ups.

Another act of madness is the waste of skills, talents and creativity in the design and production of nuclear weapons. Imagine what could be achieved if we transferred those skills from military to civilian use. How much more dignified life could be for many more people. The greatest act of madness is the fact that nuclear weapons would kill not only our so-called enemy but our supporters. Ironically, they would kill the people who designed and produced them. Not only would they kill the enemy, our own people and the people who designed and produced those weapons of war but they would kill civilisation as we know it. They would literally cost us the earth.

That is not just my opinion, but the opinion of many eminent statespeople. Many years ago, the former US President Jimmy Carter argued:

"In an all-out nuclear war, more destructive power than in all of World War II would be unleashed every second during the long afternoon it would take for all the missiles and bombs to fall.

A World War II every second—more people killed in the first few hours than all the wars of history put together. The survivors, if any, would live in despair amid the poisoned ruins of a civilisation that had committed suicide."

Khrushchev expressed similar sentiments, when he said that after a nuclear war

"the survivors would envy the dead".

President Carter made his statement more than 20 years ago, and our capacity to destroy our beautiful planet has increased dramatically in the intervening period. No individual or Government has the moral right to agree to the use of nuclear weapons. We have no moral right to take away from our children the opportunity to experience the many beautiful things on our planet. We have no right to take away from them the opportunity to avoid the mistakes of our generation or to achieve something good with their lives. But that is what we would be doing if we ever agreed, as the Secretary of State for Defence has agreed, to use nuclear weapons in certain circumstances.

The use of nuclear weapons would be not just an act of madness, but an act of hypocrisy. We cannot tell other states that they should not produce nuclear weapons or that they should abandon the nuclear weapons that they have if we continue to go down the nuclear road. It has been estimated that 128,000 nuclear warheads have been built worldwide since 1945, 70,000 of them in the United States. Our continued nuclear role is not only an act of madness and hypocrisy, but in my opinion and in the opinion of many lawyers it is illegal. We are signatories to the non-proliferation treaty, yet we daily breach the laws enshrined in that treaty.

While we continue to have nuclear weapons of mass destruction, we are clearly in breach of article VI of the treaty, which calls for each party to the treaty to enter into negotiations at an early date in good faith to achieve nuclear disarmament. That is not happening. Article I forbids any country that has signed up to the NPT, including countries that possess nuclear weapons, to collaborate directly or indirectly with any other country on nuclear weapons. It is obvious that Trident breaks this article. We breach article VI because, as the Secretary of State for Defence admitted,

"Negotiations to implement Article VI have not yet commenced and are not scheduled."—[*Official Report*, 26 February 2004; Vol. 418, c. 498W.]

Because Trident represents a significant increase in our capability, it is in breach of article VI as a serious act of proliferation. Even if the number of warheads is kept similar to the number deployed on Polaris, the qualitative difference in targeting capacity and accuracy of the missile system makes it a much more potent weapon. On 16 June 2002 an Atomic Weapons Establishment spokesperson at Aldermaston told *The Observer* that

"it had to maintain the capability to design a successor"

to Trident. Once again, that breaks articles of the non-proliferation treaty.

The UK is in breach of article I of the NPT, which states:

"Each nuclear-weapon State Party to the Treaty undertakes not to transfer to any recipient whatsoever nuclear weapons or other nuclear explosive devices or control over such weapons or explosive devices directly, or indirectly".

The Trident nuclear WMD system was bought from the USA and its warheads were tested in the USA, which provides targeting technology and command and control support. By any judgment that is indirect support. I would argue that it is direct support.

What is particularly disgraceful about the continued military co-operation between the United States and the UK, which neither Tory nor, apparently, new Labour Administrations can grasp, is that these countries are two of the three depository states for the NPT. In effect, the treaty is held in trust by them. How do they show their respect? By breaking the very first article of the treaty.

The bilateral US/UK mutual defence agreement on atomic energy matters dating from 1958, which facilitates this co-operation, comes up for renewal later this year. It should be cancelled as an international gesture of good faith. Until decision makers and law makers in the nuclear armed powers recognise that the US and the UK in particular have obligations as part of the NPT bargain, no amount of lecturing other states how to behave in the face of nuclear proliferation temptations will have any credibility. If we continue to ignore the NPT or to break its articles, the greater will be the global threat of nuclear weapons.

[Llew Smith]

The policy of successive Governments, Tory and Labour, is that we simultaneously support both our non-proliferation treaty commitments to nuclear disarmament and our need to retain nuclear weapons of mass destruction to protect our national security. Some might perceive a significant internal inconsistency in those policy positions—indeed, some might consider them to be in direct contradiction. That is in stark contrast with a decision that was taken at a Labour party conference in the early 1990s that we, as a future Labour Government, would, among other things, scrap Trident.

In 1985, the UN Secretary-General, opening a review conference on the non-proliferation treaty stated:

"The most safe, sure and swift way to deal with the threat of nuclear arms is to do away with them in every regard. This should be our vision of the future. No more testing. No more production. No more sales or transfers. Reduction and destruction of all nuclear weapons and the means to make them should be humanity's common cause."

Sadly, almost 20 years later they are more of a threat than they were when those words were first spoken.

In my opinion, nuclear weapons will continue to be a threat to global security if we continue to ignore our obligations under the non-proliferation treaty. My hopes, and those of many other people committed not only to the anti-nuclear cause, but to world peace, are embodied in the NPT. If this Government and the Government of the United States continue to treat that treaty with contempt, the hopes of world peace and of avoiding nuclear catastrophe will be sorely diminished.

9.16 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): I congratulate my hon. Friend the Member for Blaenau Gwent (Llew Smith) on giving us the opportunity to air these exceedingly important issues. In the time available to me, I hope not only to respond to several of the points that he raised, but to set out the Government's overall position on the possession of nuclear weapons and on nuclear proliferation. I hope to rebut some of the very serious accusations that he made.

The Government's policy on nuclear weapons remains that which was set out in the 1998 strategic defence review and the 2003 defence White Paper. We are explicitly committed to working towards a safer world in which there is no requirement for nuclear weapons and where we continue to play a full role in international efforts to strengthen arms control and to prevent the proliferation of hugely critical chemical, biological and nuclear weapons.

However, because of the continuing risk from the proliferation of nuclear weapons—which I genuinely believe to be one of the most serious threats that we face in the modern world—and the certainty that a number of countries will retain substantial nuclear arsenals, our minimum nuclear deterrent capability, which is currently represented by Trident, is likely to remain a necessary element of our security. We nevertheless continue to support multilateral negotiations towards mutual, balanced and verifiable reductions in nuclear weapons worldwide. When we are satisfied that sufficient progress has been made to allow us to include British nuclear weapons in any negotiations without endangering our security interests, we shall most certainly do so.

Let me deal with the key arguments that my hon. Friend advanced in respect of our progress in meeting article VI of the non-proliferation treaty. We remain fully committed to all aspects of the NPT regime, including global and verifiable nuclear disarmament. In contrast to my hon. Friend's comments, we have an excellent record on fulfilling our NPT obligations on nuclear disarmament. Looking at the issue objectively across the world, we are justly recognised as the most forward leaning of the nuclear weapons states—although one would not have believed that in listening to my hon. Friend.

It is worthwhile setting out in some detail what we have done to meet the provisions of the article.

First, we withdrew and dismantled the RAF's freefall nuclear bomb, so that Trident is now our only nuclear weapons system.

Secondly, we dismantled the UK's last Chevaline warhead in 2002, demonstrating our commitment to irreversibility in reductions in the UK's nuclear weapons.

Thirdly, we reduced our operationally available stockpile to fewer than 200 warheads—that is a reduction of more than 70 per cent since the end of the cold war in the potential explosive power of our nuclear forces.

Fourthly, we have reduced the readiness of our nuclear forces so that only a single Trident submarine is now on deterrent patrol, carrying 48 warheads. The submarine on patrol is normally on several days' notice to fire, and its missiles are de-targeted. I believe that all of those are significant de-escalatory measures.

Fifthly, we signed and ratified the comprehensive nuclear test ban treaty and continue to promote its early entry into force. Sixthly, we have placed fissile material no longer required for defence purposes under international safeguards. We have also continued to press for negotiations to begin at the conference on disarmament in Geneva on a fissile material cut-off treaty. Indeed, we stopped the production of fissile material for nuclear weapons and other nuclear explosive devices some time ago.

Finally, in respect of these specific measures under the NPT regime, we signed and ratified the relevant protocols to both the treaty of Rarotonga, in relation to the south Pacific nuclear weapons-free zone, and the treaty of Pelindaba, in relation to the African nuclear weapons-free zone. All those actions have been undertaken since 1997 as a result of the commitment of this Government.

Llew Smith: The Minister has cited many reasons and many weapons to prove that we are supporting article VI of the NPT. He has not yet mentioned Trident, or told the House how that fits in with the NPT. While I am on my feet, will he tell us whether, in certain circumstances and under certain conditions, he would be willing to press the nuclear button?

Mr. Rammell: I am going to discuss the issue of Trident explicitly in a moment. Before I do so, I want to emphasise that all the measures that I have outlined are significant steps that this Labour Government have taken since 1997, in accordance with our NPT obligations.

My hon. Friend questioned the legality of our possession of nuclear weapons, but it is very clear, in terms of the view of the International Court of Justice on this issue, that our nuclear weapons possession and capability is in accordance with international law. It is important to make that point very clearly. He also referred to the views of my right hon. Friend the Secretary of State for Defence, and it is important to put in context what my right hon. Friend said. He made it very clear that the circumstances in which any use of nuclear weapons might have to be contemplated would be extremely remote, and that we would use them only in extreme circumstances of self-defence and in accordance with our obligations under international law. That is a very different slant from the one that my hon. Friend put on that proposition.

The UK continues to play a full part in the NPT review process. Indeed, we played a key role in achieving international agreement to the final document that was produced at the last NPT review conference in 2000. We have made considerable progress on the 13 steps set out in that final document. At the second session of the preparatory committee for the 2005 review conference, which was held in Geneva in April and May last year, we issued a working paper on our research into methodologies for the verification of nuclear disarmament. That is a cause that we intend to continue to pursue.

Let me now turn to whether the possession of Trident is consistent with the spirit of article I. I would certainly contend that we are not in breach of article I. The Government have repeatedly made it clear that the UK nuclear deterrent is, and always has been, independent. The UK's nuclear weapons cannot be part of a US system, as the transfer by a nuclear weapon state of nuclear weapons or other nuclear explosive devices, or control over such weapons or explosive devices, is prohibited under article I of the NPT. We have, of course, purchased from the US Trident missile bodies on which we mount our nuclear warheads, which are manufactured at the Atomic Weapons Establishment. Those missiles are carried on UK-built Vanguard class submarines. Decisions on whether to replace Trident are not needed during this Parliament, but are likely to be required in the next one. We will therefore continue to take appropriate steps to ensure that the range of options for maintaining a nuclear deterrent capability is kept open until that decision point.

My hon. Friend made a number of points about Israel and the middle east. It is undoubtedly the case that a peaceful and secure middle east is a critical and continuing goal of this Government's foreign policy. We are strong advocates of a middle east WMD-free zone, which we believe to be an important part of any solution to the conflict there.

We support the principle generally of the establishment of such nuclear weapons-free zones. Indeed, we have already signed in conjunction with the other nuclear weapons states recognised under the NPT protocols to four such agreements covering Latin America, the south Pacific, Africa and Antarctica. In that context, we therefore continue to support the proposal for a middle east nuclear weapons free-zone. Indeed, since it was formulated in United Nations Security Council resolution 687 in 1991, the UK has supported the wider idea of a middle east free of all weapons of mass destruction. I genuinely believe that working towards that objective can only contribute to the prospects for a wider settlement of the region's problems.

Llew Smith: Will the Minister now answer the question whether, under the extreme circumstances referred to by the Secretary of State for Defence, he too would be willing to press the nuclear button?

Mr. Rammell: I set out very clearly the position on our possession and use of nuclear weapons: they would be used only in extreme circumstances of self-defence. That point is very clear.

Let me return to the issue of the middle east. My hon. Friend made a number of comments on the situation in Israel. We have made it clear that we want Israel to sign up to the NPT as a non-nuclear state and we will continue to argue that point. It is also important that, in any debate on nuclear weapons and the dangers that we face, we also consider the considerable dangers that we face from the proliferation of nuclear weapons materials across the world. I said earlier that that is one of the most significant threats that we face in the modern world. We have to ensure that we are vigilant about and focused on it. That is why, for example, we have committed ourselves to the global partnership.

In June 2002, the Prime Minister made a commitment of up to £400 million over 10 years to tackle the weapons legacy of the former Soviet Union—a significant step forward. Those activities are aimed directly at reducing the proliferation risks posed by that weapons legacy. As the Foreign Secretary said in his written statement of 25 February, it is intended that that work should be expanded to include other states such as Libya and Iraq. We are undertaking a scoping study, looking at the requirements for co-operative threat reduction work in Libya. We are working alongside the United States to gauge the needs in Iraq.

It is also within that context that we consider the important proliferation security initiative, which was launched in May 2003. The UK has rightly been one of a core group of countries working to drive that initiative forward. The PSI aims to prevent trafficking in weapons of mass destruction and related technology by states and non-state actors—for example, terrorist groups or criminal networks—through increased interdiction efforts. That is hugely important.

The prospect that such weapons capability can get into the hands of terrorists who have no regard for human rights or for the effect of their actions is one of the most serious and dangerous threats that we face. We must work multilaterally to ward off the dangers that exist in that regard and it is critical that we remain focused on those issues.

I understand the concerns that my hon. Friend has raised: none of us who has lived through the cold war and the continuing dangers, threats and risks that exist

[Mr. Rammell]

with nuclear weapons can look on those issues with equanimity. The track record that I have described, our commitments under the non-proliferation regime and the significant steps that we have taken since 1997 to reduce our nuclear weapons on a multilateral and verifiable basis emphasise that we are committed to working for peace throughout the world, reducing weapons of mass destruction and protecting ourselves from such weapons. The Government are committed to those aims and will continue to take their arguments forward.

Question put and agreed to.

Adjourned accordingly at half-past Nine o'clock.

House of Commons

Wednesday 17 March 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Internet Child Abuse

1. **Lady Hermon** (North Down) (UUP): What training is provided to Police Service of Northern Ireland officers in relation to combating internet child abuse. [160816]

The Minister of State, Northern Ireland Office (Jane Kennedy): Before I answer, I should explain that my right hon. Friend the Secretary of State for Northern Ireland is in Washington for the St. Patrick's day celebrations at the White House. It has become a tradition for leading figures in the peace process from both Northern Ireland and the Republic of Ireland to vacate the island on St. Patrick's day, and today they are in America.

The Police Service of Northern Ireland's crime training department provides investigating officers, child abuse and rape inquiry detectives, and specialist detectives in the computer crime unit with the training necessary to tackle internet child abuse. It covers areas such as computer analysis and search and seizure procedures for investigative purposes.

Lady Hermon: I wish you a happy St. Patrick's day, Mr. Speaker.

I am most grateful for the Minister's useful and informative answer, but given the seriousness and scale of the problem of internet child pornography in Northern Ireland and throughout the United Kingdom, is she content that the police have the resources they need to tackle it?

Jane Kennedy: We stay in close contact with the Chief Constable to ensure that resources are available. The nature of the training is very much a matter for the Chief Constable, but I have asked officials, in the light of the concerns that the hon. Lady has expressed, to ensure that internet safety is tabled as a subject for discussion at the next meeting of the Northern Ireland child protection advisory group, at which the Education and Health Departments, the police, the probation service and the National Society for the Prevention of Cruelty to Children are represented.

Mr. Seamus Mallon (Newry and Armagh) (SDLP): I, too, wish everyone a happy day, on which we remember a Welshman who came to us some years ago—I refer not to the Secretary of State but to St. Patrick.

I am sure that the Minister shares my revulsion at the increasing number of attacks on elderly people in their own homes. Does she also share my view that those who prevent the police from doing their proper routine work on the streets, and those who refuse, in a cowardly way, to take part in the administration of policing are standing in the way of apprehending those people and bringing them before the courts?

Jane Kennedy: I strongly endorse my hon. Friend's remarks. He is absolutely right to point to the difficulties that the police experience when seeking to police certain areas. The problem is not widespread, but in some areas it is difficult for them to operate normally, so it is hard for them to be effective against crime. However, internet porn crime is taken very seriously by the Police Service of Northern Ireland. By its very nature, it is impossible to say how much of a problem it has become, but it is worth noting that there were 54 recorded offences last year, and the PSNI has an admirable record, with a 46 per cent. clear-up rate.

Small Businesses

2. **Mr. Henry Bellingham** (North-West Norfolk) (Con): How much public funding is allocated in financial year 2003–04 for support for small businesses in Northern Ireland. [160817]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Ian Pearson): In 2003–04, some £38 million has been offered to small businesses in Northern Ireland out of a total Invest Northern Ireland economic development budget of £107 million.

Mr. Bellingham: Does the Minister agree that if the small firms sector in Northern Ireland is to prosper, it is vital that micro-businesses are given incentives to incorporate through strong fiscal advantages? Does he agree that it will be a disaster if the Chancellor takes away those fiscal advantages, and what representations will he make?

Mr. Pearson: Small businesses and micro-businesses are an important part of the Northern Ireland economy, accounting for about a third of jobs and about half the gross value added. In our regulatory impact assessments, we take account of both small and micro-businesses.

The hon. Gentleman's other comments are perhaps best left to the Chancellor.

Mrs. Iris Robinson (Strangford) (DUP): The Minister will be aware that TK-ECC has decided to pull out of my constituency, leaving 500 employees out of work. What assistance will be given to those who wish to use their enhanced redundancy payments to start up small businesses?

Mr. Pearson: I express my regret at TK-ECC's decision. Through Invest Northern Ireland and other Government agencies, we have put in place a range of measures to support the work force and offer counselling and job advice, as well as advice on setting up in business. The hon. Lady will be aware of the current "go for it" campaign, which shows signs of being a major success. We hope to start 2,500 new businesses in Northern Ireland in the current financial year, and those of her constituents who want to start up their own business will find that support is readily available.

Mr. Iain Luke (Dundee, East) (Lab): Will the Minister join me in congratulating all those who organised the Belfast "start a business" week in late January, which was part of the "go for it" campaign? Does he agree that the 8,000 inquiries received in response to that campaign are a clear sign that enterprise is alive and kicking in Northern Ireland?

Mr. Pearson: I totally agree, and I am very impressed with the enterprise and ingenuity of people and businesses in Northern Ireland. We need to build on the tremendous successes already achieved in the past five years. In that time, we have had the highest increase in employment growth of any UK region and a significant number of new business start-ups. We must build on that success and ensure that we have stable and growing employment.

Police Reserve

3. **Mr. Gregory Campbell** (East Londonderry) (DUP): If he will make a statement on the future of the full-time police reserve in Northern Ireland. [160818]

The Minister of State, Northern Ireland Office (Jane Kennedy): The Police Service of Northern Ireland human resource strategy, which was endorsed by the policing board, stated that from April 2005 there would be a phased run-down of the full-time reserve over an 18-month period, but that that would be

"subject to no further deterioration of the security situation and the continued success of the recruitment campaign for the Police Service".

The Chief Constable will give advice to the board and to the Secretary of State later this year, and we will want to hear the board's views before final decisions are made. In the meantime, negotiations continue with the Police Federation for Northern Ireland about severance arrangements.

Mr. Campbell: The Minister will be aware of continuing concern about police reserve personnel, and of continuing concern in the wider community about the ongoing criminal activities of paramilitaries and others and about the 50:50 police recruitment policy. Is there not an opportunity for the Government to grasp the nettle and deal with those three issues, thereby restoring confidence in the wider community?

Jane Kennedy: I understand the uncertainty felt by full-time reserve members and the anxiety felt by their families, but I do not want to pre-judge the Chief Constable's security assessment and the advice that he might give to the policing board later this year.

Kevin Brennan (Cardiff, West) (Lab): Is it not important that any decisions taken on the full-time reserve are based not on political whim, but on the firm evidence of the Chief Constable's security assessment, perhaps after the heat of the marching season has died down?

Jane Kennedy: Yes, indeed. Any such decision must take into account policing resources and the security environment within which the Chief Constable operates. Again, we must be patient and wait to receive his advice later this year.

David Burnside (South Antrim) (UUP): The Minister appears to have said clearly that the full-time reserve will be retained if security requirements so demand. She will be aware of Gallaher's statement this week about a £1 million robbery of cigarettes on the border in December. A spokeswoman for Gallaher said that it had asked for reassurances from the Police Service of Northern Ireland about the safe transfer of cigarettes across the border, but that such guarantees were not given. Will the Minister ask the Chief Constable to give that guarantee and to maintain the full-time reserve?

Jane Kennedy: On the question of the full-time reserve, I reiterate that any decision will be based on the Chief Constable's security assessment. The final call on that must be based on policing needs, not political whims.

I am aware of the concerns expressed by Gallaher. In the context of organised crime in Northern Ireland, we recognise the difficulties that exist and the connections between the organised criminal networks and paramilitary organisations. Questions of resources are a matter for the Chief Constable, and we remain in close touch with him to ensure that he has the resources he needs to combat these important and serious problems.

Mr. Desmond Swayne (New Forest, West) (Con): The 114 full-time reservists of the force in Belfast, East account for more than half the policemen and women in the divisional command unit. Does the right hon. Lady agree that, given the current level of criminality, we could not even begin to contemplate dispensing with their services?

Jane Kennedy: No, I do not accept that. However, I welcome the hon. Member for New Forest, West (Mr. Swayne) to his new position on the Front Bench. I also wish the hon. Member for Cotswold (Mr. Clifton-Brown) an enjoyable period working in the usual channels, and I hope that he enjoys the job as much as I did. He made a short, but significant, contribution to the Conservative Front Bench when he occupied the position now occupied by his hon. Friend.

On the reserve, the House should consider the fact that a total of £2.1 billion has been allocated for this year and the following two years to policing in Northern Ireland. That is more than £400 per head of population per year—two and half times greater than the average in Great Britain—and a further £125 million has been made available for continued implementation of the Patten recommendations. That amounts to significant resources being committed to Northern Ireland to assist the police in dealing with the many and varied problems that they confront.

Organised Crime Taskforce

4. **Mr Adrian Bailey** (West Bromwich West) (Lab/Co-op): If he will make a statement on the work of the organised crime taskforce. [160820]

The Minister of State, Northern Ireland Office (Jane Kennedy): The partner agencies of the organised crime task force have had considerable success in the past 12 months against organised criminal gangs in Northern Ireland, and I pay tribute to the Police Service of Northern Ireland, Customs, the Assets Recovery Agency and other partner agencies for their ongoing effectiveness and commitment to tackle that problem.

Mr. Bailey: I thank the Minister. She will remember that there was some concern when the Assets Recovery Agency was set up that it was underfunded and understaffed. Can she assess its impact so far and give a commitment to its having sufficient resources to reach its full potential?

Jane Kennedy: My assessment is that the Assets Recovery Agency is one of the key law enforcement agencies that have recently joined the organised crime task force and that its role will prove crucial in the coming months. It has recently been granted freezing orders in two cases for assets in excess of £500,000. The agency is dealing with 20 live cases with combined assets of about £8 million. Clearly, it is having a big impact, and we expect that to increase. I will reflect carefully on my hon. Friend's point about resources. That is something that I monitor, but the resources for the agency are a matter for the Treasury.

Rev. Martin Smyth (Belfast, South) (UUP): May I support the hon. Member for West Bromwich, West (Mr. Bailey) in his probing question and urge the Minister to keep her eye on the ball? It is important that there are enough people to work with the Assets Recovery Agency to bring the money in, and we should recognise that it will be self-financing. The Treasury should be able to help fund the required policing. What are the current links with the Criminal Assets Bureau in the Republic, and what are the prospects of bringing to justice the chief godfather of them all, who keeps going from north to south?

Jane Kennedy: The hon. Gentleman would not expect me to comment in the House on an individual case, but although it can take years to dismantle an organised crime group or prosecute any key individual, we do not have to wait years to see results. Indeed, we have already seen the results stemming from the work of the Assets Recovery Agency, which is one of a number of key agencies working together. The hon. Gentleman is right to draw attention to the need to develop cross-border relationships, and he may like to know that following last year's seminar between the PSNI and Garda Siochana there is an enhanced understanding of cross-border crime of precisely the type that he mentions. That will help us to build effective joint action against those criminals who use the border to their advantage.

Mr. David Lidington (Aylesbury) (Con): May I urge the Minister to ensure, in particular, that adequate arrangements are in place for information sharing between the task force in Northern Ireland and the law and order agencies south of the border? In that way, the task force can develop links with the Garda Siochana and the Criminal Assets Bureau in the south, as those organisations follow up the belief of the Irish justice Minister Mr. McDowell that Sinn Fein-IRA derive a great deal of their income from the profits of organised crime.

Jane Kennedy: The hon. Gentleman makes a fair point. A cross-border organised crime threat assessment is being prepared and will be available in the next few months. It will be used to focus resources jointly on priority cross-border criminal gangs and crime areas. Such assessments are based on the law enforcement agencies' intelligence and information, which they pool to develop the clearest possible picture of exactly what is happening.

Direct Rule

5. **Mr. Harry Barnes** (North-East Derbyshire) (Lab): If he will take steps to arrange for legislative proposals for England and Wales to apply to Northern Ireland during the period of the operation of direct rule. [160821]

The Minister of State, Northern Ireland Office (Mr. John Spellar): We aim to propose legislative proposals for Northern Ireland that respond, as promptly as possible, to its needs. In some cases, that will mean applying Bills here to Northern Ireland, but in other circumstances we shall need to move separately. In all cases, we shall seek to ensure that people in Northern Ireland, and hon. Members here, have the best opportunity possible to scrutinise and comment on our proposals.

Mr. Barnes: Does my right hon. Friend remember the Disability Discrimination Act 1995? The original Bill did not apply to Northern Ireland, but the then Government, under pressure, amended it so that it did. Why cannot we do the same during periods of direct rule? For example, the Pensions Bill refers in part to Northern Ireland, but can be made to apply there only by means of an unamendable Order in Council. Why cannot applicability to Northern Ireland be written on the face of the Bill?

Mr. Spellar: First, I congratulate my hon. Friend on his long and recently terminated membership of the Select Committee on Northern Ireland Affairs, to which he made a very considerable contribution.

On the general principle that he raises, he will be aware that Northern Ireland legislation exists in many cases. If we were to specify applicability to Northern Ireland in the Pensions Bill, for example, a measure that is already very long would be even longer. That would add considerably to the pressure on parliamentary time. In addition, when the House debates legislative proposals, it often does so on the basis that the proposals and the general principles will apply to Northern Ireland as well. My hon. Friend will know that separate statutes have been passed for Northern Ireland by way of Orders in Council or regulations in respect of the disability legislation. We shall consult on new proposed legislation later this year.

Lembit Öpik (Montgomeryshire) (LD): First, may I say to the hon. Member for New Forest, West (Mr. Swayne) how surprised and delighted I am to see him commence his Northern Ireland tour of duty?

I am sure that the Minister shares my frustration at the resistance among some Northern Ireland parties to governing Northern Ireland, but is it right to run Northern Ireland by means of statutory instrument Committees that cannot amend legislation? Will he introduce a way to amend legislation so that hon. Members can hold the Government to account? At present, we have to watch Northern Ireland Ministers endlessly steamroller through all sorts of legislation that we have no opportunity to amend. We are therefore forced to make every decision on an all-or-nothing basis.

Mr. Spellar: I, too, extend my congratulations to the hon. Member for New Forest, West (Mr. Swayne). I hope that my kind comments about his predecessor, the hon. Member for Cotswold (Mr. Clifton-Brown), and his positive contribution on the Front Bench did not contribute to his transfer into the silence of the Whips Office.

It is slightly paradoxical that the Government were last week criticised for the length of time that we were spending on consulting about our legislative proposals. *[Interruption.]* I understand some of the frustration described by the hon. Member for Montgomeryshire (Lembit Öpik). That is why I made it clear that we must strike the right balance between the need to consult parties, organisations and individuals in Northern Ireland before bringing legislative proposals to the House, and the need for us to deal with and remedy the problems that those parties, organisations and individuals identify. *[Interruption.]* I understand, as does the House, that we must get that balance right. I do not think that the Government can be accused of steamrollering. *[Interruption.]*

Mr. Roy Beggs (East Antrim) (UUP) *rose—*

Mr. Speaker: Order. The noise is building up in the Chamber, which is unfair. We must be able to hear the hon. Member for East Antrim (Mr. Beggs).

Mr. Beggs: In spite of what the Minister has just said, he must agree that unamendable Orders in Council are the least acceptable way to legislate for the 1.7 million people in Northern Ireland. Will he assure us that Northern Ireland will benefit at the earliest possible date from legislation allowing us to use antisocial behaviour orders so that we can share the benefits that people in Great Britain already derive from that legislation?

Mr. Spellar: Like the hon. Gentleman and the hon. Member for Montgomeryshire (Lembit Öpik), I want many of those measures to be debated in the Assembly on motions initiated by the Executive, and there will be further talks next week to create conditions in which that will become possible. I have already consulted on antisocial behaviour orders, and, as I indicated in the House last week when we were debating the Justice (Northern Ireland) Bill, I have compressed the consultation period on the wording of the legislation so that we can get it through the House and the other place and on to the statute book by the summer. We cannot be accused of dragging our feet, and I hope that we have the full support of the parties in the House.

Politically Motivated Violence

6. **Michael Fabricant** (Lichfield) (Con): If she will make a statement on (a) the number of (i) punishment beatings and (ii) expulsions and (b) the level of politically motivated violence in the Province over the last six months. [160822]

The Minister of State, Northern Ireland Office (Jane Kennedy): In the last six months, there have been 172 paramilitary style attacks. There are no official figures on the number of people exiled from Northern Ireland as a result of paramilitary intimidation, as not all incidents are reported. Over the same period there were two murders, 112 shooting incidents and 39 bombing incidents.

Michael Fabricant: The House will be relieved that there has not been a widespread return to bombing, but the figures that the Minister has just announced are deeply shocking. Does she accept that the Provisional IRA perpetrated some of those events, and does she understand why so many people cannot comprehend why the Government feel that PIRA still contributes to a state of ceasefire?

Jane Kennedy: I acknowledge that there is deep concern about the involvement of the Provisional IRA in such activities. The term "punishment beating" is a misnomer; such beatings are nothing less than barbaric, paramilitary assaults designed to maim young people permanently. Although the House is full because of later business on the agenda, it should note with deep concern the 13 suicides in six weeks that recently occurred in the Ardoyne district that were attributed to the activities of paramilitary organisations. Such activities are not about justice; they are about paramilitary groups from both sides, including the Provisional IRA, maintaining power over their communities by fear. Continuing paramilitary activity, including activity by the Provisional IRA, has created the difficulties in the political process that the British and Irish Governments and the parties in Northern Ireland are working so hard to overcome.

Mr. David Lidington (Aylesbury) (Con): I wholeheartedly endorse the Minister's criticisms of the evil work of the paramilitary organisations in Ardoyne and elsewhere. The Chief Constable has said that although the IRA and the UDA claim to be on ceasefire, both organisations are responsible for roughly equivalent violence and other criminality in Northern Ireland. In view of that, the Government should stop treating those two terrorist organisations differently and consider specifying the Provisional IRA under the terms of the Terrorism Act 2000.

Jane Kennedy: The hon. Gentleman should know that we keep those matters under constant review. As I have said, the activities of the Provisional IRA are a cause for deep concern and have been much commented on, and they will feature in the forthcoming talks in Northern Ireland as we seek to find a resolution. *[Interruption.]* A party such as Sinn Fein that is associated with a paramilitary terrorist organisation has serious questions to answer, and it is for Sinn Fein to answer them.

Mr. Speaker: Order. Once again, the House is far too noisy.

Racial Crime

7. **Mr. Ben Chapman** (Wirral, South) (Lab): If he will make a statement on measures to combat racial crime in Northern Ireland. [160823]

The Minister of State, Northern Ireland Office (Mr. John Spellar): Racial crime is abhorrent, and the Government will respond robustly to it. Enforcement action by the Police Service of Northern Ireland will continue to be the key, accompanied by preventive actions in relation to issues such as education, housing, health and social policy. In addition, we plan to introduce draft legislation later this year aimed at tackling racially motivated offences.

Mr. Chapman: My right hon. Friend will be aware of the incidence of racial harassment against the Chinese community in Northern Ireland. As many as two thirds of the people in that community have been harassed or abused in one way or another. Will he join me in condemning that and in recognising that the Chinese community in Northern Ireland, as elsewhere, is hard working, committed, longstanding and contributing, and it deserves to be recognised and acknowledged as such.

Mr. Spellar: I endorse those sentiments, and I am aware of the role that my hon. Friend has played in relations with the Chinese community. He will be pleased to know that I shall address the all-party group on China next month because I know of concern in the wider Chinese community in this country about recent events in Northern Ireland. Notwithstanding that, the PSNI and many local political figures have made a major effort to show abhorrence of the events and to put a stop to them. We have made some progress on that, but I fully accept that there is more to do. I look forward to working with my hon. Friend on that.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [161704] **Gareth Thomas (Clwyd, West)** (Lab): If he will list his official engagements for Wednesday 17 March.

The Prime Minister (Mr. Tony Blair): Before I list my engagements for the day, I am sure that the whole House will wish to join me in expressing our deep condolences to the Spanish people and the families of those who died in the terrorist attack in Madrid last Thursday. It underlines the threat that we all continue to face from terrorism in many countries, and why we must work together internationally to safeguard our people against such attacks and defeat terrorism in all its forms and wherever it rears its head.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Gareth Thomas: I am sure that the whole House would wish to be associated with my right hon. Friend's remarks about the Madrid bombings. What steps are the Government taking to combat the continuing threat of terrorism?

The Prime Minister: We have to take every measure that we can in terms of security, we all have to be vigilant and we have to realise that while there were terrorist attacks before, the present problem began with the attack on the United States on 11 September 2001. When people talk of the most recent attacks being retaliation, they should recognise that 11 September was an entirely unprovoked attack on the people of the United States of America. The truth is that these fanatics will stop at nothing in pursuit of a fanatical cause based on a perversion of the true faith of Islam. The only alternatives we have are to confront it or be defeated by it. I believe that the vast majority of people, in this country and throughout the free world, want to confront terrorism and to defeat it.

Mr. Michael Howard (Folkestone and Hythe) (Con): I join the Prime Minister in expressing the sympathy of everyone on these Benches with the Spanish people, those who were injured and the families of those who lost their lives in last week's appalling atrocity in Madrid. I also endorse the sentiments that the Prime Minister has just expressed.

Do not those events reinforce the harsh truth that Europe is not immune to attack by al-Qaeda and that, as we know from the chilling statements that that organisation has made, there are no concessions that will stop those attacks? Should not everyone now recognise that there is no such thing as an opt-out from the war on terror?

The Prime Minister: I agree with that entirely, obviously. It is worth pointing out that the countries that have been hit by that form of terrorism include Kenya, Tanzania, Indonesia, Turkey, Saudi Arabia,

Yemen, Jordan, Tunisia, Pakistan and Morocco, as well as Spain. There is no way to appease those people. They have no cause that any negotiation can take place upon. They have made that clear, as they did in the chilling statement that they put out a few days ago, in which they said:

"You love life and we love death".

Unfortunately, that is the nature of the people we are dealing with, and that is why we have to defeat them.

Mr. Howard: The Polish Prime Minister has rightly warned that revising our positions on Iraq after terrorist attacks would be to admit that the terrorists are stronger and that they are right. Does the Prime Minister share that view?

The Prime Minister: I do share that view, and I thank the Polish Prime Minister, and the Polish people, for the steadfast position that he has taken in the war against terrorism. It is worth reading the statement put out by the Abu Hafs al-Masri brigades of al-Qaeda last Thursday—I can put a copy in the Library. That statement indicates that the war on which al-Qaeda is engaged is not simply in respect of the issue of Iraq; it also mentions Afghanistan, Palestine and Kashmir. It goes on to say that it is right to kill innocent Jewish people in whatever country they happen to be, apparently for no other reason than that they are Jewish people. The statement then goes on to cite campaigns in Yemen and Pakistan.

In other words, the idea that if we were to give in over the issue of Iraq it would be an end of the matter so far as those groups are concerned is completely and hopelessly naïve. The fact is that those people will continue; it is a war on our way of life—a war on our democracy and a war on our freedom. That is why we must redouble our efforts and defeat it. The best way to do that is for the whole international community to stand firm.

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): Is my right hon. Friend aware that a large number of Kurds were killed or kept in detention after a football match in Syria last Friday? As the Kurds have little confidence in the Government of Syria seeking to defend them, what steps will my right hon. Friend take to restore human rights for Kurds in Syria, as elsewhere?

The Prime Minister: I hope that we will continue to put pressure on Syria to treat fairly all people of whatever ethnic or religious background, but I think that the best thing we can do is to have a state next-door to Syria, namely Iraq, in which Kurdish people, Sunnis and Shi'as all live and work together in peace, in a stable, prosperous and democratic country. Yesterday, there was some surprise at the poll that indicated that a majority of people in Iraq were optimistic about the future. I have to say that the only thing that surprised me was that people were surprised. Iraq has swapped government by a brutal, psychopathic, murderous dictator for the possibility of Kurds and other people in Iraq living together in stability and peace. If that happens in Iraq, it is the best possible omen for the rest of the world.

Sir Menzies Campbell (North-East Fife) (LD): On behalf of my right hon. and hon. Friends, may I associate myself with the expressions of sympathy and condolence that have already been made?

Does the Prime Minister agree that, irrespective of our attitudes towards military action against Iraq, we now have a continuing moral responsibility to the people of that country, in particular with regard to security and reconstruction? Does he believe that a greater role for the United Nations will help us to implement that responsibility; and what progress is being made in New York to find a fresh UN Security Council resolution?

The Prime Minister: I do agree, first, that it is important that we stay in Iraq and that our troops stay in Iraq, working with the Iraqi people, and I thank the right hon. and learned Gentleman for the support of his party for that position, despite our differences over the war. Secondly, yes, we all agree that there should be a greater role for the United Nations. That is why we are working hard with the UN, with Special Representative Mr. Brahimi, to ensure that we get a proper and orderly handover of power to the Iraqi people, because in the end—another thing indicated in the poll yesterday—the vast majority of Iraqi people want Iraq to be run by Iraqis. That is our position as well.

Sir Menzies Campbell: May I ask the Prime Minister to turn his attention to Afghanistan, in substantial parts of which al-Qaeda now appears to have been re-established? How can we best carry on the campaign against al-Qaeda in Afghanistan and at the same time maintain our commitment to the people of Iraq? Will the right hon. Gentleman ensure that Her Majesty's Government provide sufficient financial resources for our armed forces to meet those obligations?

The Prime Minister: We will do that, but the best way to defeat that organisation—we are now looking at the situation in the context of NATO—is to ensure that in those parts of Afghanistan where the Taliban is not strong, which is the vast majority of the country, we have sufficient reconstruction teams, as they are called, working with the military of several nations to restore order in the country. That has obviously been very successful around Kabul, as well as in other places in Afghanistan. Down in the south-east of the country, where the main problem is with the Taliban, it is important that we free up as many of the American troops that are at present elsewhere in Afghanistan to fight the Taliban and al-Qaeda there.

These are all parts of the same struggle. When people ask us, for example, "Why are we in Iraq?", that is a perfectly legitimate question and I can answer it. There is another question that people should ask themselves. That is, "Why is al-Qaeda trying to get into Iraq at present?" Why is it trying to get into Afghanistan again? It is because it knows that if we manage to lift these once failed states into a state of prosperity and stability, that will be a hammer blow to its fanaticism.

Q2. [161705] **Mr. Keith Bradley** (Manchester, Withington) (Lab): In the light of the Government's welcome announcement of a substantial increase in the funding of science research, and the recognition by the Department of Health of the Wolfsons molecular imaging centre at Christie cancer hospital in my constituency as a world-leading clinical research facility,

will my right hon. Friend consider the merits of allocating some extra money to this pioneering centre for cancer treatment, as currently only a small proportion of its budget is allocated from central Government funds?

The Prime Minister: The issue of medical research is obviously extremely important. I think that my right hon. Friend the Chancellor may have something more to say about that in a moment. I pay tribute to the Wolfsons molecular imaging centre, which is on the site of Christie hospital in my right hon. Friend's constituency. It performs a very important research task. It is important that two things happen: first, that we continue with the additional investment in cancer services in the NHS. There has been investment of more than £500 million in that in the past few years, which is making a big difference to the treatment of cancer patients. Cancer deaths have fallen by 10 per cent. over the past few years, alongside a 20 per cent. fall, or more, for cardiac deaths. Secondly, we need to invest in research for the technology and the cures of the future. I am sure that people will have heard with interest what my right hon. Friend has said.

Mr. Michael Howard (Folkestone and Hythe) (Con): Will the Prime Minister rule out further tax rises if his party wins the next election?

The Prime Minister: We will continue to run the economy in a stable way and generate money for investment in our public services. Whatever pledges we make on tax will be in our manifesto. The pledges that we have made so far on the basic and top rates of tax have, of course, been kept.

Mr. Howard: I am sorry that the Prime Minister cannot give a straight answer to a straight question. There was a time when he was very free with his promises, even if they turned out to be wholly worthless. In 1995, he said that his party had no plans to increase tax at all. Since then, we have had taxes on marriages and on mortgages. We have had taxes on petrol and on pensions; taxes on small business and large business; and taxes on those who buy a house and on those who go on holiday. Council tax is up by 70 per cent. To take just one of the right hon. Gentleman's tax rises, will he promise not to increase national insurance again—his tax on jobs and pay—if he wins the next election?

The Prime Minister: We certainly did put up national insurance, and that was to increase the investment in the NHS. The right hon. and learned Gentleman voted against it. He therefore voted against the investment in the NHS. When we are talking about tax promises, I am surprised that he has the nerve to come to the Opposition Dispatch Box. Does he remember promising not to put VAT on fuels? Does he remember promising not to double VAT? Does he not remember the tax rises under the Conservative Government all through the period when he was sitting in Government?

Yes, this Government put up national insurance to fund our NHS, but we have managed to run the economy with lower mortgages, lower inflation and lower unemployment than the Conservatives, and we have increased investment in public services. When did the Conservatives ever do that?

Mr. Howard: Let me remind the Prime Minister about some rather more recent events. Before the last election he said that people should not suppose that he would raise national insurance, but he did exactly that in the first Budget afterwards. So in return for these taxes does he agree with one of his Ministers who said last month:

"Too often a lot of money has been spent but very little seems to have been achieved"?

The Prime Minister: I will tell the right hon. and learned Gentleman exactly what has been achieved. We have just heard figures for what has been achieved from investment in the health service. Not only do we have new hospital buildings and the biggest hospital building programme since 1948, but we have 50,000 extra nurses and 14,000 extra doctors. Cancer deaths are down 10 per cent. and cardiac deaths are down over 20 per cent. There are extra operations and out-patient appointments, and lower waiting lists and waiting times. That is what the extra money has bought us, and the right hon. and learned Gentleman voted against every penny of it.

Mr. Howard: That is not what the Prime Minister's Energy Minister says—a man who was a rising star in the Government, at least until today. He said:

"In a year or so we're going to have an election in the UK"—

he is clearly well informed—

"... when people will say, 'We've paid a lot of taxes, but what has really been achieved with all that money?'"

He is spot on—people will indeed say so at the time of the next election, and if they know that Ministers think so too, why on earth should anyone disagree?

The Prime Minister: I explained what the money in health had bought, so let us look at the money for education. I am absolutely delighted that we are having this argument. Go into any primary school in this country—results are up by more than 50 per cent. compared with when the right hon. and learned Gentleman was in office. Look at the school results on GCSEs and A-levels. Go into the schools and see the new buildings and new computers. See how many extra police officers there are in the country today. All that is in stark contrast to the position when the right hon. and learned Gentleman was in government. When he was Home Secretary he cut police numbers. When he was Employment Secretary unemployment went up; when he was Minister for Local Government he introduced the poll tax; and when his whole shower were in power we had higher inflation, higher interest rates and higher unemployment, so let us continue this argument between now and election day.

Hon. Members: More!

Q3. [161706] **Martin Linton** (Battersea) (Lab): While we are on the subject of education, will the Prime Minister find time in his schedule to write to the leader of Wandsworth council to ask why he has gone back on his promise to passport this year's school budget in full

and is withholding more than £0.5 million intended for Wandsworth schoolchildren, yet supports his party's plans for a pupils' passport, which could take between £1 billion and £2 billion out of school budgets?

The Prime Minister: We certainly will not adopt that policy, but I must tell the House that if one studies the policy statements from the shadow Education Secretary and the chairman of the Conservative party, it is quite hard to work out what their policy is. As far as I can make out, it is for a pupils' passport that would allow people to leave the system and take that money to private schools.

Mr. Tim Yeo (South Suffolk) (Con) *indicated dissent.*

The Prime Minister: The hon. Gentleman says no, but the brains of the Tory party—I cannot remember his shadow position—said on the "Politics Show":

"I'm talking about using the pupil passport as a... contribution to higher fees already being charged by private schools."

I can tell my hon. Friend the Member for Battersea (Martin Linton) that if I could work out what their position was I would attack it; but in any event, we should be clear that the best way to get education not for a few but for many, and to push standards up, is to carry on with the programme of investment and reform under this Government.

Mr. Peter Luff (Mid-Worcestershire) (Con): Can I drag the Prime Minister back to reality and invite him to bang a few heads together in the Department of Health, which is threatening one of his major projects in my constituency, Jobcentre Plus, a service that I welcome? Is he aware that arbitrary and retrospective funding changes—*[Interruption.]*

Mr. Speaker: Order. Allow the hon. Gentleman to speak.

Mr. Luff: Thank you, Mr. Speaker. Is the Prime Minister aware that arbitrary and retrospective changes to the funding rules for the Department of Health are threatening eight major health projects in Worcestershire, one of which is a one-stop shop in Droitwich that brought together Jobcentre Plus, a major new health centre, the police, the district council, the county council, the citizens advice bureau and other voluntary groups? His Government are threatening the creation of precisely the kind of joined-up government that they claim to support.

The Prime Minister: I shall certainly look into the project that the hon. Gentleman mentions. Surely he should recognise that what he is calling for is even more money in the national health service. [HON. MEMBERS: "No."] No, he is just calling for more money in his own constituency, not in anyone else's. I will look into the point that he makes, but the intelligent thing, surely, is to recognise that the investment in the national health service is yielding results. That is why it is so unfortunate that the Opposition propose to cut it.

Q4. [161707] **Mr. Andy Reed** (Loughborough) (Lab/Co-op): As it is national science week this week, has the Prime Minister had time to reflect on the neglect of our science research and development and technology base over the past 50 years? Is he aware that companies such as Intelligent Energy in my constituency, which has grown out of the university, are excellent examples of what can be achieved? It is a world leader in fuel cell technology and in developing its products for the developing world, with projects in South Africa already.

Will my right hon. Friend ensure that any increase in spending is evenly spread around the country so that institutions such as Loughborough university, which has a track record in innovation, delivery and collaboration with business, get their fair share, rather than being concentrated in the hands of a few universities, to ensure that the growth we have seen in our local economy continues and is a model that will be replicated across the whole of the UK?

The Prime Minister: I understand that the Department of Trade and Industry is providing over £3 million to Intelligent Energy to assist in the development of fuel cell technology at Loughborough university. The point that my hon. Friend makes is right. The UK is one of the best places in the world for biosciences. It is important that we carry on with the huge investment in science that we are making. That is why it is so unfortunate, again, that the Opposition are pledged to freeze, and therefore cut in real terms, the spending on science. Investment in science is one of the surest ways to entrench the economic stability we have for the future.

Mr. Edward Garnier (Harborough) (Con): Does the Prime Minister now regret sacking Lord Irvine last summer?

The Prime Minister: I will tell the hon. and learned Gentleman what I do not regret: I do not regret at all that we are proceeding with the proposals to make sure that the person who is in charge of our court system sits in the Department running the courts and delivering a better court system for the people of this country. The present incumbent is the first holder of that office to have his office in the building from which the courts are administered. That is why it is the right thing to do.

Q5. [161708] **Mr. Ronnie Campbell** (Blyth Valley) (Lab): Although it was good to see the minimum wage being increased this week, does the Prime Minister agree that anything under £5 an hour in this day and age is peanuts? I will give the Prime Minister one thing—it was his Government who introduced the minimum wage. If it had been left to the Tories or to the wishy-washy Liberals, we would not have had an agreement.

The Prime Minister: That is as close as I will get to an unqualified statement of support from my hon. Friend, and I welcome it. We have not merely extended the minimum wage to 16 and 17-year-olds, but from October 2004 the adult rate will increase to £4.85. That will help 1.8 million low-paid people. It is a huge bonus for some of the poorest families in the country. Alongside the working families tax credit and the child

tax credit, it indicates how much we are doing to help hard-working families get into work, stay there and make work pay.

Q6. [161709] **Mr. Simon Thomas** (Ceredigion) (PC): I have a letter from a 10-year-old constituent who lives on a sheep farm at Tregaron. He writes:

"I would like to run the farm someday when I'm older and I'd like to ask if there is a future for me in farming."

Does he have a future in farming?

The Prime Minister: Of course there is a future in farming. However, it is important that we recognise that our farming industry, like other farming industries in Europe and around the world, will undergo great change. That is why when Sir Don Curry headed up our commission that looked into the future of farming he came out with recommendations that will put farming on a more sustainable basis for the future. If the hon. Gentleman's constituent grows up and talks to people who are in farming, he will find that they recognise that change has to happen, but they want the Government there working with them to make the change happen in a proper way. That is what we are doing.

Q7. [161710] **Ross Cranston** (Dudley, North) (Lab): I congratulate my right hon. Friend on publishing the alcohol strategy on Monday, which set out in hard evidence the social and economic costs of binge drinking in this country, but can my right hon. Friend confirm that unless some parts of the industry smarten up their act in relation to advertising and promotion, which contribute to this culture, further Government regulation is inevitable?

The Prime Minister: It is important that we work in partnership with the industry to encourage responsible drinking, and my hon. and learned Friend is entirely right in what he says on that. It is also important to recognise that as a result of legislation passed in this House the police now have considerable powers to shut down pubs or clubs where disorder as a result of excessive drinking is routine, and they also have a full range of measures, including fixed penalty notices, to deal with drunk and disorderly behaviour. Therefore we need two things: we need a more responsible attitude on the part of the industry, but we also need to make full use of the police powers that have now been introduced.

Q8. [161711] **Mr. Julian Brazier** (Canterbury) (Con): The Prime Minister knows that the Conservative party has solidly supported him in the war against international terrorism, but I urge him to read the report of the Defence Committee, chaired by one of his right hon. Friends. Is he really happy that, when we face this threat, we have the smallest Regular Army for more than a century, the smallest reserves for several centuries, and our logistic capability has been so emasculated that we cannot even get chemical protection and body armour, and in some cases even ammunition, to the front line?

The Prime Minister: We will respond fully to the Defence Committee's report, but it is important not to exaggerate the situation. Our armed forces have performed magnificently in extremely difficult circumstances, not just in Iraq but in other arenas in the world, and they are a huge credit to this country. As for defence spending overall, contrary to some newspaper reports, the Government are increasing defence spending in real terms. I have no doubt at all that we will continue to make a big commitment to defence, and I hope that, as the hon. Gentleman rightly says that it is important to have a cross-party consensus on these issues, he will change the position of his own Front-Bench spokesmen, which is to freeze defence spending in real terms, which would mean a cut in the amount of money going to defence.

Dr. Ashok Kumar (Middlesbrough, South and Cleveland, East) (Lab): I thank my right hon. Friend for coming to my constituency last week to open the King's academy, which is a great testament to the Government and their contribution to education. Will he join me in congratulating David Vardy and his team, who put the project together, with the local authority and the Government, to build this great monument in my constituency? What support will the Government give to ensuring that the academy excels in the same way as all the other education initiatives for which the Government are responsible?

The Prime Minister: I thank my hon. Friend for welcoming me to his constituency. The King's academy is a remarkable achievement by Mr. Vardy and his team. The city academies are just being opened now; there is a programme to roll them out across the country. They are important because they provide state education to some of the poorest and most disadvantaged communities in this country. There is nothing more inspiring, particularly when one knew the old school that the King's academy replaced, than to see the brand new buildings, the total commitment of the teachers and staff, and the pupils there eager to learn. It is one of the best examples of modern social justice that I can think of.

Q9. [161712] **Mrs. Cheryl Gillan** (Chesham and Amersham) (Con): Just down the road from Chequers, Chesham hospital, the Misbourne ward at Amersham hospital and the intensive care baby unit at Wycombe hospital are all threatened with closure, and the acute trust and the mental health trusts have huge deficits. Yet the Government spend 18 per cent. less on health care than the national average on every man, woman and child in Buckinghamshire. Can the Prime Minister tell me why the people of Buckinghamshire are worth 18 per cent. less?

The Prime Minister: I shall look into the precise figures that the hon. Lady uses, but according to my figures the Chiltern and South Bucks primary care trust has had over £117 million of funding for the last year. I entirely understand why she would like even more money going into her primary and secondary care services, but it is important to recognise that we are making a huge additional investment in the NHS.

I hope that people realise that there is clear choice, which was made even more manifest by what the Leader of the Opposition did earlier today, even if the hon. Lady wants more money: we are in favour of the money that we are investing continuing to go towards the

national health service and delivering results to the people of this country, and the Conservative party, whatever its members like to say, opposes that investment. That is the difference between a party that is committed to maintaining, reforming, changing and renewing the national health service and one that is committed to getting rid of it.

Q10. [161713] **Mr. Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): My right hon. Friend knows that some of the poorest countries in the world, especially Ethiopia and Niger, are currently denied additional debt relief, effectively by the US, German and Japanese Governments, even though they are entitled to such debt relief under the agreements of the G8 countries. I am sure that he agrees that if the world community fails to live up to its promises about such matters, it will make it more difficult to tackle other issues, such as the threats from world terrorism. Will my right hon. Friend speak to the leaders of those countries and urge them to stop blocking the debt relief?

The Prime Minister: We will do all we can. My right hon. Friend the Chancellor has been leading initiatives to ensure that we get debt relief for the poorest and most highly indebted countries. I assure my hon. Friend that we will use every means possible not only to maintain a leadership position for this country, but to try to relieve the debt burden on some of the poorest people and countries in the world.

Orders of the Day

WAYS AND MEANS

Financial Statement

Mr. Deputy Speaker (Sir Alan Haselhurst): Before I call the Chancellor of the Exchequer, it may be for the convenience of hon. Members if I remind them that, at the end of the Chancellor's speech, copies of the Budget resolutions will be available in the Vote Office.

INTRODUCTION

12.32 pm

The Chancellor of the Exchequer (Mr. Gordon Brown): The purpose of this Budget is to lock in for Great Britain the economic stability that can and will endure.

And it is a sign of the stability that Britain has already achieved and a tribute to the dynamism and hard work of the British people that, even after the creation of 1.8 million jobs since 1997—1.3 million in the private sector—and over 100,000 extra businesses, today and every working day in our country, 600 new businesses are starting up, 25,000 men and women each and every day are finding new jobs, and an additional 10,000 new vacancies are each day being advertised, with new jobs being created at three times the rate of the 1970s, 1980s and early 1990s.

For decades after 1945, Britain repeatedly relapsed into recession, moving from boom to bust. But I can report to the House that since 1997 Britain has sustained growth, not just through one economic cycle but through two economic cycles, without suffering the old British disease of stop-go. Overall growth since 2000 has in Britain been almost twice that of the euro area and higher even than that of the United States.

Indeed, in the pre-Budget report, I told the House that Britain was enjoying the longest period of sustained economic growth for more than 100 years. I have to apologise to the House. Having asked the Treasury to investigate in greater historical detail, I can now report that Britain is enjoying its longest period of sustained economic growth for more than 200 years—the longest period of sustained growth since the beginning of the industrial revolution.

And with Britain not only more stable but better off than seven years ago, it is time for us, facing new global economic challenges, to combine a new British confidence about our economic potential with a new resolve to make the right long-term decisions and reforms to achieve excellence in education, science and enterprise. No industrial national can ignore those challenges, where other nations are moving forward and in which I want Britain to lead.

Our advantages as an island nation are a global reach wider than that of almost every other country, a historical record of scientific achievement that is longer than that of almost any other country, and a foundation of political and now economic stability that goes deeper than that of almost any other country.

And this Budget's judgment is that to be a world economic leader in this new global era, we must now make the necessary investments in our science, education and enterprise.

Last year we forecast growth for 2003 of between two and two and a half per cent. When I made that forecast a year ago, the Leader of the Opposition said that it was not just incautious and wrong but—I quote—"a deliberate misrepresentation" of Britain's economic prospects, and said that not to meet it "destroyed credibility".

I can report to the country that our growth in 2003 has indeed met our forecast. The British economy grew in 2003 by 2.3 per cent.

And it is because of Bank of England independence, new fiscal rules, a symmetrical inflation target, the sanctions of the new deal, and the reduction of national debt—it is because Britain had the strength to take these long-term decisions—that, over the last four years, while economic growth in Germany has averaged less than 1 per cent., Japan 1.4 per cent., Italy 1.4 per cent., France 1.8 per cent., the euro area 1.6 per cent., the United States 2.4 per cent., growth here in Britain in these years has averaged 2.5 per cent. And it is growth combined with, consistently, the lowest inflation for 30 years, the lowest interest rates for 40 years and the highest levels of employment in our history.

In the past, Britain has been first in, worst hit and last out of world recessions. But in recent years, by contrast with the two previous world downturns in both the early '80s and the early '90s, employment, which fell by 1.3 million in the early '80s and by 1.5 million in the early '90s downturn this time has not fallen but risen, and as today's employment figures confirm, claimant-count unemployment is just 2.9 per cent., which is the lowest since November 1973, and Britain is closer to full employment today than for a generation. Inflation, which rose to 20 per cent. in the early '80s, and to almost 10 per cent. in the downturn of the early '90s, has this time averaged just 2.4 per cent. Interest rates, which peaked at 16 per cent. in the '80s and at 15 per cent. in the '90s downturn, are today 4 per cent. And mortgage rates, which rose to around 15 per cent. in both the early '80s and early '90s are 5 per cent. today, and still the lowest for 40 years.

And now having come through this world downturn and as trade strengthens—rising this year by seven and three quarters per cent. according to our forecast—the challenge for British industry is to make the most of the new opportunities of the world upturn.

We expect domestic demand to grow by three and a half per cent. this year and three and a quarter per cent. next year as consumer spending moderates and growth becomes more balanced.

And our belief is that British manufacturing and service industries will rise to the challenge. Fixed investment, which has fallen round the world, is expected to grow in Britain by more than 5 per cent. this year and more than 6 per cent. next year. Business investment is expected to grow by just under 4 per cent. this year and 6 per cent. in 2005.

Manufacturing output, which was most affected by the global slowdown, has grown in four successive quarters and is now expected to grow in Britain by just

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under 2 per cent. this year and over 2 per cent. next year. And imports and exports are both expected to grow by more than 5 per cent. this year.

So, overall, I can report a British economy strengthening throughout 2004.

And while always vigilant to the risks, growth in 2004 is expected to be: 1.7 per cent. in France, Germany and the euro area; around 2.8 per cent. in Japan; but between three and three and a half per cent. this year in Britain; with, of the G7 countries, Britain and America again growing the fastest.

And I can confirm that under our new inflation target, inflation is expected to be just 1.75 per cent. this year, and 2 per cent. next year and the year after.

Our long-term stability and strength depend on avoiding the two great economic mistakes of the past; so there must be no weakening of anti-inflation discipline and there must be no neglect of investment in our wealth-creating base.

And based on sound fundamentals, monetary and fiscal discipline, and making the right decisions at the right time in the cycle to invest in education, science and our enterprise—based on these sound fundamentals, I would forecast growth in Britain in 2005 to be three to three and a half per cent. and in 2006 to be two and a half to three per cent. as the economy returns to trend.

Looking forward, while vigilant to the global economic cycle, the challenge is to strengthen the British model for stability, and our objective must be to lock in that stability—not just for a year or two, or for an economic cycle, but for a generation. So a year ago, I initiated a series of studies to examine how we can tackle potential inflationary pressures in housing, and potential bottlenecks and deficiencies in the supply side of the economy; how we can deal with potential fiscal pressures from ageing, health care and the costs of unemployment; and what the most appropriate fiscal rules for the long term are.

Last week, Professor David Miles reported and recommended a more transparent and competitive market in mortgage finance, a set of recommendations that will now be considered by us and the Financial Services Authority. The report by Ms Kate Barker published today concludes that the supply of new homes consistently lags behind demand and that the number of houses built in Britain—currently 175,000 a year—must rise substantially if we are to reduce house price inflation and increase the number of affordable homes for people wishing to buy and rent.

The Government today accept the Barker recommendations for the new British real estate investment trusts that would improve the supply of rented property; for the release of more public sector land; for, in each region, one body responsible for housing and planning; and, in principle, for extending the contaminated land tax credit in brownfield areas. The Deputy Prime Minister will now consult on how we can increase the supply and affordability of housing, and what goals we should set, while striking the right balance between the economic and social case for development, and environmental and social needs.

While the business rate sets a tax on developed properties, Ms Barker's report states that there is none on the unearned increment in land values when undeveloped land is granted planning permission. Because this is a long-term issue for both the future of housing and for stability, the way forward is not only to consult widely on this proposal but to see whether a long-term consensus can be agreed. So I hope that over the next year all parties will study the Barker proposal, and it must be in the interests of the whole country to see whether we can forge a shared approach that would safeguard our environment, lead to more affordable housing, and at the same time keep interest rates as low as possible and contribute to the greater stability of Britain.

Last year we identified the housing market, housing finance and other inflexibilities in capital, product and labour markets as major barriers to meeting two of our five tests for euro membership. Today we are publishing, alongside the Budget, a detailed report on flexibilities in Britain and Europe, and I can inform the House today that while the Government do not propose that a euro assessment be initiated at the time of this Budget, the Treasury will again review progress at Budget time next year and report to the House.

Fiscal discipline is and must be at the heart of our strategy for long-term stability. While vigilant on personal debt, we have studied the three main sources of fiscal pressure in the advanced industrial economies: the costs of unemployment; pension costs in Europe, with state pensions costing, by 2050, up to 15 per cent. of national income; and the rising cost of public sector subsidy for private health care, as in the United States of America. We have concluded that it is prudent for Britain to take further steps to move the unemployed from welfare to work and reduce the costs of unemployment, and that we are right also to maintain a rising level of pension credit, rather than link pensions to earnings, and right to avoid uncapped public sector liabilities from subsidies to private health care.

I have also studied proposals for alternative approaches to the fiscal framework, and I am today publishing a paper comparing our British framework with the rules of the European Union's stability and growth pact and examining the principles, based on our experience, which should guide the evolution of fiscal policy in the future.

The conclusions of our study are that, first, the flexibility to take the right monetary and fiscal decisions at the right time to sustain stability and growth requires countries to take tough decisions to achieve low levels of long-term national debt. The second principle identified by our study is that, based on low levels of public debt, fiscal policy can and must take account of the economic cycle, supporting monetary policy by allowing borrowing to rise when the economy grows below trend, and reducing borrowing when the economy is above trend. The third principle identified by the study is that it makes sound economic sense for low debt countries such as ours to borrow for investment.

Rigidly balancing the budget year on year means that fiscal policy could not support monetary policy over the cycle and, even in low debt countries, the debt to GDP ratio would fall year on year even when it is obvious that more investment is important to the long-term strength of the economy.

Our fiscal rules—to keep the debt to GDP ratio low and stable while balancing the current budget over the economic cycle—allow us to borrow for investment

every year of the cycle and these rules have been tested and have succeeded at every stage of the last two economic cycles.

So, it was in the national interest, first, to follow rules on debt and to cut debt in the late 1990s; it was in the national interest to enable fiscal policy during the recent world downturn to support monetary policy; and now and in the future, it is in the national interest, on the basis of low public debt, to borrow for investment to strengthen our economic fundamentals.

So, I will not neglect the need for long-term investment in our country and I will not impose a balanced budget rule, which would cut spending regardless of the debt level or the economic cycle. Such a policy—whether imposed by a future Government or by a rigid interpretation of the European stability and growth pact—would, in fact, be an exact replica of the mistakes of Britain's stop-go past and would put at risk Britain's stability and growth.

I welcome the support for our monetary policy framework that I have received—of late—from Opposition parties.

But the experience of the past few years is that stability requires support for both pillars of our British macro-economic framework—monetary and fiscal policy working together.

So let me set out today's detailed fiscal figures.

Our projections are based on assumptions audited by the National Audit Office which include, for public finance purposes, trend growth at 2½ per cent. rather than 2¾ per cent.; and do not take full account of the expected gains to the public finances from lower unemployment, compliance and VAT receipts.

But after all the decisions announced today, our current budget figures for 2003–04—and for the years to 2008–09—are, in billions, minus £21.3 falling to minus £11, minus £5 and zero, then rising to plus £4 and plus £9.

Our first fiscal rule is that over the cycle we balance the current budget.

Having accumulated surpluses at the start of the economic cycle, we meet our fiscal rule—the golden rule. Indeed we have an average annual surplus over the whole cycle—an overall margin or surplus of £11 billion.

I have also tested the golden rule against not just our cautious assumptions but a more cautious case and again the current budget moves back to balance by the end of the forecast period.

The average current budget for the first four years of the next cycle is not just in balance but in surplus. So having met our rule in this cycle, we are also on track to meet it in the next.

Our second rule is our sustainable investment rule, demonstrating our ability to borrow for investment.

I can report that debt this year is just 33 per cent. of national income. Our rule is that debt should be kept below 40 per cent. of national income and in future years it will be 34, 35, 36, 36 and 36 per cent. compared with debt of 44 per cent. in 1997 when we came to power. So we meet our second rule over the cycle in every year and by a margin in excess of £50 billion.

I turn therefore to net borrowing. Compared with 8 per cent. 10 years ago, and an average of 6 per cent. net borrowing over the early 1990s, net borrowing this year and in future years to 2008–09 is, as a percentage of GDP, 3.4, 2.8, 2.5, 2.1, 1.9 and 1.6 per cent. of GDP, with, for this and for future years, the cash figures £37.5 billion, £33 billion then £31 billion, £27 billion and £27 billion, falling to £23 billion.

Net borrowing adjusted for the economic cycle is just 2.4 per cent. this year and in future years 2.1, 2.3, 2.1, 1.9 and 1.6 per cent. of GDP.

A decade ago after the end of the last world recession the British deficit was the equivalent of £90 billion, around two and a half times higher than it is today.

In fact, our deficit is now lower than all our major competitors of the industrialised world. As a percentage of GDP, the deficit in 2004 is: nearly 4 per cent. in Germany and France; 6 per cent. in Japan; 5 per cent. in America; but the comparable British figure is just 2.8 per cent.

Net debt is now 45 per cent. of national income in France, in America it is 50 per cent., in Germany it is 55 per cent., in Japan it has risen to 86 per cent., in Italy it is 94 per cent., but this year in Britain it is just 34 per cent.

So with our deficits lower than our competitors, lower than in past decades, with our debt lower than our competitors and lower than in past decades, we meet both our fiscal rules.

And it is because of this that I am now able in this Budget, at one and the same time: to afford all our existing commitments, including our ongoing and additional commitments in Iraq, Afghanistan and in the fight against terrorism, amounting in total to £6 billion; to be able to set aside as a prudent margin £1 billion next year and £2 billion in future years as a reserve for annually managed expenditure; and to have in addition the flexibility and freedom in this year's Budget and in the coming spending review to release extra resources for the nation's priorities.

Unemployment is now costing us £3 billion a year less than in 1997, and debt interest payments are costing us £7 billion less than in 1997—a total of £10 billion less this year, part of the dividend from difficult decisions that we made in 1997. And stability and growth themselves have yielded even greater gains, and give us a clear Budget choice as to whether to cut taxes, invest more or cut borrowing.

So I am able in this Budget—with a strengthening economy and the strong and sustained monetary and fiscal position—to set out the Government's choice on how to allocate these extra resources.

And I have had a number of Budget representations about priorities for tax and spending.

The debate that we now have about the nation's priorities and the choices that we make will help to determine the economic strength of Britain and the fairness of our country far into the future.

And I hope that the whole House can agree that given Britain's position today and the challenges ahead, the priorities for our country are: first, not to endanger but to entrench the stability and growth that we have achieved; secondly, not to imperil but, in supporting our armed forces, police and security services, to ensure and enhance our national security; and thirdly, I believe that the whole House would also want to ensure that all our citizens are fully prepared to meet the challenges of a

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global economy and to ensure also that the coming generation start from a position not of weakness but of strength.

As we make our judgments for the Budget and spending review, one option—having secured in recent years the gain from cutting unemployment and cutting debt and from stability and sustained growth—would be to cut borrowing or taxes. But on borrowing, as I have told the House, both debt and deficits are lower than our major competitors, much lower than in the past and well within our fiscal rules.

And on tax, while I have raised national insurance to pay for the national health service, I have cut long-term capital gains tax for business assets from 40p to 10p, introduced a 10p starting rate for income tax, and in previous Budgets since 1997 cut the basic rates of income tax, corporation tax and small business tax.

So let me now set out the Budget's decisions on tax.

I have examined rates of corporation tax and capital gains tax. I have no need to raise them so I propose to freeze rates.

On air passenger duty, on insurance premium tax, and on vehicle excise duties for cars and lorries, I propose to freeze rates.

On the climate change levy, I will freeze rates and at the same time extend the numbers of businesses who can benefit from 80 per cent. discounts.

On the aggregates levy, I will freeze rates, and in Northern Ireland, extend the reliefs to cover all aggregates.

On betting duties, I will freeze rates, and I will review the tax treatment of betting exchanges and their clients.

On stamp duty, I will freeze stamp duty.

On inheritance tax, I will not only freeze rates but I will exempt more estates from inheritance tax, raising the starting point of tax to £263,000—95 per cent. of estates will pay no inheritance tax at all.

For this Budget's other tax decisions, my priorities are: the needs of enterprise; ensuring fairness to families and pensioners; and the environment.

My priority for enterprise at this stage of the economic cycle is to encourage rising levels of investment.

Venture capital is the seed bed of future enterprise and so for the next two years, venture capital trusts will secure tax relief for investments at a higher level—now up to £200,000 a year—and not at the lower rate of tax, 20p, but at the higher rate of 40p. From 1 April, firms with turnovers under £58,000 will not have to register for VAT, and that is the most generous VAT threshold in Europe. From 1 April, an additional 13,000 businesses will benefit from simplified VAT accounting. From next year, in 2,000 enterprise areas, we will further increase the tax incentives available for firms to invest.

The Government are determined to achieve our goal of balanced economic growth to the benefit of every region and every nation of the United Kingdom. So today, the Government are accepting and will implement the Lyons review for the relocation of civil service jobs. We will relocate out of Whitehall a total of 20,000 public sector jobs, creating new employment opportunities in the regions and nations of the United Kingdom.

And today, to further assist regions and local communities, I can announce the full details of the new local authority incentive under which local authorities that help create more local businesses will share the additional business rate income. For local councils in all parts of the country, I am able to allocate for the next three years a total of £1 billion extra—money available for local services.

In the last seven years, we have raised over £4 billion a year through the sale of surplus assets and land, and for the years until 2006 we now expect the sale of surplus assets to raise over £5 billion a year for new investment.

We will also be selling off the last of the remaining Government shareholdings in the utilities.

When we announced deregulatory measures in December, I said that we would be working with business to identify further reforms both in Britain and in Europe. The Secretary of State for Trade and Industry is announcing that she will devolve Business Link services to the regions; we will review the burden of inspection and the overlap between enforcement regimes; sector by sector, we will tackle unnecessary regulation starting with chemical, construction and retail industries; and having accepted the case for the Inland Revenue to pay the working tax credit directly to employees, we will consult now with employers on detailed implementation. And we have submitted today to the European Union our detailed proposals for tackling regulation in the European Union.

I would like to do even more to encourage new and growing businesses to invest and expand.

I can only do so if we close a loophole under which some have, without changing their economic activity, used our zero tax rate for small business not to invest and grow but simply to avoid tax and national insurance by reclassifying their income as dividends.

There are those who have proposed that to tackle this avoidance we should abolish the zero and reduced rates altogether.

Instead, I propose to retain the zero rate and also the reduced rates for retained profit, and indeed do more for investment. But I will close the loophole by taxing distributed profits at 19 per cent., bringing the tax on distributed profits for those small companies into line with other companies.

And to do more for investment, I will increase, initially for one year, investment allowances for the smallest businesses from 40 per cent. to 50 per cent.

So, overall, a small company making pre-tax profits of £25,000 and investing £10,000 in plant and machinery, which paid over £5,000 in tax in 1997, will pay £2,375 in tax—almost £3,000 less—as we maintain and improve the incentives for small company investment.

Since 1997, support for the British film industry has been worth £2 billion and the numbers of films that have been made here in Britain have doubled in that time. I now propose to transfer the available reliefs for British-made films with budgets below £15 million from the third parties, a minority of whom have abused these

reliefs, and to pay reliefs directly to the filmmakers themselves. The new relief will be set at a new and higher level of 20 per cent.

It has been put to me that we should now introduce a general anti-avoidance rule. I do not at this stage intend to introduce this but I will today close loopholes in partnerships, finance leasing and VAT, and I will make it a requirement—as in the United States of America—that accountancy firms and those promoting these schemes register them with the tax authorities: the Inland Revenue.

I turn now to the environment. I am pleased to report that as a result of the incentive announced last year, the fuel industry is ready, from 1 September this year, to move to the more environmentally friendly sulphur-free fuel. This fuel will be available throughout the country by September, so I will delay for the second year running the annual rise in fuel duty for nearly six months. And while the duty rise for low-sulphur fuel will be 1.9p per litre, the duty rise for the new and soon to be standard sulphur-free fuel will be, from 1 September, just 1.4p, in line with inflation. I will also raise red diesel, fuel oil and liquid petroleum gas by 2.4p a litre. Duty for fuel oil will still be just 6.24p a litre, duty for red diesel 6.64p a litre, and duty for liquid petroleum gas 7.82p a litre.

To encourage cleaner fuels, I will give the same incentives to bioethanol from 1 January next year as I am extending to biodiesel: until at least 2007, a 20p per litre reduction in duty compared to petrol and diesel. And for the same environmental reasons I set out last year, I will go ahead with the changes that have already been announced in landfill duty. Enhanced capital allowances will also be available now for energy-efficient technologies.

From next Monday I will implement the normal annual inflation rise of 1p on a pint of beer and 4p on a bottle of wine. But I will freeze duties on cider and sparkling wine. And for small breweries, I will not only continue the successful tax relief scheme but extend it further, and double the volume of beer production that is eligible for relief.

I announced in the pre-Budget report that—owing to continued high levels of spirits duty fraud—we would legislate to implement the Roques report recommendation to stamp spirit bottles unless a workable alternative could be found. In making my decision today that stamps are necessary to tackle fraud, I will help the trade with cash flow costs and defer payment for tax stamps, and I will assist firms with their capital investment. I have also decided—for the seventh Budget in a row—to freeze spirits duty. And I will do so for the remainder of this Parliament. This will be the longest freeze on duty in nearly half a century.

My decision on cigarettes is, for public health reasons, to go ahead with a rise, but only the annual inflation rise of 8p a packet.

At a cost of £165 million by 2008, I will replace the eight existing tax schemes for pensions with a single lifetime allowance I will set the allowance at £1.5 million for the first year of the scheme, from April 2006, and will set the allowance now for the years until 2010 when the figure will be £1.8 million.

Gift aid is now worth £2.3 billion a year to charities and voluntary organisations which are at the heart of British civic life. I propose a cash incentive to encourage small and medium-sized firms to set up their own payroll giving schemes. With 2005 the British Year of the Volunteer, the Home Secretary and I will consider, in the spending review, new resources for two volunteering initiatives: first to encourage and extend mentoring in the United Kingdom, and second to encourage national community service by young people.

Churches and sacred places of worship are not just an essential part of our religious life, but an important part of the history and the fabric of our country. Before 2000, Churches paid 17½ per cent. VAT on all church repairs. Since 2000, grants we introduced have covered 12½ per cent. of the VAT bill. I can now announce that until March 2006, churches and sacred places will be able to reclaim not 12½ per cent. but all 17½ per cent. of VAT. This will wipe out their liability in full.

The year 2005 is also the year in which, as the Prime Minister has said, the needs of Africa will be the focus of the UK's G7 presidency for development. I can tell the House that in the spending review this Government will not freeze or cut international development aid, but we will increase it. Today I can announce matched funding for a year for the Commonwealth Education Fund, which supports the objective that by 2015 every child everywhere has primary education, and there will be matching funding also for the Sport Relief charity, which will work with Comic Relief in tackling AIDS and poverty in Africa.

Following these decisions on tax and tax reliefs, the normal Budget tables, published in the Red Book, confirm for the three-year period ahead that these Budget measures are fiscally neutral. And the fiscal stance is unchanged from the pre-Budget report.

In making my Budget judgment I had a clear choice. Falling unemployment and low debt interest have themselves yielded an extra £10 billion this year over 1997. Stability and sustained growth are yielding additional revenues. The choice in this Budget was whether to cut tax rates or to continue our programme of rising public investment in order to meet the priorities of delivering stability, security and economic strength.

We know, Mr Deputy Speaker, the scale of the threats we as a nation face to our security at home and abroad, and the obligations we owe and the investment we need to support our police, security services and armed forces. And while our schools have 20,000 more teachers and 80,000 classroom assistants and our hospitals 50,000 more nurses and 15,000 more doctors, this Government hold firm to the belief that sustained investment is necessary to sustain world-class public services.

We know also the scale of the economic challenge we as a nation face from global competition, and I have no doubt that the nations that will succeed long term will be the nations that make the long-term choice to invest in the drivers of future prosperity—education, science and enterprise.

And I hope that all Members of this House would agree that if the long-term case for investment in the pursuit of excellence in education, science and enterprise is made, it is our duty in the interests of the whole nation to put short-term considerations second to ensuring that Britain is fully equipped for the future to compete.

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And because it is also our duty when we consider public investment to do everything to secure value for money, last year the Prime Minister and I decided to review the future of the Inland Revenue and Customs; and for rural services, the Secretary of State for Environment, Food and Rural Affairs set up the Haskins review; and to prepare for our decisions of the 2004 spending review, in the Budget of 2003, here in this House a year ago, we set up the efficiency review. We asked Sir Peter Gershon to work with us to identify how new technology, changing work practices and better procurement could free up resources in departmental budgets that we could allocate in the years ahead to front-line services.

Alongside work-force reforms—in which the co-operation of public servants has been much appreciated—we are investing over £6 billion in modern technology, creating the potential for greater economies in back office and transactional services.

I will report in the spending review on individual departmental plans, but I can announce three decisions today.

The Department for Work and Pensions—building on the merger of benefit offices and jobcentres, and the investment of £2 billion in new technology—is able to unlock savings in back office administration, and at the same time move resources to the front line so that we can expand our successful service of personal advisers.

While improving front-line services, the Secretary of State for Work and Pensions and I have agreed, by 2008, a reduction in the DWP budget of in excess of 5 per cent. in real terms. And the Secretary for Work and Pensions is announcing today for his Department a gross reduction of 40,000 staff posts, a redeployment of 10,000 posts to new priorities, and thus an overall reduction over four years of 30,000 posts. Staff numbers will fall from 130,000 now to—by 2008—100,000.

We are also announcing that as a result of the O'Donnell review, we will merge Her Majesty's Customs and Excise and the Inland Revenue. Whereas in the past business had to deal both with the Revenue and Customs, business will now deal with a single tax service, which, because of the investments we have made in the new technology, can make large savings in back office costs.

While improving front office services, I have decided in the spending review on a budget reduction by 2008 of in excess of 5 per cent. in real terms.

The Inland Revenue and Customs and Excise are announcing today a gross reduction of 14,000 staff posts, a redeployment of three and a half thousand, and thus an overall reduction by 2008 of ten and a half thousand staff posts.

In these two Departments covering 40 per cent. of the civil service, there will be a gross reduction by 2008 of 54,000 posts, and after redeployment, an overall reduction of 40,500 staff.

And the Government have also decided that in the spending review all Departments will cut their administration budgets by at least 5 per cent. in real terms by 2008, and as part of his efficiency programme, the Secretary of State for Education and Skills is today announcing a 31 per cent. reduction in headquarters staff by 2008, which will enable him to direct more funds straight to schools and spend more cash per pupil in the classroom.

By cutting in real terms the administrative budgets of Departments, by reforming procurement both nationally and locally, by unlocking productivity gains from technology and work force improvements, Departments are to achieve—in the spending review period—annual efficiency savings of 2½ per cent. a year, boosting effective front-line service delivery by £20 billion a year by 2008.

Planned administration costs, which were an average of 5 per cent. of total spending in the 1980s and rose to 5.7 per cent. in the early 1990s, will fall to 4 per cent. and then to 3.7 per cent. by 2008—the lowest level since the running costs regime was introduced.

Having made these reforms, I can now set the guidelines for overall spending and investment to 2008. I have already allocated money for 2005–06, and I propose to confirm that allocation. I have also allocated funds to the national health service through to 2008. The Secretary of State for Health is reporting today that since 1997 there has been a 20 per cent. rise in elective admissions; a 66 per cent. rise in MRI scans and a 50 per cent. rise in CT scans; a 50 per cent. rise in the number of heart operations; that 99 per cent. of cancer patients are now seen within two weeks of urgent referral; and that of the 114 new hospital developments commissioned since 1997, more than 40 have now opened.

To support the Health Secretary's plans for greater flexibility, diversity and local accountability, I can now confirm that, as previously announced, the NHS will receive, each year to 2008, a 10 per cent. cash rise—a 7.2 per cent. rise each year in real terms.

Having made these allocations, I am still able to release substantial resources while meeting all our fiscal rules. Current spending will rise in the years 2006 to 2008 by 2¼ per cent., in line with our cautious view of the trend growth of the economy, and investment will rise to 2¼ per cent. of gross domestic product, as we make up the backlog of investment while meeting our fiscal rules. Let me set out the figures.

Total managed expenditure will rise from £459 billion this year and £488 billion next year, to £520 billion in 2005–06, £549 billion in 2006–07 and £579 billion in 2007–08. This means that we have in 2006–07, for departmental and annually managed expenditure, after our health allocations, additional resources available of £20 billion, rising by 2007–08 to an extra £40 billion a year as a result of gains from growth, falling unemployment and low debt interest. In this Budget, and later in the spending review, I will allocate these resources.

When the allocation of additional resources was made 10 years ago, 75 per cent. had to go to pay debt interest and the rising costs of unemployment, and only 25 per cent. was left for priority services, but debt interest payments are now and will remain around 2 per cent. of national income—less than at any time since 1915—and unemployment costs are falling.

Let me summarise. I have shown how the British model for monetary and fiscal policy is locking in stability for the future, with lower debt and lower

deficits than our competitors; I have shown the dividend from stability and growth that allows rising investment to meet our priorities of delivering stability, security and economic strength; and I have now shown how the investments we make are not only affordable but fully financed and linked to reform.

I will set the total amount for departmental spending and allocations at the time of the spending review, when I will also publish forecasts for annually managed expenditure, including debt interest and social security costs. The growth rate of both overall spending and departmental spending will be lower in this spending review than in the last, but with administrative costs cut and with wider efficiency improvements, we will be able to deliver substantial further increases in resources direct to the front line—to patients, pupils and users.

As I consider what these allocations should be, I have had a number of representations about the path and priorities for public spending in the years ahead. Full announcements will be made in the spending review in July, but I can confirm the following decisions.

It has been put to me that we freeze the defence budget and cut it in real terms. At a time when our armed forces are now serving in Iraq, Afghanistan and Kosovo as well as in Northern Ireland and elsewhere—I applaud their dedication to the work of this country—such a course would be irresponsible, contrary to the national interest, and I reject it. In the last spending review, we allocated the largest spending increase in 20 years to defence, and I can tell the House that I propose real terms increases in defence spending in the coming round.

There have also been representations to freeze the Home Office budget and to cut it in real terms. I have agreed with the Home Secretary that, having increased the numbers of police, this would be exactly the wrong time, and contrary to the national interest, to freeze expenditure on the Home Office.

I have also received representations that we should freeze the transport budget, cutting it in real terms. I have consulted the CBI and business organisations, and they feel that it is critical to the economy to press ahead with investments in our infrastructure, and that we should not return to the old stop-go in spending, which left under the last Government hundreds of road projects planned but never completed, so the spending review will provide not for cuts but for real terms growth in transport in our country.

I have also rejected representations to freeze spending on housing, local government, and services to children and the elderly.

I have received proposals to cut the science budget and the skills budget and to abolish the new deal, but instead of cutting these budgets, I believe it essential that, as skills, knowledge and technology become more central to our future prosperity, now is exactly the right time to invest in British science and British education. This is our Budget choice, because we cannot be a strong economy if we are weak in education and science. We will work with the scientific community and our science-based companies, so that in this spending period we can raise the level of science funding as a share of national income, with one purpose: to make Britain the best and the most attractive location for science and innovation in the world.

Today, the Government are also announcing a 10-year framework for medical science. Our health budget is what we spend not just on the national health service but on medical research that is bringing new treatments and cures. Modelled on the successful National Cancer Research Institute, the Health Secretary's 10-year plan will fund specialist research institutes for other diseases, and a new British national clinical research network that brings together public and private sectors and medical charities. I can confirm today that the combined budget for medical research and research and development within the NHS will rise, and by 2008 it will approach £1.2 billion a year.

From 1997, the new deal has helped 1 million men and women move from unemployment to employment. As we upskill our economy, the next challenge, the challenge for every advanced industrial nation, is to equip people to move from low-skilled work to higher-skilled work, so we will now constitute a new deal for skills that will offer in jobcentres, for the unemployed and the employed, a one-stop service advising on skills, with access to personal skills advisers and training.

In line with our policy of matching rights with responsibilities, not only will jobseekers be required to undergo a skills check but new incentives will be piloted to encourage lone parents, incapacity benefit claimants and partners of the unemployed also to gain new skills.

The new deal for skills will mean a guarantee of opportunity for every adult to gain level 2 skills. Building on the successful first phase of employer training pilots, I can announce their extension, working with employers, to the north-east, Lancashire, the black country, Devon and Cornwall, Cambridgeshire and West Yorkshire.

The new guarantee to adults will be matched by a guarantee to the young: with new junior apprenticeships and pre-apprenticeship courses, allied to improvements that I am announcing today in benefit rules for young people, every teenager will have the offer of training or education until age 18.

Having, in the last spending round, tackled under-investment in schools and in teaching staff, the primary focus of this spending round must be on excellence and improving standards for all, by supporting strong leadership in schools and diversity of provision throughout education. The aim is that we use modern technology and teaching to offer our pupils tuition and learning tailored to their needs, and so move Britain to the top of the world league for results and standards in education.

Matching our new investment to reform, the Education Secretary is announcing today the next stage of his modernisation of primary and secondary education. Building on previous reforms to raise standards—the literacy and numeracy hours; excellence in cities; the new deal for schools; reform of the teaching profession—he is designating up to 1,000 more specialist schools alongside more city academies; offering greater

[Mr. Gordon Brown]

autonomy and flexibility for schools that are succeeding; providing more discretion for head teachers over school budgets; training more teachers and assistants for coaching and learning matched to individual pupil needs, with wider options for their curriculum; encouraging new partnerships between schools and within communities; extending school hours with additional classes and services; and thus empowering our nation's schools to raise standards for all pupils.

And to advance these modernisation plans, the overall capital investment budget for English in education, which was just £1 billion a year in 1997, will be £6 billion next year, rising to £8.1 billion a year by 2008. Similar announcements will be made for Scotland, Wales and Northern Ireland. And our capital investment allocations will ensure for every constituency in the country that by 2015, every secondary school can be refurbished or rebuilt with world-class technology in every school, and the best state-of-the-art learning support in every classroom.

In line with our commitment to get resources to the front line, the settlement for education that the Secretary of State is announcing today will ensure that more money goes direct to the school and the head teacher, to spend on his school's priorities. And for the year 2005–06, we can announce that there will be a payment in the typical primary school direct to the head teacher of over £55,000, and in the typical secondary school a payment direct to the head teacher of £180,000.

It has been put to us that our guarantee of increased educational investment should be limited only to schools, and that in the years to 2008 we should freeze cash spending and cut it in real terms for universities, further education colleges, apprenticeships, adult skills and lifelong learning, as well as for nursery education, day care, and child care for the under-fives. But this cannot be the right decision when we know that chances in life are determined as much before the age of five as after, and when we know also that 8 million adults do not yet have basic skills for a modern economy.

Sure Start is tackling child poverty. Early years education and child care are vital to parents and to child development, so the Secretary of State for Education is announcing today that funds for Sure Start, early education and child care will not be cut, but will rise from 2004–05 to 2007–08 by £669 million—an average annual real-terms rise of 17 per cent. And the Secretary of State is also announcing that by 2008, there will be a total of 1,700 children's centres—one in each of the country's 20 per cent. most disadvantaged wards—as we advance towards our goal of a children's centre for every community.

The Secretary of State for Education is also announcing that our university and student finance reforms will be matched by rising real-terms funding, to progress towards the 50 per cent. target for students in higher education that would give thousands more students with qualifications the opportunities that they deserve. The settlement will maintain the level of real-terms student funding per head, and ensure that universities receive in full the benefit of additional revenue from the Government's higher education reforms.

So to fund our further school reforms and a rising number of teaching assistants and teachers, I can announce for England the educational settlement in full for the three years to 2008: that compared to growth of 1.4 per cent. a year in the 18 years to 1997, there will be a real-terms rise averaging, after inflation, 4.4 per cent. a year. In 1997, when we came to government, England spent just £2,500 per pupil per year; today that figure is already £4,500. By 2007–08, it will be £5,500—twice the 1997 figure and £1,000 more per pupil between now and 2007–08. So the education budget for England, which was £29 billion in 1996–97, will rise from £49 billion this year and £52 billion next year, to £60 billion in 2006–07 and £64 billion by 2007–08. And the education budget for the United Kingdom, which was £37 billion in 1996–97, will rise from £59 billion this year and £63 billion next year, to £72 billion in 2006–07 and £77 billion by 2007–08.

So with our new announcements today, for UK education there is an additional £8.5 billion in 2007–08 compared to 2005–06. That is £8.5 billion extra that is not only affordable, but fully funded and linked to standards and reform; the gains from stability and economic success; the dividend from the strength to take hard decisions about priorities every year from 1997; and at all times meeting our fiscal rules. UK education expenditure, which was just 4.7 per cent. of national income in 1997, will rise to 5.6 per cent. in 2007–08—from one of the lowest in the industrialised world in 1997 to among the best in 2007–08.

And I have one final announcement. This summer, the review of local government finance will report. But I do understand the difficulties today faced by older pensioners on fixed incomes, especially the over-70s. The evidence shows that their council tax bills take a higher share of their income than the rest of the population. So for this year, for those over 70, on top of the winter fuel payment, we will pay an additional £100 to each household. Together with the winter fuel payment, pensioners aged over 70 will this year receive a total of £300, and pensioners aged over 80 a total of £400. I hope that Members on both sides of the House will welcome the extra support for pensioners.

Our foundation: economic stability. Our achievement: sustained growth. Our choice: more investment, not less, now and into the next Parliament. Our prudence is for a purpose. I commend this Budget to the House.

PROVISIONAL COLLECTION OF TAXES

Motion made, and Question,

That, pursuant to section 5 of the Provisional Collection of Taxes Act 1968, provisional statutory effect shall be given to the following motions:—

(a) Rates of tobacco products duty (motion No. 2);

(b) Rate of duty on beer (motion No. 3);

(c) Rates of duty on wine and made-wine (motion No. 4);

(d) Amusement machine licence duty (rates) (motion No. 17).—*[Mr. Gordon Brown]*

put forthwith, pursuant to Standing Order No. 51 (Ways and means motions), and agreed to.

Budget Resolutions

AMENDMENT OF THE LAW

Motion made, and Question proposed,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.—*[Mr. Gordon Brown.]*

1.27 pm

Mr. Michael Howard (Folkestone and Hythe) (Con): May I congratulate the Chancellor on the delivery of his Budget? He has chosen to deliver his Budget on St. Patrick's day. St. Patrick famously described himself as "the most humble-minded man". That is not an accolade for which the Chancellor is a contender. His Budget begged the central question that goes to the heart of his performance: if everything is going so well, why does he have to borrow so much?

The Chancellor made great play of the fact that the Budget controls the growth of spending and borrowing, but let us look in some detail at what he means by that. Three years ago, in his 2001 Budget, he forecast borrowing over five years at £30 billion. By 2002—just a year later—that forecast had risen to £72 billion. Today, he is predicting borrowing of over £140 billion, and he is on course to borrow this year alone almost four times as much as he forecast at the time of the last election—and this at a time when he claims that the economy is doing well! How much would this Chancellor be borrowing if the economy went into a downturn? That is the response to all his rigmarole about balanced Budgets.

The truth is that this is a credit-card Budget from a credit-card Chancellor; and a "borrow now, tax later" Budget from a "borrow now, tax later" Chancellor. If he has his way, the country will pay for it later in Labour's third-term tax rises.

Under this Chancellor, we know the importance of looking at the small print. Page 232 of the Red Book, just published, shows that the amount people save has fallen from 10 per cent. of their income in 1997 to just 5 per cent. this year—and that from a party that promised a savings culture. As a senior manager at one of Britain's biggest investment companies said only two weeks ago:

"The Government's policy on savings is a mess and it will take years to repair the damage."

The Chancellor talked about enterprise, as he does every year. Page 225 of the Red Book shows, however, that business investment has fallen for two years in a row. Page 237 shows that our trade deficit is at the highest level since the 17th century; and page 240 makes it clear that manufacturing output, in common with manufacturing investment, is lower than it was in 1997 and that the number of people employed in manufacturing is falling by 6,000 a month. All that from a Chancellor who promised

"an industrial policy so that our manufacturing industries can grow again".

There are, of course, some things in the Budget that we welcome. We welcome, as I am sure does the whole House, the fact that the Chancellor is increasing the resources available to combat terrorism. We also welcome the potential savings that could arise from merging the Inland Revenue with Customs and Excise, but can the Chancellor guarantee that there will be no political interference in the enforcement of tax law? After the debacle that followed the transfer of responsibility for tax credits to the Inland Revenue, can he assure us that disruption on a similar scale is not likely to happen again?

The Chancellor has also published the Barker report into housing supply, and we shall scrutinise with care the implications of the proposals for that sector. So far, all that the Government have achieved is to hold the record for the lowest number of new houses built in peacetime since 1924.

We welcome the announcement of increases for pensioners over 70, but those pensioners should be warned: what this Chancellor gives, this Chancellor takes away.

We particularly welcome the Chancellor's announcement that Britain will not be joining the euro—though to save the blushes of his right hon. Friend the Prime Minister, he did not put it quite like that. So much for his claim in June that there has been "significant progress" in achieving "cyclical convergence"! Last year, he promised that we were "within the Maastricht criteria" on deficits. We now know that he failed to keep that promise: he was not within the criteria then, and he is certainly not within them now. He has broken the rules and he has not even joined the club.

It would be churlish not to congratulate the Chancellor on getting one growth forecast right, but the growth is fuelled by a public sector boom paid for by a public sector Chancellor—and, of course, growth forecasts were not the only forecasts that he made. In last year's Budget, his forecasts for revenue were wrong; his forecasts for the deficit were wrong; and his forecasts for borrowing were wrong. None of the Chancellor's bluster can disguise the fact that this Government have increased taxes and increased borrowing, and the borrowing that he announced today is simply unsustainable.

This Budget has made it clear that if Labour gets a third term, tax rises are inevitable. When in opposition, the Prime Minister said that he had no plans to increase tax at all. At the weekend, the former Paymaster General, the hon. Member for Coventry, North-West (Mr. Robinson), told us why. They did discuss tax rises privately two years before the election, but, as he explained:

"It's very difficult to win an election if you go out there saying 'look, if you elect me I promise you I'm going to absolutely smash you with taxes you've never heard of'".

So they said that they had no plans to increase tax at all, and ever since then they have indeed been smashing people with taxes that they had never heard of. There

[Mr. Michael Howard]

have been more than 60 tax rises, and we are paying half as much tax again as in 1997. Last year, the real value of people's take-home pay actually fell, and after another inflation-busting rise in council tax, average bills have now risen by 70 per cent. since 1997.

Business is paying more tax, too. The Chancellor has burdened it with £15 billion a year in extra taxes and red tape. As the chief executive of Tesco told the Chancellor at one of his intimate gatherings:

"Like a tide the level of taxes seems to be forever rising. The water is now above our waist".

As David Frost, director general of the British Chambers of Commerce, says:

"British business cannot compete with a £30 billion millstone around its neck".

Yet despite all those taxes, the Chancellor still has to borrow more and more. This is a Chancellor who said in 1996 that we could not build

"the new Jerusalem on a mountain of debt".

A mountain of debt is exactly what he is creating today.

That is why independent commentators say that third-term tax rises are inevitable under Labour. The ITEM Club, which uses use the Treasury's own model, says that the public finances "continue to deteriorate alarmingly". The Organisation for Economic Co-operation and Development warns of a possible "sizeable structural deficit". The *Financial Times* says that the Chancellor should be preparing options for a tax rise after the election. After today's Budget, that black hole is still there. That is what happens if you have a "borrow now, tax later" Budget from a "borrow now, tax later" Chancellor.

It is not as though the money that the Chancellor has borrowed to spend has been spent wisely. After all the years when the Government said that they were spending our money really well, we now learn that their own adviser has revealed £15 billion a year of waste. This is the Chancellor who said that not "one penny more" would be spent on the health service until he secured the changes to allow the reforms necessary to "carry out the modernisation" that it needs. This is the Chancellor who said that extra money spent on public services was dependent on the release of efficiency savings. He said that in his 1998 spending review, in his 2000 spending review, in his 2002 spending review—and he is saying it again today. This is the Chancellor who said that he was "determined to get value" for "every penny we spend" to give people the public services that they want. He makes that promise every time, and he breaks it every time.

The annual cost of running central Government is up by nearly £7 billion under the Chancellor's stewardship. An extra 511 civil servants were hired every week last year, and now we discover from the Gershon report that the Government secretly plan to hire more than 300,000 extra public sector workers over the next three years—after taking into account the reductions that the Chancellor has announced today.

What has really been achieved? The number of children playing truant is up by 22 per cent.—*[Interruption.]* I should have thought that Government Members might be a little worried about the number of children playing truant from our schools. What hope is there for the future if, under the present Government, children do not even go to school?

NHS waiting times are getting longer and violent crime is at its highest level ever. A 37 per cent. increase in spending on the NHS has led to only a 5 per cent. rise in the number of hospital treatments. The OECD says:

"In the health sector there are few indicators showing unambiguous improvements in outcomes over and above trend improvements that were already apparent before the surge in spending".

It goes on to say—*[Interruption.]* The Chancellor is fond of quoting the OECD, so he should listen to this. It states that, in some areas,

"such as numbers of patients treated and average waiting times, performance has actually deteriorated".

As the Minister for Energy, E-Commerce and Postal Services told a conference in America, in a speech mysteriously missing from the Government website:

"Too often a lot of money has been spent but very little seems to have been achieved . . . In a year or so we're going to have an election in the UK, when people will say, 'We've paid a lot of taxes, but what has really been achieved with all that money?'"

He was telling the truth. I am afraid that his prospects of survival in this Government cannot be high.

A year before he became Chancellor, the right hon. Gentleman said:

"I want our Labour Government to be remembered not as a big spender but as a wise spender."

However, it was not long before the tax and spending habit kicked in.

Very soon, the nation will face a choice. We on this side of the House want to give patients, parents and professionals more control. We want to bring in real reform. That is the way to end the cycle of tax and spend and fail. This Government will never deliver real reform of the public services. All they offer is more of the same: higher spending, higher borrowing, and higher taxes.

This Budget will go down in history as the "borrow now, tax later" Budget, the Chancellor will go down in history as the "borrow now, tax later" Chancellor, and the Government will go into oblivion as the "borrow now, tax later" Government. And the sooner they go, the better it will be for our country.

1.41 pm

Dr. Vincent Cable (Twickenham) (LD): As I did when I responded to the pre-Budget report, I shall start by acknowledging the positive things about the economy and the Budget.

There has been greater economic stability than before 1997; the employment and unemployment statistics are enviable; inflation is low; and the relationship between debt and gross domestic product is fundamentally healthy. All those things are positive. However, the Chancellor's finest hour came in his first week in office in 1997, when he made the Bank of England independent. Many of the problems now evident have been building up ever since. The big decision in this Budget was not to tackle them until after the general election.

Let me list some of the problems that we face. First, there is growing evidence of a very serious imbalance in the economy, based on very high levels of consumer debt

and inflated house prices. That has exposed many families to financial disaster if interest rates rise and house prices fall.

I raised this matter with the Chancellor six months ago on the Floor of the House. He rather derided the matter as some personal eccentricity of mine but, as he may have been too busy to see it, let me point out what the Monetary Policy Committee said only this morning. In its minutes issued today, it notes that household financial positions could well become unsustainable and so increase the probability of an eventual abrupt adjustment process.

The problem stems from a remarkable boom in house prices, which even the International Monetary Fund says has led to an overvaluation of between 30 and 35 per cent. The Chancellor mentioned the very useful reports from Miles and Barker. I welcome the practical suggestions that they make. I was amused that, after decades of Liberal Democrats promoting the idea of site value taxation, the notion at last seems to have taken root on the Treasury Bench. However, the technical improvements that Barker and Miles point to do not even begin to address the problem of the speculative bubble that lies behind the housing market, which supports household debt worth a trillion pounds. That bubble could well collapse, with disastrous consequences.

The other side of the imbalance is what is happening to the productive sector of the economy. The Chancellor talked about his projections for manufacturing investment, but he failed to mention that it had fallen by a third over the past three years. His 200-year history of the British economy did not point out that there was an all-time record trade deficit of £4.6 billion in January.

My second point has to do specifically with the Budget. I disagree with the Leader of the Opposition: I do not believe that there is a fiscal crisis, but there is a fiscal deficit problem that needs to be addressed. The Chancellor slipped into his speech an acknowledgement that the fiscal deficit will be £6 billion higher than estimated in the pre-Budget report. He has gone some way towards acknowledging what we believe: that the growth in public spending must slow down until it is comparable to the growth of the British economy as a whole. My party does not favour the extreme measures apparently adopted by the Conservatives.

The Chancellor listed the submissions from the Conservatives, but it was interesting that he did not mention their proposal on local government finance, which would raise council tax by 10 per cent. I suspect that he did not mention it because nowhere in his Budget speech did he give his own estimate of what council tax rises are likely to be next year. That is a matter of absolutely critical importance, because it lies at the heart of our disagreement with the Government about taxation policy. The disagreement is not about the aggregate level of taxation, but about its fairness. The Chancellor has a legitimate record of concern for social justice, but he should be most ashamed that the bottom 20 per cent. of the population, in terms of income, pay a higher percentage of their income in tax than the top 20 per cent.

The major reason for that disparity is the system of council taxation, which the Government inherited from the previous Conservative Government but which they have done nothing fundamentally to reform. I hope—and sense—that our argument for local income tax is beginning to win the day. A Government spokesman said only the other day that the Government recognised that local income tax was a "realistic option" and a "strong, sustainable source" of funding for local services. We repeat our belief that ability to pay must underpin all direct taxation. It does not underpin local income tax. We know that the Prime Minister is hostile to the reform, and the Chancellor has wisely kept mum about it.

The Chancellor introduced some welcome top-ups for older pensioners—an idea that we have promoted consistently over the years, as it targets help on those who need it most. However, he will apply it not in its own right, but as a sticking plaster for the injustice created by local income tax.

Another disagreement in terms of tax policy, which the Chancellor did not touch on today, has to do with marginal rates of tax. We accept that very high earners—people earning more than £100,000 a year—should pay a marginal tax rate of 50 per cent. The Government have condemned that proposal, but they have never acknowledged that their own proposals incorporate marginal tax rates of 50 per cent. or more for several key groups. As a result of the change in provision for students, people earning more than £35,000 a year, when they pay their graduate tax, will be paying a marginal rate of 50 per cent.

The Chancellor slipped in a quiet reference to the lifetime cap on pensions. He said that he had increased it a little, but he did not acknowledge that the marginal rate of tax on the pension pots applicable to people such as airline pilots, for example, will be not the horrendous rate of 50 per cent. associated with the Liberal Democrats, but 55 per cent. So much for the Government's concern about high tax rates.

Thirdly, I turn to the issue of tax simplicity. When I first raised this matter, I made an analogy with the gentleman who has earned the nickname "Tinkerman"—Mr. Ranieri at Chelsea. As the Chelsea team is progressing rapidly through the Champions league, I should perhaps look for a less successful analogy, but my point remains valid. The Government and the Chancellor have introduced an endless succession of gizmos, wheezes and gimmicks, and we had more today. They have complicated the tax system, without improving it in any way.

One matter mentioned briefly by the Chancellor was the failure of his attempt to introduce an incentive last year for incorporated businesses. I should be grateful for clarification of the passage in the Red Book that states that the proposed reform will raise an extra £490 million in one year. Effectively, that will penalise all those businesses that, in perfectly good faith, went to the expense and trouble of shifting to incorporation.

Over the years, the Liberal Democrat view on public spending has been clear and transparent. We argued for an increase in investment in public services and for the taxes to pay for that, and we campaigned on that basis at the last general election. The Government have delivered the investment, which we voted for and supported. Unfortunately, they did not deliver it openly and honestly, which has contributed to the general public's cynicism about the tax system.

[Dr. Vincent Cable]

The Government face tough choices on public spending, and today the Chancellor has hinted where he proposes to make some economies—we fully support the implementation of the Gershon report, which is entirely sensible. What is missing is an indication of the tough choices that must be made. Neither the Government nor the Conservatives can get away with arguing that the only way to rein in public expenditure is to cut waste, and tough choices are needed.

Some Departments—for example, the Department of Trade and Industry and the Department for Environment, Food and Rural Affairs—are grossly overstaffed and, moreover, do far too many things that should be stopped. The Government are introducing low priority proposals that are wasteful. The Chancellor referred to the need to maintain the Home Office budget, and we agree with that. But he did not point out that up to £3 billion will be taken out of the Home Office budget and spent on identity cards. His Department is responsible for introducing the baby bonds scheme, which is a superficially attractive but extremely inefficient, ill-thought-out way to use hundreds of millions of pounds that could be better used on early-years education.

Today, the Chancellor has introduced what sound like radical proposals for civil service relocation—we are totally in favour of the Lyons report. He did not point out, however, that fewer than one in 10 civil servants located in London and the south-east of England will be affected. For example, the Treasury will reduce its London staff from 1,152 to 1,134. Eighteen officials—fewer than one in 100—will be moved, which is not leading by example.

The Iraq war is one important reason why public expenditure has grown faster than expected. The cost of the Iraq war is approaching £3 billion, and it is rising by an extra £200 million a month. It is not appropriate to rehearse the political arguments in this debate, save to point out one crucial point: this country has been to war before in the middle east—in the early 1990s—as part of a genuine multilateral campaign, as a consequence of which the international community paid 80 per cent. of the costs. Because of the Government's approach to the recent conflict, the British taxpayer must pay every single penny.

On the euro, the Chancellor raised his usual annual laugh by kicking the issue ever further into the grass. The euro is obviously the biggest single economic issue confronting this country. A decision must be made sooner or later, and the Chancellor should be honest and state that costs are being incurred as a consequence of not making it. For the past seven years, British manufacturing has traded at a competitive disadvantage of around 30 per cent. as a result of the appreciation of the real exchange rate.

The collapse of Britain's share in foreign direct investment from 27 per cent. in 1998 to 7 per cent. in 2002 is a clear sign that international business is moving to the eurozone. Had we held on to our 1998 share, an extra £80 billion would have been ploughed into productive investment in parts of Britain such as the north-west and Wales. That real cost has been paid as a result of fudging and repeatedly postponing the decision. The Budget simply avoids the key decisions that must be made for the long-term future of the economy.

1.54 pm

Mr. John McFall (Dumbarton) (Lab/Co-op): I welcome the Budget, which emphasises stability, growth and productivity, employment and public services. We do not want to return to the times when savings were wiped out every few years by bursts of double-digit inflation.

I welcome the Chancellor's assertion that the trend rate for growth—the best engine for delivering sustainable returns for savers and those in work—will be 2.5 per cent. until 2008. I agree with him that we must invest for the long term. The need for long-term investment is urgent, so it makes sound economic sense for low-debt countries to borrow to invest and not to impose balanced budget rules. I welcome the latest unemployment figures and the Chancellor's statement that employment is up by 1.3 million compared with the 1980s and by 1.5 million compared with the 1990s.

The hon. Member for Twickenham (Dr. Cable) discussed the euro. A housing market reform programme has been implemented, the inflation target has been changed, fiscal stabilisation has been achieved and the flexibility of the UK markets has been enhanced, and we must now follow through on those changes.

I remind the House of what the Prime Minister said in Tokyo last July:

"Treasury studies have established that over the long term monetary union is in the national interest . . . We are not looking for completion of the impact of reform in all areas before recommending entry, and neither are we keen to reduce the hurdle through one of a mere balance of probabilities. A clear and unambiguous decision requires sufficient material change to give us real confidence that we will benefit from entry. But it is the aggregate nature of the changes that matters."

The Government must get on the euro caravan, which, as the hon. Member for Twickenham says, will be of vast economic importance to us over the next few years.

I welcome the Chancellor's announcement on tax avoidance. I have been asking for an examination of the issue because the top four accountancy firms made £1.5 billion in fee income from tax work in 2002–03, and experts say that those profits have risen rapidly since 1997. Schemes offered by the most respected firms of accountants and their partners include concerted attempts to avoid tax by manipulating the gilts markets.

Tax avoidance thrives on concealment. I recognise that the issue is international and that the choice is between following the Australian route by implementing a general tax avoidance measure, or the American route or requiring accountancy firms to disclose the schemes they sell to companies. I am glad that the Chancellor is taking up that issue, because, as Deloittes recently stated, up to 40 per cent. of avoidance schemes are successfully hidden. The Government have acted in every Budget since 1997 to close tax loopholes, but they have not had great success. They have not clearly defined tax avoidance or introduced a clear mechanism for ruling whether schemes are legitimate or illegitimate, and they should get on with such definitions as quickly as possible.

I welcome the Government's adoption of the recommendations of the Barker report, in which Kate Barker particularly emphasised social housing. The

number of social houses built in the UK has fallen from about 42,700 per year in 1994–95 to about 21,000 in 2002–03. Expenditure on social housing has increased from £800 million in 2001–02 to more than £1.4 billion in 2003–04, but the rate of supply has continued to decline. Over the next 10 years, it is estimated that the number of social and affordable houses must increase by at least 17,000 per year, which will require annual investment of about £1.2 billion to meet the flow of new needy households. The lack of social housing has been a scandal for many years, but the Government now need to pay the issue urgent attention.

The central focus of my right hon. Friend's approach to his Budget has been productivity. I welcome the 10-year strategy for science spending, under which Government support for research will rise annually by at least 2.75 per cent. above inflation. I also welcome the consultative document published on the eve of the Budget, which invites business leaders, research councils, charities and scientists to advise on how the new money should be spent.

Two weeks ago, colleagues on the Treasury Committee and I visited Germany as part of our inquiry into productivity. We visited Berlin and former East German areas, including Jena. We examined the role of the research institutes, which help regions to develop their research and development. The research institutes are spread around the regions. One institute, the Fraunhofer, has links in every region of Germany. In Saxony, I pointed out to a businessman that if we developed a similar system people would say that it is for individual companies, not research institutes, to develop their research and development. He said, from a right-wing perspective, that he could not have developed his business if it had not been for the help of research institutes. There is a pressing need for a regional approach to research institutes in this country to improve competitiveness and innovation. I hope that the Government will consider that issue.

At the risk of being parochial, I must express my dismay at my right hon. Friend's imposition of tax stamps on the Scotch whisky industry. I took the Economic Secretary to my constituency and we toured the Allied Distillers plant. I put a hard hat on him and took him round the production lines. He saw for himself the effect that such an imposition would have on competitiveness and productivity. Sadly, when he went back to the Treasury, he failed in his mission, but I learn from my pager that he will meet me at 3 o'clock to discuss the issue. I warn the Government that productivity and competitiveness are extremely important to the Scotch whisky industry. It is a £2 billion industry, and we need to support it. Manufacturing has been declining year after year, and the Government should not engage in any activity that will affect productivity and competitiveness. I put the Government on warning that we will be back, week after week, to ensure that my right hon. Friend the Chancellor's rhetoric on innovation and assisting businesses is translated into action on the ground.

Mr. Alan Reid (Argyll and Bute) (LD): I wholeheartedly back the hon. Gentleman's support for the Scotch whisky industry. When he meets the Chancellor later, will he draw his attention to the fact that he has promised the industry only £3 million in capital investment assistance? The hon. Gentleman will know that that is nowhere near enough—the cost to the industry will be far greater.

Mr. McFall: I have great respect for the hon. Gentleman, but I always like to have Liberal Democrat statistics checked. When I have done so, I will discuss the issue with my right hon. Friend the Chancellor. However, I pay tribute to the hon. Gentleman for the work that he and other colleagues have done with me on the all-party Scotch whisky group.

The Treasury Committee is concerned about credit cards and debt. Much has been made of the issue, but we approach it from the point of view of transparency and competitiveness. We look to the industry to improve the situation because, at present, consumers are left in the dark. They do not understand how annual percentage rates are calculated, because there are two definitions of them; nor do they understand how interest rates are calculated, because there are 10 different ways of doing it. That deceives the consumer, and the sooner the credit card industry realises that, the better. It is making record profits on the back of consumers' ignorance. I tell the industry that the Treasury Committee will bear down on it and that if it does not do anything over the next few months its representatives will have to reappear before the Committee, in June or July, to go through the whole rigmarole again.

We need a victory for the consumer. Last week, we heard of the tragic case of Mrs. Lewis, whom I had the opportunity to meet. When her husband died, he had 19 credit cards and excessive debt of more than £65,000. The industry does not share information about credit history. I have had some lively exchanges—all very positive—with the managing director of MBNA in this country, General Chuck Krulak, a four-star Purple Heart Vietnam veteran. He cannot understand why our industry does not adopt the open system that operates in the US: if the US has it, why cannot we have it? An information-sharing system would reduce the opportunities for people such as Mrs. Lewis's husband to get into unmanageable debt. It is important that the credit card industry ensures that that happens.

The Financial Secretary knows that the Treasury Committee is conducting an inquiry into long-term savings. Last week was a terrible one for the retail savings industry, starting on Monday with Lord Penrose's report. On Thursday, the Treasury Committee published its endowment mortgage report, which showed that the saver has no confidence in the savings integrity of the life assurance industries. Until that confidence is re-established, it will be bad news for the savers and for society. Paul Myners and Ron Sandler appeared before our Committee. Ron Sandler said that the insurance industry was trusted less than local supermarkets. That trust must be re-established, and the Government must look at the issue.

I hope that the Financial Secretary will think about reaching out to the less affluent, because the insurance industry has not tackled that issue. The less affluent are gradually being priced out of the savings and pension market. Not only has the old industrial branch, which collected premiums by making monthly home calls, disappeared, but most direct sales forces have been wound down. With the best will in the world,

[Mr. McFall]

independent financial advisers will not make a living concentrating on the poor. The result is that long-term saving is increasingly becoming a middle class pastime. The Government and the industry need to have a long, hard look at how we might get financial advice and financial services to the less affluent.

The Committee will take evidence from several groups that are interested in the issue. It is curious, however, that the UK industry seems happy to ignore a slice of the population that others here and overseas have found to be a profitable and growing market if it is approached innovatively. Sandler products might well provide an ideal platform for selling via the workplace—regulated products with a lightly regulated sales process—but the industry's generally negative response to them has been telling.

The industry has focused on commission, but the investigation of endowment mortgages convinced the Treasury Committee that the sales-driven approach to upfront commission ensures that when the sale is made the relationship between the provider and the customer is severed. As Paul Myners said when he appeared before the Committee, there is no duty of care for the insurance and savings industry towards the saver. When the industry comes knocking on the Financial Secretary's door saying that a cap of 1 per cent. is not enough, I advise caution, because we have to address what those sales are for. Are they merely to provide up-front commission or are they to ensure that we have a well-regulated suite of low-cost products in which the consumer has confidence and that a long-term relationship is established between the industry and the consumer?

The focus should be not on selling but on what is provided over the long term. The mixture should be selling, investment performance and after-sales care. Those three ingredients are important to restore confidence in long-term savings. The Treasury Committee is looking for a much more intelligent debate within the industry, which is why my colleagues and I will meet industry representatives to ask them to come up with ideas that go beyond their complaint about a 1 per cent. cap on commission. If a product, such as a pension, is sold to an individual over a 50-year period on 1 per cent. commission, the probable cost to the customer over that period would be 30 per cent; in other words, a third of that contribution comes from the customer. That is not a bad deal.

The Financial Secretary must ensure that the industry lays out exactly what its approach to the customer will be, and after-sales care must be at the heart of that approach. The Committee is asking the industry to come up with initiatives and, over the coming weeks, we shall question it about restoring confidence in long-term savings. We shall also invite my hon. Friend to tell the Committee about her links with the industry and to confirm that new, positive measures will be put in place.

Savings are extremely important. As I said, I do not want us to go back to the days of double-digit inflation, because if we do the people who will lose out are the elderly and ordinary, low-paid individuals. A stable economy is essential and I wish the Government well in that respect, but I also want them to take cognisance of the points that we have made so that the stable economy is married to a fair environment.

2.12 pm

Mr. Peter Lilley (Hitchin and Harpenden) (Con): I am a supporter of annual Budgets, with all the drama that we associate with them. However, one of the dangers of Budgets is that they give the illusion that economic performance is primarily the result of short-term decisions—that performance in the current year has been largely the result of decisions taken in last year's Budget, and that performance in the coming year will be largely the consequence of decisions taken in this one. That is nonsense. In fact, economic performance is primarily the result of the cumulative impact of budgetary, tax, spending, regulatory and other policies, which ideally move only in the direction of improving performance, although, in other circumstances, sadly, they may move in the other direction and cumulatively undermine performance.

I was one of those involved in developing and subsequently implementing the reforms introduced in the 1980s and early 1990s. I learned two things that I did not expect from that experience. The first was that the cumulative impact of those reforms exceeded our expectations; they did more to transform the performance of the British economy than we had dared hope. However, the second was that they took rather longer to have that impact than we had expected. The cumulative impact of reforms of trade unions, taxation, nationalised industry, the competitive environment and the regulatory framework took longer than we had expected to feed through to an improvement in our performance relative to that of other countries. We should thus bear in mind the fact that policy is long term and cumulative when we assess the Chancellor's performance in this and previous Budgets.

The Chancellor undoubtedly deserves his share of credit for the relatively strong performance of the British economy in recent years. However, I submit that that share of credit is relatively small. The strong performance is largely due to the fact that, unlike his predecessors, the Chancellor has not rapidly undermined the reforms and the strength of the economy that he inherited. None the less, he should also be held to account in due course for the long-term changes that will, as they already are, cumulatively undermining the long-term performance of the economy. They may take longer to feed through than some people anticipate but they will steadily and surely, as night follows day, reduce the performance of our economy relative to what it could have been.

The greatest single change that we made in the relative advantage of doing business in this country compared with other countries was the reduction of our tax burden relative to that of other countries. Before I spoke to the French equivalent of the CBI recently, I looked up the figures for the tax burden as a share of national income in this country since 1979 compared with that in our continental EU partners. In 1979, the share of national income going to tax and public expenditure was almost the same for all of us; at the beginning of the 1980s, it was marginally higher in the UK than on the continent. By 1997, however, partly because we had somewhat

reduced its share of national income at a time when other countries had seen that share rise substantially, the gap between the share of our national income going to tax and that of our continental competitors had risen to nearly eight percentage points of gross domestic product. That was a substantial relative advantage for businesses working in this country. It meant that our cost burden was lower, so people's incentives to work, invest, save and take risks were higher, and the size of the competitive economy relative to the less competitive public sector was improved.

I have delivered a series of speeches on that topic in France, as it is of much concern there and, sadly, each time I speak the gap between us and our continental partners, in terms of the share of GDP going to taxation, seems to diminish. There are two reasons for that. In part, it is because the Chancellor has reverted to tax and spend and, in recent years, has increased expenditure taken in taxation faster than national income, after pausing for the first couple of years when he implemented the savings plans that he had inherited from us. However, it is also because other countries have followed our example of the 1980s and early 1990s and begun to reduce the share of their national income taken in tax, and done so without destroying their public services. Indeed, they have continued to improve their public services by adopting the time-old Dickensian recipe of increasing their public expenditure marginally less than their national income so that they can reduce tax rates, while we have been increasing our public expenditure somewhat faster than national income and have thus had to increase the tax burden. Public expenditure has increased on both sides of the channel, but the moderation of the increase on the continent has enabled those countries to reduce the share of national income going into taxes, thereby somewhat eroding our relative advantage. Sadly, this Budget continues the damage.

Mr. James Plaskitt (Warwick and Leamington) (Lab): If the right hon. Gentleman is preaching the virtue of the French approach to taxation as a share of income, can he explain why our economy has been growing so much faster than the French economy and why unemployment is falling in the UK but rising in France?

Mr. Lilley: I am sorry that the hon. Gentleman clearly was not listening to the early part of my speech. The consequences of tax, regulatory and policy changes do not follow immediately, in the same year or the next year; there is a cumulative impact. Just as the changes that we made in the early 1980s did not show their full fruits until the early 1990s, one would not expect changes made in the UK or France to show up as an immediate impact on economic performance in the same year, or even necessarily in the same half of the decade. That is a lesson that we need to learn. We must start thinking long term instead of the short-term manipulation of each Budget for a quick headline, despite the damage that that may do in the longer term.

The Government were originally elected on a pledge that they would improve public services without increasing the burden of taxation. Instead, they have increased the burden of taxation without substantially improving public services. I shall explain how they have achieved that and how we can have better services without increasing tax rates, and in due course reduce them.

How is it that Labour is spending more and getting less? In terms of the NHS, the Organisation for Economic Co-operation and Development's recent report clearly spelled out the situation. I recommend that right hon. and hon. Members on both sides of the House read it. The report states that, since 1999, when the Chancellor took his foot of the brake and put it on the accelerator—expenditure has been increasing rapidly in health and other public services—we have seen a slow-down in the rate of improvement in those services compared with the previous 10 years when there was growth, but it was moderate and within the capacity of the economy to provide it and for services to absorb it and respond to it.

In the 10 years up to 1999, when my right hon. Friend the Member for Charnwood (Mr. Dorrell), among others, was responsible for the NHS—he did a very good job—we saw an increase in the number of operations performed of 2.9 per cent. every year, on average. Since 1999, when the brakes have been off and expenditure has been pouring in, the increase has slowed to only 1.9 per cent. per annum.

The Government say that that relates to operations and that they have shifted the emphasis to day care. Figures for day care come from the same source, the OECD. They show that in the 10 years up to 1999, the number of treatments on a day-care basis was rising by 3.9 per cent. per annum. That growth has slowed even more since 1999 to an increase of only 2.4 per cent. per annum. It will not do for the Prime Minister to say that this has gone up and that has gone up. It has been going up since time immemorial. The point is that the rate of improvement has slowed, and the concerns of patients have increased.

The Prime Minister hopes that he can appeal to personal experience and the public perception. I tried that during the 1980s. Whenever I had a public meeting, I would ask everyone who grumbled about the health service whether anyone present had had any experience first hand or second hand through their families or friends of the health service. Many hands would go up. I would then ask how many of them thought that the experience was good. Exactly the same number of hands would go up. My next question would be, "Why do you all think that it is getting worse?" The answer would be, "We read in the newspapers that it is getting worse." *[Interruption.]* That was during the 1980s.

If we read the complaints that are registered now by patients—not just those in newspapers—we see that the numbers are increasing. Expressions of concern about cleanliness in hospitals are rising. Is that merely a perception? No. According to the EU, the problem of infections in hospitals is greater in this country than elsewhere. Nearly one in 10 patients have an infection in hospital that they did not have when they entered. Nearly 10 per cent. of beds are occupied by people who got their ailment in hospital. That demands a huge share of our resources. The rate is higher in the UK than any other country in western Europe, and it is getting worse faster than in any other country in western Europe.

Mr. Barry Gardiner (Brent, North) (Lab): Does the right hon. Gentleman appreciate that the privatisation of cleaning services in hospitals, which his Government introduced, precipitated the crisis, which, as he said, has a long-term tail on policy?

Mr. Lilley: We are talking about a problem that kills between 5,000 and 20,000 people a year. It is not the sort of problem about which we should make party political points. If the cause were what the hon. Gentleman suggests, I would support any change that would solve the problem and thereby cure it. However, the Government have decided that that is not the cause, and they have been in power for seven years. Why is that? Ministers go to other countries, as the Conservative Government's Front-Bench health team did, accompanied by the BBC. They went to Germany and saw sparkling, pristine hospitals. They said, "I bet you don't contract out your health care to private cleaners." They replied, "Of course we do. We want specialists involved in cleaning while we specialise in health."

The BBC journalist said, "We have had privatisation and all the unions say that that is the cause of all our problems. They say that the contractors do not keep things properly clean." The German official replied, "Why don't you change the contractors?" The benefit of the process is that, if it is not good enough, an improvement can be made, which would be more difficult if the system were run in-house.

If that analysis is mistaken and the hon. Gentleman is correct, let us all agree to change the system, but let us not make silly party political points when lives are at stake. It must be a silly party political point; otherwise he would have raised it with his right hon. and hon. Friends and urged them to make changes, and condemned them for tolerating something for seven years that he thinks is the cause of 5,000 people dying each year.

Mr. Stephen Dorrell (Charnwood) (Con): I entirely agree with every word that my right hon. Friend has said in response to the point made by the hon. Member for Brent, North (Mr. Gardiner).

Is not the fundamental argument that my right hon. Friend is advancing that our health structures are not as efficient as they need to be to deliver the services that patients require and that taxpayers are entitled to see for their money? Is not that argument exactly the one that the Chancellor made two or three years ago, when he said that the extra money that he intended to provide for the health service must be conditional on fundamental reform of the delivery mechanism? The basic point to be made against the Government is that they have made the money available but forgotten about the conditionality that the Chancellor understood at the beginning of the process was fundamental for success.

Mr. Lilley: My right hon. Friend is absolutely right, and I shall address that point. Undoubtedly, the Government have increased the level of spending more rapidly than happened on a sustained basis under the previous Government, but they have seen a slow-down in performance improvement, and deterioration in some key areas. That is partly because they have intensified the central problem that the NHS and other public services face in achieving improvements: centralisation.

We know that centralisation does not work. We have seen its failure on a massive scale in the Soviet Union, in the former eastern bloc and in centralised services in this country. We have seen it even in centralised companies in the private sector. An attempt to run a large organisation from the centre, top down, with command and control does not work. The resources that are thrown in never seem to filter through to the sharp end. Mr. Gorbachev, a well-intentioned man, thought that he could transform the Soviet Union without changing its fundamental structure just by setting targets, urging people to do better and sacking them if they did not.

The Prime Minister is perhaps Gorbachev's last remaining disciple on earth, because the Government have made centralisation worse. Though they have given up socialism, their belief in it has been replaced by a belief in spin and press manipulation. The whole public sector is run for good headlines. If a Government are trying to get good headlines about the health service, there must be centralised initiatives announced from Downing street that determine how money is spent. Ultimately, that means that decisions about how money is being spent that should be taken by individual hospitals or by people who are aware of clinical priorities are taken by Alastair Campbell or someone who is aware only of newspaper priorities.

Centralisation in the health service has been intensified in all respects because the Government want to take credit at the centre for everything that the NHS does that is good and for any initiative that they can think up that will win the next day's headlines. When I visited a hospital, I was told that the Government had set a waiting list target, which made a good headline. They then announced, to get another good headline, that they were appointing a waiting list manager in every hospital, which was duly done. Finally, they announced that they were going to set a centrally allocated waiting list budget for every hospital. In the hospital that I visited, the waiting list manager, to meet his waiting list target, had used his waiting list budget, ring-fenced from everything else, to introduce operations on a Sunday performed by locum consultants. That was more expensive but, in theory, should have reduced the waiting lists. However, the hospital did not employ extra sterilisation teams, so by the end of Sunday all the equipment had to be sterilised and no operations could take place on Monday. However, money to deal with that came out of the hospital's general budget, which was not ring-fenced. There was therefore an absurd procedure that resulted in no net improvement in the number of operations but an increase in cost.

That is just a micro-example of the consequences of centralised decision making. The other problem that we face in the health service, which my party is working to remedy, is the fact that the NHS and other public services tend to lack the dynamic forces that drive up quality and efficiency in most areas where choice prevails. If the user of a service can choose between providers, those providers must compete to be at least as good and efficient as the alternative, and that dynamic force of choice determines where resources go. Providers get the extra resources only if they satisfy more customers or users leading to a constant dynamic to improve quality and efficiency.

We therefore need three things in the NHS. First, patients need to be given choice again. We should not forget that one of the early decisions that the Government made for the first time in the history of the health service was to remove the right of patients referred by their GP to go to the hospital of their choice. They can no longer do so, except under the reintroduction of patient choice, whereby they must go through an incredibly bureaucratic procedure with appointed choice advisers. The Government have removed that choice, and we must restore it. Secondly, we must make taxpayers' money follow that choice. In the NHS, if a patient goes to hospital A rather than hospital B, hospital A should get the extra money to provide the resources to treat that patient and reward it for doing so. If hospital B is not getting enough patients, it must take action to remedy the situation. That does not mean closing down or starting a spiral of decline—indeed, there is usually a pattern of improvement. If a hospital realises that people are not coming because, for example, it has a reputation for dirty wards, it will clean those wards. If it has a reputation for not washing hands between operations, it will remedy that practice.

Those things do not cost any extra money. A hospital's consultants may not be performing as well as they should, and may need to be retired and replaced by new consultants. It may cost less to employ a relatively young but extremely able consultant instead of a senior consultant who is past his prime. Those things do not cost extra money, but they drive up quality if we have choice and the taxpayer's money follows that choice. Thirdly, patients must have the information on which to make informed choices if that dynamic is be reintroduced in the health service.

The same applies to schools and elsewhere. The Government deserve some credit for not undermining the long-term benefits that began with the reforms of the 1980s, and for introducing improvements such as the independence of the Bank of England and so on. However, they have started a policy of tax and spend that will undermine our relative advantage and, in due course, our economic performance. It is already undermining our productivity. I remind the House of an issue that I raised in the Budget debate last year. The Chancellor claims credit for a growth rate of 2.3 per cent. this year. Growth is made up of two things—growth per head of those employed and the number of people employed. The number of employed people is rising quite rapidly, partly because we are continuing to reduce unemployment, which is excellent and to the great credit of all those policies that brought it about. The big increase, however, stems from net immigration. I have asked the Chancellor what share of our growth rate is due to net immigration—it is 0.4 per cent. of that 2.3 per cent. Without net immigration, the growth per head of the indigenous or resident population is less than 2 per cent.

We should recognise that it is only if output per head rises that income per head will rise, along with our well-being and the standard of living throughout the economy. The Chancellor should not pretend that growth that comes from increasing our population will necessarily increase net wealth per head. Indeed, it can create problems, which show up on the other side of the equation—housing problems, congestion and increased use of all the public services, to which people who come to work here naturally have the right of access. That does not show up in the Chancellor's figures, but it shows up in the demands on his Budget. The Government have therefore pursued policies that reduce productivity growth per head, and unless and until those policies are changed, there will not be an improvement in the average wealth or the growth of wealth per head, which everyone in this country wants.

2.36 pm

Denzil Davies (Llanelli) (Lab): Unlike the right hon. Member for Hitchin and Harpenden (Mr. Lilley), I welcome the Budget. I congratulate the Chancellor on his eighth Budget and, more importantly, on a remarkable seven to eight years of stability in the British economy, with good rates of growth and low inflation and unemployment. Before I turn to the Budget itself, I should like to refer to the Chancellor's announcement about the Barker report on the supply of land for building. I was not going to mention it, but I changed my mind when the hon. Member for Twickenham (Dr. Cable) said that the Liberal Democrats favoured site value taxation. As a Minister I introduced such taxation.

Rob Marris (Wolverhampton, South-West) (Lab): It was development land tax.

Denzil Davies: My hon. Friend is right—we did not call it site value taxation but development land tax. If my right hon. Friend the Chief Secretary to the Treasury and, indeed, the hon. Member for Twickenham wish to have the benefit of my experience, I am prepared to pass it on—obviously, in private.

To return to the Budget, my right hon. Friend the Chancellor announced that next year the growth rate would increase to 3 to 3.5 per cent. He also announced—the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) made something of this—that borrowing on the Maastricht criteria would be 3.4 per cent. this year, but would go down in future years. I have not seen this year's Red Book, but previous Red Books suggest that despite the reasonable growth that we have experienced in Britain—it is better than most countries, with the possible exception of the United States—the yield from the two main taxes, VAT on goods and income tax on wages and employment, does not appear to have met the Treasury's expectations. That may change in the next few years with increased growth, but I suspect that it will not. I believe that the United States has the same problem. There are many causes, including what the Chancellor described as the new global economic challenge. Some people call that globalisation, some globalism and others global capitalism. However, goods and money can travel quickly and almost unhindered around the globe, and developing countries can speedily acquire technology, expertise and skills that in the past were the preserve of the western democratic countries.

I recently tabled a question requesting from the Treasury the figures for the yield from import VAT in the past three years—the VAT charged on imported goods. The figures were quite surprising. For 2000–01 the yield was £17 billion. For the next year, 2001–02, the yield was £16.194 billion. For 2002–03 the yield was £15. 523 billion. I thought the figures might be the wrong way

[Denzil Davies]

round. Clearly, the reduction in yield cannot be due to the increase in the volume of imports. There probably has been an increase in the volume of imports—our trade deficit seems to imply that. The reduction in yield might be because of the strength of the pound. Over that period, the pound being relatively strong, the price of imports was reduced.

I suggest that another reason may be the pressure of globalisation. Because countries, especially in the far east, are trying to acquire a greater share of the UK domestic market, they are prepared to reduce their prices, and in fact prices are lower. Of course, if the prices of imported goods go down, the amount of VAT at 17.5 per cent. also goes down. *[Interruption.]* Does the right hon. Member for Charnwood (Mr. Dorrell) wish to intervene?

Mr. Dorrell: I am grateful to the right hon. Gentleman. I was simply saying—to myself, mainly—"What's wrong with that?"

Denzil Davies: It is not a question of wrong or right. It is a statement of fairly clear fact that if prices go down—including the price of domestic goods, because if domestic manufacturers have to compete with lower-priced imported goods, they have to try to reduce their prices—that must reduce the yield from VAT, unless the volume is sufficient to carry that reduction and VAT stays at 17.5 per cent. That is not a great or a grand point, or even a philosophical point.

Having been surprised by the answer to that question, I tried a similar question to the Inland Revenue in relation to yield from wages and income tax, but all I got was a reference to a website somewhere. I am not sure where the website is; I still cannot find it. I understand that if one looks at the yield from income tax over the past two or three years, and if one subtracts from that yield last year's increase in national insurance, the same phenomenon appears. Despite the growth in the economy, the yield from income tax is not as great as the Treasury hoped. That may well be putting pressure on public expenditure. Unless other taxes are found to make up for it, we are likely to have a greater deficit on the public accounts.

It could be said that globalisation has the effect of depressing wages, and if wages are depressed, the income tax yield is depressed, and another tax or taxes will have to be found. If the House will bear with me, I shall give a constituency example that, in a minuscule way, reflects my argument. I have a car component factory in Llanelli. It has been there for a long time and is under pressure, as most car component factories are. It has had to announce the outsourcing—that is the vogue word—of some 90 jobs to eastern Europe or, probably, to Asia.

We hope that we can save the jobs, but given the fairly buoyant state of the economy, I would expect—especially with the unemployment figures announced today—that a majority of those 90 workers will find other employment, possibly locally, if their jobs go. In my experience, the wages they will be paid in their new employment are likely to be lower than the wages that they now receive from the car component factory. So again, presumably, they will pay a little less in income tax. For some of them, their wages may be driven down so far that if they are family men or women they may have to claim working tax credit, or top-ups as they are called on the other side of the Atlantic. That must involve some kind of public expenditure. If they do not get jobs at all, they will have to be paid jobseeker's allowance, unemployment benefit, or whatever income support is called these days. Again, on a small scale, because of outsourcing and the pressures of globalisation, wages are going down and, as a result, the yield from income tax is falling.

Outsourcing in manufacturing is nothing new. We have seen it over the years. We are now seeing outsourcing in the service sector as well. It would be dishonest of me to pretend that there is an easy answer to the problems. I was surprised when my right hon. Friend the Secretary of State for Trade and Industry, and the Leader of the House, my right hon. Friend the Member for Neath (Mr. Hain), whose constituency is not far from mine, seemed to say that outsourcing was good for the British economy. Somehow, the argument is that outsourcing enables us to create better quality jobs. What is to stop those better quality jobs in turn being outsourced, I do not know. However, it seems to be the general view that outsourcing is good for the British economy.

I have some candidates for outsourcing, but I shall not go through the whole list. I am sure there are some economic think-tanks around Whitehall that could easily be outsourced, to the benefit of the British economy. I am probably the only Member left in the House who does not believe that central bankers have contributed much to the lower rate of inflation. I believe that that has been caused by globalisation, which has driven down prices and interest rates. The Chancellor was rightly waxing lyrical about the amount of money saved because of debt interest. That has gone down because inflation has gone down. My view is that inflation has gone down towards the realms of deflation because of the global economy.

Be that as it may, there are those of us who do not believe that central bankers have made much contribution. Perhaps we could outsource the Monetary Policy Committee. I am sure the Indians could do the job very well. They are good mathematicians, which means that they could probably be good economists, and they speak English well. We must be careful when we argue that outsourcing is good for the British economy.

The economic and political establishments in Britain are united in the view that globalisation is a universal absolute good and that we must all worship at its altar. Curiously, in that most capitalist of countries, the United States, the view seems to be changing. I know one should not take the views of the United States from primary elections, but it is remarkable how much attention has been visited upon the problems of outsourcing in the primary presidential elections and, I suspect the same will be true in the presidential election in November. US politicians are clearly concerned about outsourcing. It is not just those at the bottom of the wage chain who are concerned. A poll published in *The Wall Street Journal* recently showed that most concern in the US at outsourcing was felt by people who

earned $100,000 or more every year. So outsourcing is gradually moving up the wage chain, and that will present a serious problem.

The classical economic theorists in the United States, as in Britain, say that globalisation is an absolute good and we must not question it in any way. They give a number of reasons why it is good. First, they tell us that globalisation creates more jobs: it certainly has not so far in the United States, as far as I can see. There is a terrible scramble going on in the Bush Administration, aided by the most right-wing chairman of the Federal Reserve the United States has had for some time, with taxes being cut, a huge budget deficit and interest rates at 1 per cent.—in fact, if we take inflation into account, minus 1 per cent.; a huge effort is being made and no jobs, certainly in the private sector, are being created.

People wonder why. The answer, of course, is that jobs are being created in China and various other places. When it is pointed out that the United States has an enormous trade deficit, the classical economists say, "Well, that's all right. It doesn't matter. The Chinese merely reinvest the money in Treasury paper and lend the money back to the United States, so that the United States can buy more goods from China." Fine. I remember the aftermath of the Yom Kippur war in 1972 or 1973 when all the money that was obtained by the Arab countries from selling oil at $70 a barrel, or whatever it was then, had to be reinvested in London and Washington because the Arabs did not have a currency. They do not have a country, therefore they do not have a currency. But the Chinese have a currency. Well, yes, only the Chinese currency, but one of these days the Chinese will reform their financial system. The Chinese currency will become a proper currency and the Chinese will then decide to use the money to buy their own currency or spend it within their own country, taking it away from Treasury assets. Again, the classical economic theory that somehow this huge trade deficit is good, eventually will not work.

Finally, the economists say, "There is nothing new about globalisation, so what is all the fuss about? It is the 20th century that is the aberration." Of course there was globalisation before the first world war. Goods could move freely, perhaps even more freely than now; money could move freely; and certainly persons could move more freely—although not with the speed with which goods, persons and money move today. Yes, indeed there was globalisation before the first world war and for centuries previously, but the real difference is that that globalisation was our globalisation. Western countries were in charge of it. Western empires controlled it. When America became a strong country, America controlled it. The difference with today's globalisation is that it ain't ours. There are new kids on the block, and they are growing and learning fast. The biggest capitalist country on earth is now extremely worried.

Was it Trotsky who said, "You cannot have socialism in one country"? *[Interruption.]* I am told by my hon. Friend the Member for Middlesbrough (Sir Stuart Bell) that it was Lenin. Perhaps we cannot have socialism in one country. We have globalisation, global capitalism, and the United States, the most capitalistic country of all. It will come to western Europe as well. The Liberals tell us that if we join the euro, somehow everything will be fine and we will get all the investment into Europe. Europe has not started to feel the real pressures that come from globalisation.

Alan Simpson (Nottingham, South) (Lab): Would my right hon. Friend also acknowledge that one of the big changes in the last 20 years is in the nature of capital itself? Those of us who may have no particular affection for capitalism at least recognise that in previous eras the capital was either the ownership of land or of production, and in that context, the owners of that capital also identified themselves with the country that they were in. In the last 20 or 25 years, capital has become finance capital, moved offshore, and its owners have become uninterested in the countries in which they earn their moneys and reluctant to pay tax into anyone's economy.

Denzil Davies: That is absolutely right, and the movement is much more rapid.

To digress, I am reminded of something that I read some time ago about Karl Marx. Apparently, his mother, who was not a disciple of his theories, wrote to him and said, "Karl, you have talked a lot about capital. Why don't you now try to make some?" I apologise for that digression.

My hon. Friend may be right, but there is now a challenge to western economies. We may not want to believe that, but we will have to look at the classical economic rules governing free trade and the movement of capital because at the end of day democratic Governments—we are seeing some of it in the United States—will have to protect the employment of their people, their electorate; they will have to try to preserve the tax base, which is becoming increasingly difficult; and they will also need to safeguard their public services.

Most hon. Members will not agree with me, but during the past 10 or 15 years I have seen democratic Governments in Britain and elsewhere transferring power over the economy to so-called independent or semi-independent bodies—for example, monetary power to central bankers. Fiscal policy is very often entrenched in these rules, and I am glad that the Chancellor has managed to stay within his own golden rule; and we have the rules of international trade as well. With the pressure of globalisation, Governments will have to look at those rules again and, in the interests of their economies and their own electors, will have to do something about it.

The best way to deal with the problem is to recognise it. Then, perhaps, we can come to some kind of mutual international arrangement where the benefits of free trade—because there are benefits—can be adapted and modified to preserve jobs, the tax base and our public services.

2.56 pm

Mr. Stephen Dorrell (Charnwood) (Con): I begin by declaring an interest as a director and shareholder of a manufacturing business, which means that, as always, I listen with interest to what the Chancellor has to say in Budgets. I always listen to what the right hon. Member for Llanelli (Denzil Davies) has to say about globalisation, but on this occasion, if he will forgive me, I do not propose to follow him down that path.

[Mr. Stephen Dorrell]

Whenever a Chancellor speaks with such rapid-fire delivery as this Chancellor does for virtually an hour, there is always something in what he says that can be welcomed, so I should like to begin with that. Both sides of the House welcomed his announcements concerning the efficiency of the Government machine—the first fruits of the Gershon process. If I may say so, my right hon. and learned Friend the Leader of the Opposition is entitled to a share of the credit for that. It is an example of more effective opposition starting to put the Government on their mettle. The fact that my right hon. and learned Friend set up the David James process to shadow the Government's efficiency review is part of what good opposition is about, and I enjoy the fact that we can claim some credit for improving the Government's performance. I hope that the Chief Secretary will be gracious enough to welcome my welcome for the Chancellor's announcement.

I do not think that even my right hon. and learned Friend would claim credit for another of the Chancellor's announcements, which I certainly welcome: that he accepts Kate Barker's recommendation that we establish real estate investment trusts in this country. Where that structure has been established elsewhere in the world it has a proven track record for making the property market more efficient and I warmly welcome the Chancellor's indication that we will go down that road. However, while I welcome that aspect of what Kate Barker had to say, I have much less time for some other aspects on which the Chancellor commented. He appeared to say—I hope that I am wrong—that he was attracted to the idea of regional housing plans as a way of enhancing house building and improving supply and demand in the housing market. If Kate Barker and the Chancellor are two people who think that regional housing plans will improve the efficiency of the housing market, I hope that there are not too many more, because the weight of experience is against the proposition that introducing yet another bureaucratic planning process into the housing market will improve the flow of land and houses on to the market.

The idea that introducing a development land tax will improve the flow of development land on to the market goes to an even greater extent against the weight of experience, including that of the right hon. Member for Llanelli. It is a perfect example of not needing to look into the crystal ball, but simply reading the book. We have been there and had a development tax. It impeded the efficient operation of the development land market and I can envisage no arguments that would support a return to that policy. I therefore hope that the Chancellor's words on that subject were designed to kick the proposal firmly into the long grass.

The Budget was extraordinary for several other reasons. It is the first time in my experience that a Chancellor, in announcing his stance on individual taxes for the following year, chose to say every time a tax was not changed that it was frozen, as if there were an expectation that tax rates would go up. Indeed, there is such an expectation and the Chancellor did nothing to knock it on the head. He appeared to want to claim credit for the fact that the majority of tax rates would not increase. He wanted us to cheer the fact that they were, in his word, "frozen". It is not only because I am old fashioned that I prefer a world where it is assumed that tax rates do not change unless a Chancellor announces that they will, rather than one where it is assumed that they will change unless he announces that they are frozen.

I do not believe that I exaggerate when I say that the Chancellor appeared to spend 20 minutes of his hour-long speech replying to a speech that my right hon. Friend the Member for West Dorset (Mr. Letwin) made two or three weeks ago. That is eloquent testimony to the extent to which the shadow Chancellor determines the terms of debate. The Chancellor devoted 20 minutes of a speech that lasted an hour to commenting on proposals that my right hon. Friend is solely responsible for putting on the table. I strongly support those proposals.

On previous occasions, the Chancellor has chosen, with great theatre, to dress in the clothing of productivity. Numerous initiatives of the sort that he dearly loves are announced, and we are asked to believe that they are designed to improve the productivity of the British economy. I am open to correction, but I do not remember the word "productivity" being used today. I shall explain why that omission may have been wise in the context of the Chancellor's policy package.

Mr. Michael Jack (Fylde) (Con): Has my right hon. Friend noticed that the Chancellor is fond of fiddling with the economy at a micro level to achieve the objectives that he has just presented, but that we never have feedback about whether the initiatives have any measurable success?

Mr. Dorrell: My right hon. Friend is right. Whenever the Chancellor announces periods within which his policies will be assessed, the timetable is always x plus one, where x equals the remaining years of the Parliament. My right hon. Friend is therefore right to point to the Chancellor's predilection for micro-fiddling. To be fair to the right hon. Gentleman, there was slightly less of that this year than in previous years, perhaps because he was trying to avert our eyes from productivity, to which I wish to revert.

The central problem that faced the Chancellor in preparing the Budget—he did not ignore it, but spent much time trying to persuade us that it did not exist—was the sustainability of his budget deficit and borrowing requirement. He should have addressed that key issue when he prepared the Budget. He announced, with a great flourish, that borrowing for the year that is finishing will be, as he predicted in December, £37 billion. It is a commentary on our position that the Chancellor can say, almost with a sigh of relief, that this year's borrowing requirement is "only" £37 billion. It is worth remembering that, at the beginning of the Parliament, he was running a budget surplus of £16 billion and that, at the time of the previous election, he predicted for this year a budget deficit, through the operation of the normal stabilisers, of £10 billion.

The prediction of a budget deficit of £10 billion for this year has been revised repeatedly—I shall not weary hon. Members with an account of every occasion when it has been revised—until it reached £37 billion, which is the outcome in the last month of the year. Against the

background of that track record, the central message of the Chancellor's Budget was that the borrowing was okay and we did not need to worry about it. I shall revert to that judgment shortly.

The Chancellor tried to substantiate his assertion that the borrowing was okay by saying that, in the current cycle, the borrowing requirement satisfied his golden rule. I am prepared to believe that that is broadly arithmetically true within the margins of error. However, the analysis ignores a sharply deteriorating trend through the life of the cycle. If the golden rule is fulfilled in the cycle, it will be only through surpluses that were built up at its beginning and resulted from the spending plans that the Chancellor inherited from the previous Conservative Government and did not change. The Chief Secretary shakes his head, yet he is responsible for controlling—or failing to control—public expenditure.

The deteriorating trend in public finances has been corrected throughout the cycle's lifetime. I shall repeat figures about which the Chief Secretary should go to bed worrying. In the Parliament, on the Chancellor's projections, gross domestic product will increase by approximately 25 per cent. and total managed expenditure will rise by 33 per cent. One does not need a degree in mathematics or economics to work out that a trend over five years whereby growth increases by 25 per cent. and managed expenditure rises by 33 per cent. is not sustainable. That is why the Chancellor has a problem when he tries to persuade us that borrowing is under control.

The right hon. Gentleman's answer is that he can sell gilts and finance the debt throughout the lifetime of the Parliament. I agree—there is no obvious problem with the ability to finance the debt in the short term. However, he said two more things with which I fundamentally disagree. First, he said that we should not worry if the borrowing is required to pay for investment—"investment" is a much loved word of the Chancellor's. Unlike "productivity", "investment" appears repeatedly in today's Budget, as it does in all his other speeches. It refers to a variety of expenditure. The Chancellor is fond of saying that he will invest in health or education. While we can all understand the desire to make expenditure on those objects a priority, making something a priority is not the same as properly defining money spent on it as investment. The Chancellor appears to believe that as long as he attaches the label "investment" to a particular spending proposal, that in itself will make it financeable, as debt-financed expenditure that can be outside the operation of the golden rule.

A further inadequacy of that principle is that merely saying that something is investment, even if it is properly described as such in economic terms, is not the same as saying that it is good investment. For example, we have seen substantial sums of money put into the transport infrastructure, with sharply declining rates of return. We must ask whether that investment policy aids or undermines the Chancellor's oft-stated—although not today—commitment to productivity. His desire, expressed in good faith on other occasions, to see the productivity of the British economy improve is not assisted by an approach to investment that simply says that if an item of expenditure is investment, it is all right and we can afford to borrow to finance it.

The Chancellor also said of his current borrowing requirements that no tax increases will be required to finance them, either now or in the future. I have to say that I, in common with most observers, regard that as simply implausible. The Chancellor came quite close to arguing that it was implausible, saying more than once that he had a Budget choice to make: whether he, as Chancellor, should use his judgment to reduce expenditure, to trim his spending plans, to trim borrowing or to cut tax. That was how he saw the choice. That is very close to saying that unless he does one of those things, some time beyond the next election there will be tax increases round the corner. As my right hon. and learned Friend the Leader of the Opposition made clear in his speech, there is no need to look into a crystal ball because we have been here before and can read the book. In the same way as before the 1997 and 2001 elections, the spending plans cannot be supported without tax increases.

In the Budget, the Chancellor is averting his eyes from his commitment to productivity enhancement and from an emerging deficit problem, on the basis of what he hopes to be able to do after the next election. Without having to face up to difficult spending decisions—the Chief Secretary would clearly prefer not to address those with his colleagues, or disappoint their possible expectations—the Chancellor hopes that it will be possible to resolve all the problems after the next election with another round of tax increases. I believe that there is a near certainty of tax increases from a re-elected Labour Government.

I have mentioned the effect of the Chancellor's stance on productivity. My right hon. Friend the Member for Fylde (Mr. Jack) who, like the rest of us on this Bench—my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) and I—is a former Financial Secretary to the Treasury, referred to the Chancellor's long track record of obsessive micro-regulation of the economy. That has the effect of imposing costs on the economy. One of the great deceptions of being a Minister is to believe that we can require other people to do things, and that that is free. It is too easy to think that, because we in the Treasury, or in our Department, do not have to pick up the tab and are obscured from any resource implications, we can therefore make a decision without having to find the resources with which to implement it. In fact, regulation costs money. It imposes a cost, and unless it enhances output it also imposes reduced productivity on people elsewhere in the economy.

This Chancellor has a track record, over the whole of his chancellorship, of imposing extra costs—as have the Government more generally. Many of those costs are not huge but, as my right hon. Friend the Member for Hitchin and Harpenden stressed, incrementally over a long period they have the effect of increasing [illegible] cost burden, and so reducing the productivity, of the private sector of the economy. Despite the fact that the Chancellor enjoys talking about being the productivity Chancellor, he has on previous occasions marched resolutely in the wrong direction on that matter. Today he had an opportunity to start to reverse that trend, but he did not take it where the private sector is concerned.

[Mr. Dorrell]

I see that the Chief Secretary is holding up one page of the Budget—*[Interruption.]* Perhaps it is 30 pages, but that is out of several hundred published today. I suspect that that is simply another lot of micro-regulation that the Chancellor neglected to report to the House when giving his Budget speech.

If it is true for the private sector that the Government's record on securing output for their expenditure input is truly appalling, it is true in spades for the public sector. A core criticism that will be made of the Chancellor's tenure—as I said in an intervention that my right hon. Friend the Member for Hitchin and Harpenden was gracious enough to take—is that although he has unleashed barrel-loads of money on key public services, the priority of which is not in dispute between the two sides of the House, he has totally forgotten about the conditionality that he said at the beginning of this phase of his Chancellorship would be a precondition to that money's being made available.

My right hon. Friend the Member for Hitchin and Harpenden gave some telling figures for the national health service, which I myself had noted down to cite. A 37 per cent. increase in expenditure on the NHS since 1999 has produced an increase of a fraction under 5 per cent. in the number of completed consultant episodes. Despite that huge increase in expenditure, average mean or median waiting times in the NHS have been extended. I shall not spend a long time talking about the NHS today, but a key reason for those problems—quite apart from the cost and salary issues in the service itself—is the Government's unwillingness to face up to the crisis in the residential care sector, which is backing up into hospitals and manifesting itself in the NHS as blocked beds. There are 13 per cent. fewer beds for residential care of the elderly available in the UK today than there were in 1997. We do not need detailed knowledge of that subject to know that demand is rising for that aspect of care. However, under the Government's watch, the availability of such care has been reduced by 13 per cent.

Those examples are aspects of a much bigger problem with the efficiency of public sector operations. The inefficient use of money in the public sector is a problem in itself, because it undermines the quality of services. It is also a problem for the wider economy, because it ties up in the inefficient delivery of core public services—whose importance we all understand—resources that could otherwise be used to assist the general productivity of the economy and deliver improved living standards to all.

That is why the shadow Chancellor, in the speech that the Chancellor took 20 minutes to reply to today, stressed that the Conservative priority is now to ensure that, in the core public services of schools and the NHS, we provide space and political support for the reform that the Prime Minister and the Chancellor say they recognise is needed but for which they have lost the political will. The reality is that the Government will not deliver world-class public services. Furthermore, by failing to do so, they will undermine the productivity of our wider economy. They will go on doing that until they address the need for real reform and real productivity enhancement within the public services.

The central message of this Budget is that Labour will deliver more spending. The Chancellor made that crystal clear. That is lesson one. Lesson two is that Labour has lost interest in reform. There are two consequences of that: more tax and poor public services. I am pleased to say that my party is now starting to evolve a real alternative, which involves real reform and, critically, better-funded public services. We offer better public services and an end to Labour tax increases, and that will come not a moment too soon.

3.21 pm

Sir Stuart Bell (Middlesbrough) (Lab): I welcome the opportunity to participate in this debate and to follow the right hon. Member for Charnwood (Mr. Dorrell). I listened to his speech with great interest. As he said, we have among us today a number of former Financial Secretaries—talk about yesterday's men from yesterday's century! We have the hon. Members for Sevenoaks (Mr. Fallon), for Sutton Coldfield (Mr. Mitchell), for North-West Norfolk (Mr. Bellingham) and for West Derbyshire (Mr. McLoughlin), and the right hon. Member for Fylde (Mr. Jack). Of course, I exempt from the term "yesterday's men" my right hon. Friend the Member for Llanelli (Denzil Davies).

Interesting though the speech of the right hon. Member for Charnwood was, he was a little curmudgeonly in his summary. When he mentioned the surplus that we had of about £16 billion, which is now a deficit of £37 billion, the Chief Secretary reminded him that in 1997 the Conservatives left us with a £51 billion deficit, which reminded me of Joseph and his coat of many colours. I think that it is perfectly legitimate for the Second Church Estates Commissioner to refer to that. Joseph interpreted the dream of the pharaoh, who had dreamt of seven fat cows and seven lean cows. Joseph told him that that meant that we have seven prosperous years, when the economic cycle is in our favour, and seven lean years when the economic cycle turns the other way, and that we must save in the good years for the bad years. The fact that the Chancellor of the Exchequer had a £16 billion surplus and that we are now able, as a nation, to live quite comfortably with a £37 billion deficit within the framework of the Budget is something that I shall be happy to delineate later.

Mr. Jack: Does the hon. Gentleman acknowledge that, by the time the 1997 general election came round, the controls that we had imposed on public expenditure were biting, that tax receipts were rising and that our monetary policy—as witnessed after the first year of the Labour Government—enabled the United Kingdom to hit its inflation target spot on?

Sir Stuart Bell: I remind the right hon. Gentleman that the Chancellor of the Exchequer at the time of that election stated that he had laid a series of elephant traps for the future Labour Government. That is precisely what he did with his toughening of public expenditure. Many Labour Members regretted that we stayed with that framework, as it did not help the economy. What did help the economy, by reducing the inflation rate, was the independence of the Bank of England, which the present Chancellor brought about.

The right hon. Member for Charnwood made a good point about freezing tax rates, but we know what the Conservatives are building up to at the next general

election. It was Franklin D. Roosevelt who said, "We have nothing to fear but fear itself", and the Conservative Opposition are going to try to terrify the British public by telling them that the Labour Government have hidden tax proposals and that there will be a price to pay. I remind the right hon. Gentleman of two promises. The first was made by the then Conservative Opposition before the general election in 1979, when they said that they would not increase VAT. After the election, it went up from 8 per cent. to 15 per cent. The present Prime Minister made the second promise when he was Leader of the Opposition, and it was that a Labour Government would not increase direct taxes. In their seven years in office, our Government have not done so.

Mr. Dorrell: What about national insurance?

Sir Stuart Bell: I am always grateful for a sedentary intervention. I was Parliamentary Private Secretary to Lord Hattersley when he was deputy Leader of the Opposition. We cleverly put a question to the former Prime Minister, Lady Thatcher, to ask whether there was a difference between national insurance contributions and taxation, and of course she said no. I give the same response to the right hon. Gentleman.

Mr. Dorrell: The hon. Gentleman is citing no less a person than the former Prime Minister, Lady Thatcher, to confirm that he was wrong to say that there had been no increase in direct taxation.

Sir Stuart Bell: Lady Thatcher made the point, and I am not going to try to contradict what she said in her years of office.

I shall turn to the speech made by my right hon. Friend the Member for Llanelli, who has quietly left the Chamber. That is one of the facts of life in this place. He stated that Leon Trotsky had said that socialism was not for one country but for all, and I pointed out that actually Vladimir Ilyich Lenin had said that. I am sure that someone out there in the country who reads *Hansard* will write to me, giving me chapter and verse and referring me to the precise page on which Leon Trotsky made that statement. Anyway, it was part of the communist dogma at the time that communism—rather than socialism—was universal and should be exported. I have to say with some regret that it was exported, which created misery and havoc for some 80 years. That is not to say that communism and enlightened socialism are the same thing—they are not.

My right hon. Friend the Member for Llanelli mentioned the pressures of globalisation, but that part of his speech was more fitting to the last century than to this one. However we look at the world economy, globalisation is here to stay. The Chancellor's speech addressed that fact by addressing the challenges in relation to monetary and fiscal policy priorities. I was interested that the right hon. Member for Charnwood referred to Aneurin Bevan and the crystal ball. Aneurin Bevan also said that the language of socialism was the language of priorities, and today we have seen the Chancellor prioritising education and health in the interest of our country and of trying to steer our economy in the right direction to deal with the globalised threats and challenges that we face.

I am glad that the right hon. Member for Hitchin and Harpenden (Mr. Lilley) is still with us. He will remember, as a former Secretary of State, that we had many an intelligent debate, especially on a Friday, on economic matters, when I was on the Opposition Benches and he sat over here. I enjoyed those debates and I enjoyed his speech today. He made an important statement when he said that short-term decisions do not create the right climate for the economy; that is achieved through long-term decisions all coming together. He was right about that. He was also right to say that delivery is a matter for politicians, statesmen and Ministers, because policy and delivery are not necessarily the same thing. He recognised the fact that the delivery of a policy can take some time, and we have to recognise it as well.

I know that the right hon. Gentleman has a house in France. I congratulate him on that, as someone who lived there for 20 years. I admire his taste; to live in France is an excellent thing to do. Some of his comments about France, however, did not reflect my understanding of the French economy. He talked about the growth gap, but France has lower growth than we have.

He talked about VAT, which is 19.5 per cent. in France. He also talked about employment, social charges and the tax burden. Employers in France tell me that for every €100 they pay to a salaried worker, there are €46 of social charges, so 46 per cent. is added to the wage bill because of France's health, social insurance and taxation structure.

Mr. Lilley: I am grateful to the hon. Gentleman for giving way and, in the spirit of constructive debate in which he is speaking, may I make it clear that I was not speaking about the performance of France? I was referring to the average of all other countries on the continent relative to us. I suggested not that France is superior to us, but that it is moving in the right direction—in due course, that will have beneficial effects on its poor performance—while we are moving in the wrong direction, which will damage our good performance. I hope that I have made things clearer, if I did not make them clear before.

Sir Stuart Bell: I am grateful for the right hon. Gentleman's intervention. He is right in the sense that France is seeking to move in a particular direction. He mentions the average of all the various figures, but the fact is that growth rates in France are lower, unemployment is higher and it has severe administrative burdens and severe problems. All of France's scientists have decided to go on strike because there is not enough funding for them, and every day French newspapers report mayhem somewhere or other. Although I might be a Francophile, I am not enthusiastic about comparing the French economy with ours.

The right hon. Gentleman mentioned a report by the Organisation for Economic Co-operation and Development, which I am happy to look at, but he is wrong to say that Government investment over seven years has not yielded any improvement in public services. He also spoke of perception over reality. The other day, I visited the James Cook university hospital in my constituency, where waiting lists are coming down. We are also tackling the question of illness and disease in the hospital.

[Sir Stuart Bell]

The right hon. Gentleman referred to a point made by my hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt). We have to make this point, which I remember well: a Conservative Government began to dismantle hospital cleaning services and introduced contracting out. Whether it was right to do those things or not, the fact is that they began at that time. If I may say so, the problems that we face relate, with some longitude and latitude, to the past.

I would not want to make a political point—not even to encourage my right hon. and hon. Friends—but listening to the debate and the speech of the Leader of the Opposition I realised that the Conservative party is not yet a party of the 21st century. It still has not come to terms with the global economy, the changed nature of our society or the view, which my right hon. Friend the Chancellor expounded, that monetary and fiscal policy must be brought together.

The Conservatives see things in isolation, not in the round, and they seem to denigrate the fact that we have placed so much emphasis on education. Again, I come back to my constituency. My hon. Friend the Member for Middlesbrough, South and Cleveland, East (Dr. Kumar) referred to the Prime Minister's visit to his constituency 10 days ago to open a city academy. The Prime Minister also came to my constituency to open a new wing of the university. When I was our parliamentary candidate in Middlesbrough in 1983, we could not even get 6,000 students at our polytechnic. We now have about 21,000 students at our university. The centre of our town has been changed. We have a town campus with the university at the centre of it all.

When I visit the schools in my constituency, I see the computer equipment that they have, the money that they have been given—directly by our Government—and the improvements in standards. I would say that the quality of life has changed in my constituency and there is an improvement in public services. We cannot use what I call the wildebeest theory: in Africa, a herd of 100 wildebeest run towards the river, but two decide to skip off and are eaten by lions. We cannot spend our time, rather than praising our public services, taking the isolated case of a trolley in a corridor and saying, "That is our health service." That is not our health service.

We must consider the question of choice, which was mentioned by the right hon. Member for Hitchin and Harpenden. My hospital in Middlesbrough is now one of the finest heart centres in the country and we have patients coming from Newcastle. Early on in my time, patients went from Middlesbrough to Newcastle for heart operations. People come the other way now; they have choice.

We now have a spinal unit in our town, which is the centre for the whole north-east, so there is choice in our health service. We are not complaining about the health service—I have never met anyone in my constituency who has left hospital complaining.

I also want to refer to lifting aspirations. There is not only a concrete improvement in the services, hospitals and education system in our town, but a lifting of aspiration. People in my constituency think that they can achieve things—it can be done. That is one of the lasting gifts of our Labour Government. The hon. Member for Twickenham (Dr. Cable), who spoke for the Liberals, claimed that the euro is the most important aspect of our economy. I am a great fan of the European single currency. I believe that we should join and that we will do so at some point, but, as St. Francis said, "Make me pure, but not yet."

Mr. Lilley: It was St. Augustine.

Sir Stuart Bell: I am grateful to the right hon. Gentleman. *Hansard* may have had me wrong had it not been for that correction. I say, yes, we should join the single currency, but of course we should wait until the conditions are right. When they are right, it will be appropriate to join.

My right hon. Friend the Chancellor went to great lengths today to talk about stability and growth. He brought stability and growth together. Japan had stability for many years, but no growth. There can be stability without growth, but my right hon. Friend is saying that we can bring the two together, as one. That is part of his long-term plan.

One thing that strikes me about my right hon. Friend is that he has a vision. When I used to go to Sunday school, a Methodist preacher would stand up—my right hon. Friend the Chief Secretary will understand this with his religious background—and say, "Where are the men of vision?" Well, there was a man of vision at the Dispatch Box today.

My right hon. Friend the Chancellor has a vision for the global economy, stability, growth and priorities such as health and education. His vision means that he will not freeze, to use the word employed by the right hon. Member for Charnwood, the increase in expenditure on these important matters. The Budget is excellent, and I say that modestly, non-politically and objectively as one who follows the global economy and the changes that are necessary.

You will not believe this, Madam Deputy Speaker, although possibly you will, but I am on my feet as Second Church Estates Commissioner. Today, the Chancellor extended the listed places of worship grants scheme until 2006. He knows, as does the House, that the Church has had many discussions on a permanent arrangement for reducing VAT on church repairs. Those have involved the Economic Secretary, my right hon. Friend the Chancellor himself and Mr. Frits Bolkestein, the European Commissioner in charge of VAT affairs.

The Church of England VAT group, and, ecumenically, the Churches Main Committee under the chairmanship of the Bishop of Derby have been persistent in keeping the issue at the forefront of economic and national debate, for which I thank them. Parishes have also campaigned vigorously. Right hon. and hon. Members have been particularly assiduous, and I am particularly grateful to the hon. Member for Vale of York (Miss McIntosh) for keeping this flame burning.

In his Budget of 2000, the Chancellor graciously introduced a grants scheme that reduced VAT on church repairs to listed buildings from 17.5 per cent. to 5 per cent. Today, he extended the scheme, in terms not only of time but of money. VAT has effectively been reduced to zero per cent., which is welcome news for

those within the Church who are seeking to restore listed places of worship. I urge parish churches to come forward with their schemes so that the Chancellor's new arrangements can be fully taken up.

As the House knows, our churches play an inherent part in our national life and in our communities. They support charity work and their influence may be found in national and local government and in industry. Our church services, of whatever religion, are not an adjunct to reading the Sunday newspapers or watching football on television. Religion is not an oddity within society in the face of what is now becoming an aggressive and belligerent secularity. It is a deep and abiding influence throughout national life.

It is, of course, not possible to anticipate a time when all church repairs will be completed—the painting and repainting of the Forth bridge is as nothing compared with the consistent work in upholding our national heritage. Even the best materials will need to be replaced over time. With 13,000 listed churches within the Church of England, and some 20,000 listed churches in total, the cycle of repair and renewal will be ongoing, but will be greatly aided by the Chancellor's announcement today.

To put the scale of repair in perspective, parochial returns show that the Church of England spent £86 million on major repairs in 2001. A report has identified a repair need of some £110 million per annum. Given the scale of the problem, the Church greatly appreciates the fact that the Chancellor has not looked on the grants scheme solely in financial terms, but has understood its importance to our national heritage and our national life. The scheme offers congregations, all of whom depend on their own voluntary organisational and fundraising abilities, a much-needed incentive to carry out works and repairs in a way that benefits those who regularly visit churches. We are thankful for the Chancellor's statement today. It is a great gift to the Church and a great act of generosity on his part. The extension of the scheme is, as he declared, in the national as well as the Church interest and it is welcomed and appreciated within the Church of England and other Churches.

3.42 pm

Mr. Michael Jack (Fylde) (Con): Listening to the hon. Member for Middlesbrough (Sir Stuart Bell), I thought that he was about to rewrite the first line of a well-known hymn to read, "All things Brown and beautiful". I share his delight at the announcement on VAT changes in respect of church refurbishment. I look with renewed optimism at the prospect that the refurbishment of St. John's in Lytham, which I attend at 8 o'clock on Sunday mornings, will eventually benefit from that.

I and my right hon. and hon. Friends have clocked up many Budgets, and having sat though a Budget speech, it is an interesting first challenge to say, "Well, what did you think of it?" Some Budgets are full of whiz-bang excitement. Everybody charges out to the media to make great statements about how the world will be a much better place because the Chancellor has done X, Y and Z. I do not think that there are any fireworks in this Budget. In fact, the Chancellor made a virtue out of announcing little by way of significant change in how the UK tax structure will operate. He seemed, however, to complete the public expenditure round in allocating at least half the money to health, education and defence. If those are the beneficiaries, I would not like to be in the Departments that remain to have their moneys allocated.

I suspect that this Budget will be seen as a bit like one of those Chinese meals in which one seems to get an awful lot, but the next day one wakes up and cannot quite remember what one ate the night before. The Chancellor's speech required a lot of padding to reach an hour in length. In terms of novelty and benefit for the British economy, however, the message was simply, "Steady as we go." It is interesting to couple one of the answers that the Prime Minister gave to a question from my right hon. and learned Friend the Leader of the Opposition in Prime Minister's Question Time with the words uttered by the Chancellor.

The Prime Minister went on at length to point out that he remained pledged effectively to no change in the main marginal rates of our tax system. We now know that the main standard rate of tax will not be changed, and indeed the higher rate will not be changed. That rules out any changes in personal taxes. I am sure that Treasury Ministers will be only too happy to say that they want to run a competitive corporation and company tax system, so another possibility is ruled out. I therefore conclude that when the Chancellor must look for new resources—as is inevitable, for reasons that I will explain shortly—it is likely that other taxes will be raised in due course, or alternatively that new taxes will be devised.

None of that should surprise us. Over the period covered by the "Financial Statement and Budget Report", tax receipts again constitute a rising share of gross domestic product. The share increases from the 2002–03 outturn figure of 35.6 per cent. of GDP to the figure projected for 2008–09 of 38.3 per cent. We can safely say that the tax burden under Labour is increasing. To an extent, that too is not surprising. As others have pointed out, there is a fragility in the receipts structure faced by the Chancellor. The right hon. Member for Llanelli (Denzil Davies) put his finger on it when he drew attention to leaks in both VAT and, as we know, other revenue receipts. They have made it more difficult for the Chancellor to generate the extra moneys that he needs to sustain his substantial and ambitious spending programmes.

I question the assumptions that underpin some of the numbers in the Red Book. We are consistently told that those numbers are the subject of National Audit Office scrutiny and audit. I shall choose just one year's statistics from the various publications produced by the Treasury over the past couple of years—the projections made in "Budget 2002" for the financial year 2004–05, on which we are about to embark. On the basis of all the auditing assumptions, net borrowing was projected at £13 billion. The same auditing exercise meant that in "Budget 2003" the figure for the same year had risen to £24 billion. The document published today shows that the same exercise—the same validation of the Chancellor's assumptions, numbers and calculations—has raised the figure to £31 billion.

[Mr. Michael Jack]

I begin to question whether the exercise of validation is actually capable of producing valid numbers. As Treasury Ministers know, a certain amount of horse trading is inevitably involved in the construction of a Budget. A Chancellor may well be audited for some of his assumptions, but it is clear that his judgments are still down to him.

In the context of accurate data to justify what the Chancellor has presented to us, the figures that I have taken from past Red Books and the pre-Budget report bring the validity of the numbers that he gave into sharp focus. If receipts are fragile, as evidence suggests they are, the time has come for the Treasury to be a deal more transparent in publishing the models and methodology according to which they calculate the UK's tax receipts. It is very happy to put the Treasury model into the public domain, as has been the practice of Governments for some time, so that people can understand how the economy in total works; but when pressed Treasury Ministers say, "It has not been published before, and we do not need to publish it." There is now a case for publication of the data and modelling that determine our tax receipts. If we are to be able to track the progress of the economy, that is the kind of detail that we need.

I welcome some elements of the Budget. I am glad that the Chancellor is going to study possible sources of inflationary pressure. He is right to concentrate on that and ensure that, when problems can be predicted, action is taken to tackle them.

I also welcome the change in venture capital trusts, which have been the Cinderella of new investment, and I am pleased that the Chancellor has given a boost to investment in small and medium-sized companies through that mechanism.

To return to tax, while the Chancellor was at pains to stress the areas that he was freezing, he tried to make a great virtue of the fact that he was raising the inheritance tax threshold to £263,000. It is little wonder that people spend so much money trying to find legitimate schemes to avoid paying inheritance tax when they realise that, in many cases, their single biggest asset—their domestic residence—is likely to be heavily taxed. Those houses have been bought and paid for out of earned income, and many people have an innate wish to leave something to the next generation. Inheritance tax threatens that, and I personally believe that it has had its time and should go, especially if 95 per cent. of estates, as the Chancellor says, are not affected by it. There may be characteristics of the other estates that could be taxed in other ways, leaving the 95 per cent. to pass on the wealth without having to find ways of avoiding inheritance tax.

Rob Marris: The right hon. Gentleman has just suggested that the Government forgo a considerable source of revenue. He and his colleagues have suggested that the Government do not have enough revenue, so will he say how much the abolition of inheritance tax would cost in the next financial year?

Mr. Jack: I apologise for not having declared my business interests as a company director at the outset—the omission was a discourtesy, but I now correct it on the record.

In response to the hon. Gentleman's question, I have the luxury of being able to say what I would like to see. If I had access to the data that I used to have as a Treasury Minister, I might well be able to give him chapter and verse on how the missing billions could be made up, but there comes a time when we have to look at taxes in principle and see whether they are still doing the job that they were designed to do. Inheritance tax was brought in when we did not have the current range of taxes on income, investments and other resources. I would not dispute that the £4.5 billion involved is a significant sum, but it is not so significant that it could not be recovered by some other mechanism. That is my personal view. It does not bind my party, which has its own views.

Rob Marris: I believe that the figure for the forgone taxation for next year would be £2.8 billion, which is a considerable sum. It is no good the right hon. Gentleman just saying, "Well, I'm in opposition, so I needn't make any positive proposals." That does not help public debate.

Mr. Jack: With great respect, that is not what I said. I said that I had the luxury of being able to give a personal view. *[Interruption.]* My right hon. Friend the Member for Charnwood (Mr. Dorrell) informs me that inheritance tax amounted to £2.5 billion, which is less than I had thought. Given the resources that I formerly had, I am sure that I could find ways of recovering some of that money.

The Chancellor, who was seduced by the film luvvies, has now realised what a waste of money it was to plough resources into film finance, and he is now having to change and restrict the mechanisms. He probably blew far more on one year's profligacy on the film industry than my modest change, which would be of great benefit to so many people with modest means, would cost. He tried to make a virtue of those changes, but it was he who created the problem in the first place.

The Chancellor said that he hoped to recover some of the missing tax billions through new anti-avoidance procedures. But with due respect to him and the Paymaster General—she is in her place on the Front Bench—part of the reason why people have such fun with the tax system devising complex avoidance schemes is that the tax law itself has not been written well enough, or with sufficient perceptiveness in terms of what the real world would make of such proposals.

It is all right asking people to self-report to the Treasury any new tax avoidance scheme, so that the Inland Revenue can immediately leap into action and close tax loopholes, but the Revenue and the Treasury would be better advised to use some resources to carry on with the tax law rewrite exercise and expand its scope and scale. Plain English could thus be employed as rapidly as possible on the rest of the tax code so that people could with greater clarity understand the vulnerabilities of the tax system and rules that in many cases were devised for a world different from today's financial and accounting regime. Avoidance exists only because people look at the wording of the tax statute and take a view of its applicability that differs from that of the original authors, whose words we enshrine into law yearly through the Finance Bill.

One intriguing thing about the process of closing tax loopholes, as described in the Inland Revenue's press notice 5, is that there is absolutely no prediction or measurement of effectiveness. No target is set and we have no idea what the successes will be. Having listened to the Inland Revenue when I was in the Treasury, I know that its major company inspection exercises reveal threats to the tax system. Very large sums of money are presented to the Minister with responsibility for the tax system with a view to protecting it, and measures are introduced. But if the Chancellor is investing a great deal in avoidance, he will already know what kind of avoidance schemes have been discovered. There is no mention of how much money has been identified by the work to date, and there is no target for the future. I am beginning to think that this is a last-ditch pre-Budget effort to say, "I am shoring up tax revenues, but I am not quite certain what kind of fishing expedition I am on."

Mr. David Laws (Yeovil) (LD): In fact, the right hon. Gentleman is being kind to the Chancellor. The largest item of tax avoidance that the Chancellor has identified is the loophole that he himself opened two years ago when he introduced a 0 per cent. corporation tax rate, which caused so many businesses to incorporate. By closing that loophole, he will take £850 million of yield over the next three years.

Mr. Jack: I am most grateful to the hon. Gentleman for reinforcing my argument. Perhaps this lack of awareness of what is going on in the real world of tax accounts for the figures in table C of the Red Book, which is entitled, "Changes in current receipts by tax since Budget 2003 and the 2003 Pre-Budget Report". The table shows that net taxes and social security contributions for 2003–04 are down by £4.7 billion, and down by £5.5 billion for 2004–05. There is a haemorrhaging of tax receipts, which, for the reasons that I gave earlier, brings into question the validity of the receipts line in today's Red Book. By definition, that also brings into question the amount of borrowing that the Government have put before the House today.

My right hon. Friend the Member for Charnwood challenged the Chief Secretary to the Treasury by saying that "productivity", like "prudence" and "savings", was a word that seemed to be absent from the Chancellor's speech. I do not know which table the Chief Secretary subsequently waved at my right hon. Friend, but I draw his attention to box 3.1, on page 49 of the Red Book, which points out the historical problem of productivity in the United Kingdom. It confirms that

"workers in the US are still just under 30 per cent more productive than UK workers."

It goes on to point out that, although there was a little growth in productivity in this country between 1997 and 2001, we are still struggling. That is despite the fact that the Chancellor has made a huge virtue out of all the micro-measures—fiddling in the general activity of the economy—that he has taken to deal with productivity. I believe that there is severe doubt about whether the current Budget proposals will have any measurable effect on the serious problem of productivity and performance in this country.

Mr. Plaskitt: The right hon. Gentleman cites box 3.1 in the Red Book, so why does he not quote what is stated above the table—that the new data show

"that since 1997, UK productivity has grown faster than its main competitors."?

Mr. Jack: That intervention shows that it may have grown faster, but my God it is still lagging behind and still has a lot of running to do to catch up. It is the trick of statistics. A really good position on percentage increases will depend on how low the base that a country starts from is. I am surprised that the hon. Gentleman quotes that figure, when the long-term data show that, since the Government came into office, despite all their protestations, they have done little properly to deal with the problem of productivity.

I shall now move on to environmental taxes. I must say how disappointed I am that in this Budget the Chancellor has sustained the duty reduction on biodiesel at 20p per litre. I suggested after last year's Budget—and, indeed, in debates over the Finance Bill and during the course of the Environment, Food and Rural Affairs Committee inquiry into biofuels—a wholly cost-free method whereby the Treasury could have its cake and eat it. Users could pay the increased costs of the biofuels and the Treasury would not be troubled to increase the dispensation on duty to the 30p currently required by the industry. If we simply applied the principles of the renewables obligation from the field of electricity to biofuels, we could have our incorporation at between 2 and 5 per cent. and meet the European target with no cost to the Treasury—yet the way of achieving that has not even been acknowledged. If we are serious about CO_2 reductions, that matter must be attended to.

The Chancellor made great play in the Budget speech of his efforts to reduce the size of the civil service. In due course, I hope that more details will be published, particularly regarding parts of the world outside London, where there is also a high dependency on civil service work. In that context, I think particularly of my part of the north-west of England. We are now well into the second term of a Labour Government, who have to employ outside people to identify the waste that sheer profligacy and expenditure on public services actually causes. That shows the lack of careful monitoring of how public moneys have been used. The public will view what the Chancellor said with a degree of scepticism. They know that, since the Government came to power, the average household has had to pay an additional £5,000 in tax burden. Some of that money has simply been squandered in additional waste by Departments, which now have to be cleaned up by the so-called Gershon inquiry.

I want to conclude my remarks with two points: one about expenditure, the other about savings. On expenditure, I was pleased to hear the Chancellor say that the defence budget would not be the subject of cuts. If he really wants to contribute to manufacturing industry in the north-west of England, will he ensure that his defence colleagues come to a conclusion quickly on the second tranche of the Eurofighter Typhoon? About 40,000 aerospace jobs depend on that order being concluded. The Government say that they want the aircraft and that they remain committed to the 232 Eurofighter Typhoons, so will they kindly make their minds up, sign up and get on with buying them?

[Mr. Jack]

I conclude with some observations on savings. The Chancellor did not touch on that area of economic policy. As has been mentioned, the savings ratio has effectively halved, having from fallen from 10 to roughly 5 per cent. under this Government. Personal savings have been bashed as a result of the failure of endowment policies, the ending of tax credits and personal equity plans and the cuts in benefits from individual savings accounts that will soon come in. What on earth is the Government's savings policy?

The new children's tax fund announced by the Chancellor may be a gain, but it does not address the need to help and encourage people to save in the way that the Government believe to be necessary. For example, endowment policies have failed to deliver the funds needed to pay off mortgages. So far, in the wake of the Penrose report, the Government have turned their face against compensation. Surely, the Government should have used the tax system to encourage people to save for all the contingencies that they face? Instead, they have done nothing. That is a dereliction of duty by the Chancellor, who has missed a Budget opportunity.

Opposition Members have pointed out the good bits and the bad bits in the Budget. The Chancellor has much to do to make credible the numbers that he has put forward today. One certainty is that new and increased tax revenues will have to be found somewhere if the Chancellor is to meet his spending obligations.

4.6 pm

Mr. Barry Gardiner (Brent, North) (Lab): I want to share two secrets with the House. The first is what my hon. Friend the Member for Nuneaton (Mr. Olner) told me earlier. Since he gave up smoking, he said, Budget debates have not been as exciting as they used to be. I suspect that even he, though, did not anticipate the effect of the response to the Budget by the Leader of the Opposition, because my second secret is that the Home Secretary's dog aroused severe mirth among the occupants of the Treasury Bench. Opposition Members did not understand why there was so much laughter, but what happened was that, while the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) was speaking, the dog groaned, rolled over on her back and put her rigid legs straight up in the air. Although I do not think that the right hon. and learned Gentleman's remarks had killed the dog, they may have killed off enthusiasm among Opposition Back Benchers.

It is never easy to respond to the Chancellor of the Exchequer, but the job cannot have been made any easier for the Leader of the Opposition by the Office for National Statistics press release of 25 February. It showed that economic growth in 2003 had been revised upwards, from 2.1 per cent. to 2.3 per cent. That was exactly in line with the Chancellor's Budget prediction last year, and contrary to every prediction made by the Opposition.

It is worth surveying the economic landscape if we want to understand the challenges that my right hon. Friend the Chancellor has faced. At an international level, there has been continuing economic depression and currency instability, yet the Chancellor has managed to keep the British economy on a steady course while at the same time delivering historically high levels of investment to our public services.

My right hon. Friend the Chancellor's stewardship has ensured that business has faith in the long-term governance of the economy. The upturn in the world economy will allow British business, and our economy, to grow further. Lately, chief executives have exhibited increased optimism, while company balances look healthier and mergers and acquisitions are increasing. That, of course, is just the view of the Confederation of British Industry.

I remind Opposition Members that they presided over not one but two recessions while they were supposed to be in control of the economy, and that support for the Chancellor has not come from Labour Members alone. Praise has come from some unlikely quarters. After the pre-Budget statement, the director general of the CBI, Digby Jones, said:

"The Chancellor is right to raise borrowing rather than go for spending cuts or tax increases at this stage."

Despite external economic factors, the UK economy continues to be insulated from what appears to be happening across the rest of Europe.

The speeches by the right hon. Members for Hitchin and Harpenden (Mr. Lilley) and for Charnwood (Mr. Dorrell) were interesting. The right hon. Member for Charnwood is unfortunately no longer in his place, but he made some particularly interesting remarks about Government debt. If one compares the £37.5 billion cash figure for debt this year with the situation a decade ago at the end of the last world recession, when the deficit in this country was equivalent to £90 billion, or around two-and-a-half times higher than it is today, one understands Conservative Members' crocodile tears and mock outrage about current Government borrowing. Net borrowing adjusted for the economic cycle is just 2.4 per cent. this year and will decrease over the next five years to 1.6 per cent. of GDP.

Sir Stuart Bell: Since my hon. Friend has referred to the speech by the right hon. Member for Charnwood (Mr. Dorrell), will he comment on the section about the housing market that seemed to pour cold water on the Chancellor's proposal to have regional house building programmes? Does he agree that the Chancellor's course of action in seeking to liberate more housing on the market to attack price inflation is better than interfering with the mortgage market?

Mr. Gardiner: My hon. Friend makes an important point about the need to spread productivity throughout the regions in a sensitive way, which is exactly what the Chancellor is doing. The Barker report, which is welcome, will be critical to the measures that the Government take in order to get the housing market right.

Returning to my theme, there will be a close call on the golden rule, but all economic commentators now agree that the Chancellor will hit the target. The Treasury says that the margin will be £11 billion, and even the Institute for Fiscal Studies predicts that it will be spot on. When Conservative Members seek to decry the fact that the golden rule will just be met, that view must be contrasted with their claims of a year or more

ago when they discussed a possible excess of £100 billion. The argument was that that money would have been taken but not utilised—in other words, the Government would have set up a slush fund rather than use the money productively in the economy. It is important to compare Conservative Members' remarks on Budget day with the comments they made six months before at the time of the pre-Budget statement and a year before when last year's Budget was announced, because their remarks are invariably inconsistent.

Mr. Jack: The hon. Gentleman has just used the word "inconsistent". Will he accept that we have a right to question today's numbers in the Red Book given that only two years ago we were told that borrowing would be £11 billion, whereas today's figure is £37 billion? We have every right to question the validity of those numbers given the Chancellor's benchmarking about prudence.

Mr. Gardiner: I have no cause to say that the right hon. Gentleman should not examine the figures—indeed, it is incumbent on all hon. Members to examine them carefully. When he examines the figures, he will find that the cash figures are £37.5 billion this year, £33 billion next year, £31 billion the year after, £27 billion the year after that and £23 billion the year after that. He should compare those figures with his record in government, but I warn him that that comparison will not be favourable.

The end of year report by the International Monetary Fund on the UK economy states:

"The macroeconomic policy and financial supervision frameworks remain at the forefront internationally and are consistent with Fund recommendations."

It continues:

"Directors commended the continued strong performance of the United Kingdom's economy."

As some Opposition Members acknowledged, the Budget will lock in stability to the economy for the long term, and that is exactly what is required.

However, my constituents like my right hon. Friend the Chancellor not because of his ability to deliver macroeconomic targets or because he looks set to fulfil his promise to maintain the golden rule but because he is good at delivering on the bread-and-butter issues. It is thanks to my right hon. Friend that 1,565 fewer people in my constituency are unemployed and can share in the prosperity of this country. That is a 42 per cent. reduction in unemployment claimants since 1997 in my constituency, and it mirrors figures across the country that are a testament to Britain's lowest unemployment level for three decades. Many of my constituents also take comfort from this week's announcement on the uprating of the minimum wage. Those constituents will be among the 100,000 people in London who will see an increase in their pay packets when the minimum wage rises to £4.85 in October.

When the minimum wage was first put forward, the Opposition said that it would cost 2 million jobs, but we are now living with the highest level of employment that this country has ever seen. When Opposition Members claimed that the Government had not been instrumental in managing the economy to achieve its present stability and that one needed to look back before 1997—God help us!—to see the policies responsible for that stability, they should remember that they opposed every successful intervention in the economy by this Government. That included independence for the Bank of England and the dramatic introduction of the minimum wage. The Opposition opposed those policies tooth and nail. They voted against them, saying that they would have disastrous consequences for our economy. None of their predictions of doom has come true. The Government gave us the first minimum wage in the UK and continue to deliver on their commitment to social justice by ensuring that new entrants to the work force will be paid fairly. My younger constituents—aged 16 and 17—will also benefit from the new minimum wage.

Another bread-and-butter issue is school investment. In my constituency, we can see the results of the money that my right hon. Friend the Chancellor has consistently put into education. For example, £3 million has been invested in Wembley high technology college, and a further £3 million has been spent on new buildings at Kingsbury Green primary school. The same has been spent on Roe Green junior school. People in my constituency can see the tangible effect of Government policy in their environment and their children's schools. They can walk into new school buildings.

The same investment is apparent in Northwick Park hospital. The accident and emergency ward has been completely refurbished, with double the capacity. Consequently, waiting times have fallen. Before 1997—and after—they were among the worst in the country, but they have now fallen so much that they are compliant with the standard of within four hours, in all but 2 or 3 per cent. of cases. That is how my constituents see the real benefits of the Chancellor's fiscal and economic prudence.

The Chancellor who brought such stability to the UK economy has also been taking great care to address the structural economic problems that have dogged our economy for decades, such as the housing market—to which my hon. Friend the Member for Middlesbrough (Sir Stuart Bell) alluded in his intervention—and productivity, but, above all, investment in human capital and research and development. The assessment and work being conducted by the Treasury in all those sectors is to be welcomed if our current short-term economic successes are to be developed into a long-term model. The Chancellor's commitment to improving the UK's human capital through increased funding for education, and improvements in research and development, will create a step change in our economy.

In his statement, the Chancellor made a commitment to 4.4 per cent. year-on-year real-terms growth in education and skills, and an £8.5 billion commitment to education and skills in 2007. That is exactly the commitment we need to address some of the points made earlier by my right hon. Friend the Member for Llanelli (Denzil Davies). He talked about outsourcing and about the way in which call centres and other jobs in this country were moving not only to eastern Europe but also to India and elsewhere in the far east.

Two nights ago, I chaired a meeting in the Attlee suite of Labour Friends of India where there were more than 200 business leaders involved in foreign direct

[Mr. Gardiner]

investment, both from the UK to India and vice versa. We discussed outsourcing and, of course, call centres. We faced up to the real challenge of an Indian economy that is growing at between 6 and 8 per cent. a year, with a huge population—1 billion people—and a huge pool of skilled and highly educated young people who are prepared, willing and able to offer services that reflect those skills.

One of the most interesting speeches made at the seminar was from Dinesh Dhamija, the chief executive of ebookers, the famous online travel company. He made the point that in the after-shock of 11 September—when sales of tickets for air travel dried up—his business in this country was faced with an almighty crisis. The only way in which he could appropriately respond was to cut his costs, to use offshoring and to outsource his call centres to India. By doing so, he saved 546 UK jobs and the entire business, thereby saving the contribution that the business makes to the UK economy.

It is nonsense to think that this country or any other country can insulate itself against globalisation. Globalisation is to be neither welcomed nor denigrated; it has to be accepted as a fact and we need businesses that can respond to that global challenge. The only way for them to do so is by upskilling—by ensuring that we have skills in this country. However, that means that we increasingly move up the value curve as jobs in this country reflect our standard of living, so we cannot compete simply on labour costs; that is impossible in a global economy.

Sir Stuart Bell: My hon. Friend refers to globalisation, which was the theme of my right hon. Friend the Member for Llanelli (Denzil Davies). My right hon. Friend made a great deal of outsourcing and of the movement of jobs from his constituency. I am glad to see the hon. Member for Strangford (Mrs. Robinson) in her place because she may have a similar problem in her constituency, to which no doubt she would allude if she were to catch Mr. Deputy Speaker's eye. Is it not a fact of life—we all have to live with it in the north-east—that global outsourcing takes place? We have lost Samsung, and areas in Northern Ireland have lost jobs? Is it not up to the Government, with the sort of Budget that was announced today, to seek to confront these problems and remedy them?

Mr. Gardiner: My hon. Friend is absolutely right. Putting a 4.4 per cent. real-terms increase into education committing £8.5 billion in 2007 to education is intended precisely to increase the skills level, which means that our work force move up the value curve, which means in turn that they are capable of sustaining challenges. We cannot simply bemoan the loss of jobs at the lower end of the market. We must create an economy in which we are competitive internationally and are able to survive and thrive within that international market by having the skills base to do so. It is precisely in that area that there will be investment.

The IMF has welcomed the Government's commitment to addressing the long-term issue—

Mrs. Iris Robinson (Strangford) (DUP): I take up the issue that was raised by the hon. Member for Middlesbrough (Sir Stuart Bell) a few moments ago. We are talking of about 5,000 job losses in my constituency over 18 months. These are skilled jobs. The only prospects that those who are involved in the process have at present are taxiing or call centres. What do we do with their skills?

Mr. Gardiner: I do not know precisely to which jobs the hon. Lady is referring within her constituency. Similarly, I do not know the structure of the labour market there.

Mrs. Robinson: I am referring to jobs in the textile industry and also jobs in TKECC, a company that makes belts for cars.

Mr. Gardiner: The loss of any jobs is a great problem and a source of sorrow for all those concerned, particularly for the Member of Parliament who is responsible for delivering the best for his or her constituents.

I am sure that the hon. Lady would agree with me that for a Government to stand back and say, "There is nothing that we can do about this" if jobs are lost is to send out exactly the wrong message. Today, the Government have said, "We must respond to the challenges that the global market brings. We must respond to that competition." That is not done by subsidising labour in some way to try to keep jobs in one place or another. We must respond by enabling workers who lose their jobs to acquire the skills that will enable us to compete in other areas at a higher value level. I am sure that that is what the hon. Lady wants for her constituents, which is what my right hon. Friend the Chancellor suggested this afternoon for the whole economy.

The Pensions Bill has been designed to address some of the problems that lie with the provision of pensions. There are still concerns that Britain is not setting aside nearly as much as it should in retirement. That has been alluded to this afternoon. Some sections of society come out worse than others. Typically, older women find themselves in the worst situation. For that reason, I support the calls that are being made by the TUC for the Government to encourage women over the age of 60 to continue to make national insurance payments so that they continue adding to their own pension provision. The cost to the Exchequer of doing that would be minimal, but the economic benefits to the women concerned could be quite considerable. It would mean increased general economic activity and reduced pensioner poverty, as well as an attack on age discrimination in the workplace. I urge the Treasury seriously to consider that issue. I welcome the announcement this afternoon of an extra £100 for pensioners for the winter payment. I echo the remarks of my hon. Friend the Member for Dumbarton (Mr. McFall), the Chairman of the Treasury Committee, about information sharing in the credit card industry to combat the unsustainable credit levels that are being run up. I commend the admirable work that he and the Treasury Committee have done on that problem.

Our discussions today are obviously only half the picture. Many hon. Members are preparing for the spending review in July, and I should like to make a

special plea for extra investment in London's transport infrastructure. Funding for Transport for London is to set to fall by £200 million in 2005–06 after record increases, I acknowledge, in recent years. The impact on my constituents and London's ability to sell itself as a world-class city will be considerable, and the effects will be felt beyond London, because if it does not receive inward investment Britain as a whole will not do so either. London's population is set to increase by 800,000—equivalent to a city the size of Sheffield—by 2016, so there will be significant extra demands on an already stretched transport system. No Government would consider building a new town with a population of 800,000 and not equipping it with a proper transport infrastructure. We should not allow London's population to grow to that extent without equipping it to cope with the increase.

The case for extra investment is clear. Better transport links would help to reduce inequality in inner-city London, an area that has the highest deprivation indices in the country. Investment would also bring new money into London and the British economy as a whole. As London is the dynamo of the British economy it is essential that investment in its infrastructure continue at the recent increased rates after decades of neglect. London's productivity levels are 25 per cent. higher than the national figure, and it makes a net contribution to the Exchequer of £10 billion to £20 billion a year. However, it cannot go on supporting the British economy without proper investment. We must reduce the £230 million annual losses caused by failures and delays on London's transport system, and must reap the benefits of proper investment. The plain fact is that this is not a national competition—it is an international one. The case for London is the case for Britain, and unless the transport infrastructure receives extra funding we will begin to lose our competitive edge against cities such as New York and Paris. I therefore urge the Treasury team to consider the impact on the economy as a whole if London's infrastructure problems become a disincentive to invest in the UK.

Next year, we face, as the Chancellor said, stark economic choices. The electorate must choose between a Chancellor who has an impeccable economic record, who promises more and has a record to back it up, and a party with an economic record that left scars on our society with two recessions, 3 million unemployed and huge economic and social inequalities. The Opposition clearly have no shame, because now they are offering the electorate the choice of more cuts—£18 billion-worth in total, which would mean cuts in everyday services, local government, crime prevention and transport. They mocked when the Chancellor spoke about freezing levels of investment and input, but they have proposed £18 billion-worth of cuts in services, and must account for that.

Hon. Members often speak about the Budget speech as though it were simply an economic event. It is, of course, a political event as well, and today's Budget was a deeply political event because the Opposition committed themselves to matching our spending on health at 7.2 per cent. in real terms every year to 2008—a 50 per cent. rise in our total spending on health since 1997. In education there is a 4.4 per cent. annual rise and an extra £8.5 billion in 2007. Now the Opposition have a political choice to make. While matching the spending and the growth levels that are being maintained by the Chancellor in every area of Government, can they commit themselves to matching our increase in health spending and in education and skills spending? If they cannot, they are denying the country the opportunity to grow and develop in the future.

It is precisely such investment in skills and education that represents the choice that every Government and every people must make. They must decide whether to consume for themselves or to invest in their children's future. If those on the Opposition Treasury Bench cannot match our commitment in that area, they will show that they are more interested in individual present consumption for greed than in investment in the country's future and our children.

4.36 pm

Mr. Michael Fallon (Sevenoaks) (Con): I begin by declaring the interests recorded in the register.

If the hon. Member for Brent, North (Mr. Gardiner) will forgive me, I shall not follow him, partly because he spoke for so long and partly because he and the hon. Member for Middlesbrough (Sir Stuart Bell), if he will forgive me for saying so, both appear to belong to the creationist school of the Labour party, as I would characterise it, which believes that almost everything in this country started to get better only in 1997. That was not the case in Brent, and it certainly was not the case in Middlesbrough.

I am sure that, on reflection, the hon. Member for Middlesbrough will concede that although it is great to see Middlesbrough doing well now, that recovery did not start in 1997. As my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) reminded us, these things take a long time. It was back in 1987 that Lady Thatcher walked in the wilderness on Teesside and began the process of regeneration. Teesside university, which the hon. Gentleman mentioned, was set up by the last Conservative Government, not by the present Government. I am delighted that things are going well on Teesside, but the hon. Gentleman must not pretend to the House that it all started on 1 May 1997.

Sir Stuart Bell: When the hon. Gentleman was the Member of Parliament for Darlington, we used to go up on the train together and we had many a philosophical and economic discussion. From the Opposition Benches I welcomed the creation of both the urban development corporation and Teesside university. Will the hon. Gentleman accept that I am not part of the creationist school that believes it all began in 1997? The former Conservative Government greatly helped our area. That goes back to Lord Hailsham's visit in 1962.

Mr. Fallon: I am glad the hon. Gentleman has corrected what he implied earlier. Let us end this little exchange, which I fear may be diverted into regional policy going back over a long period, by agreeing that improvements such as those on Teesside, which I welcome, take a long time.

I also welcome the economic growth that the Chancellor announced today. Of course it is good news that he was more correct than some of the forecasters a year ago. However, I have two worries about that

[Mr. Fallon]

economic growth. The first is the concern to which my right hon. Friend the Member for Hitchin and Harpenden alluded: that we have yet to see the increases in productivity that we would expect to see given all the governmental activity over the past seven years. My right hon. Friend pointed out the proportion of that growth that could be attributed simply to the increase in the working population. The United States has had a similar increase in its working population, but its productivity gains have been much greater and sustained over a longer period.

Like my right hon. Friend the Member for Charnwood (Mr. Dorrell), I found little mention of productivity in the Chancellor's speech. Usually in the blizzard of documents that accompany the Budget, there is at least one special document on productivity. This time there is not. On the contrary, there are documents on flexibility and devolved decision-making. Productivity seems to be confined to a table – a box – in the Red Book.

It is worth re-reading to the House the sentence that my right hon. Friend the Member for Fylde (Mr. Jack) quoted from the Red Book:

"workers in the US are still just under 30 per cent more productive than UK workers."

We are still not getting the increase in productivity that we need. I should have liked to have heard far more from the Chancellor about why he thinks that that is not so and what he is really doing to increase the productivity that we would have expected from the new investment in capital and new technology and the various skills and educational changes that he has introduced since 1997.

My second fear is that the growth that we have achieved is remarkably lopsided. It would have been nice to have had some acknowledgement from Labour Members today of just how crucial consumer spending and household debt has been to the growth that has been achieved. That worries me because there will come a time when that begins to end, when private debt begins to be curbed and paid off and when home owners slowly but surely begin to realise that the principal sums that they have invested in their homes will no longer be magicked away by high inflation, but will remain there for ever and have to be paid off. The over-reliance on consumer spending and home owner debt leaves our economy dangerously exposed.

At the same time, we have had a massive increase in public spending and we still seem to have a structural problem with tax revenues that leaves the economy even more vulnerable. Instead of curing or examining the structural issues, the Government are simply borrowing more and taxing more. Borrowing, as my right hon. Friends who have spoken before me have said, has gone up and up. It was supposed to be less than £20 billion; now it is £37 billion. In fact, having squandered all the receipts from the third generation licences, the Chancellor is back borrowing where he started. The figures that he has given the House today of how that borrowing, having reached the dizzy heights of £37 billion, is now planned slowly to reduce during the next three, four or five years, wholly depend on him achieving the efficiency savings that are set out and increasing the tax compliance by the various measures that he has outlined.

I have to take issue with my right hon. Friend the Member for Charnwood on one point. He said that he welcomed the fruits of the efficiency saving. They are, however, only fruits – they may be low-hanging fruits, but they are not yet realised. In welcoming his successor's arrival today at the Office of Government Commerce, Sir Peter Gershon described the 2.5 per cent. efficiency gain that is to be applied right across the public services as challenging but achievable. I think that it is extremely challenging, and the Government are in effect spending money that they have not yet saved. We cannot yet be sure that those efficiency gains will materialise.

Mr. Plaskitt: The hon. Gentleman describes a level of borrowing that equates to 3 per cent. of GDP as "dizzy". What adjective would he use to describe a borrowing level that was 8 per cent. of GDP under his Government?

Mr. Fallon: What is important when we are describing borrowing is to get our forecasts right. I am not the Chancellor. The Chancellor is in charge of the economy and his credibility is undermined if he tells us one year that borrowing will be £10 billion, then suddenly it turns out to be £20 billion, then £30 billion, and by the end of the year in question it reaches £37 billion. That is what makes the rest of us question his economic competence.

When it comes to borrowing, the Chancellor cannot be sure that those efficiency savings will be locked in. To give a specific example, we have been told that 20,000 jobs will be relocated, so there will be savings. Of course there will be savings, but anyone in business knows that those savings are always further down the track than one thinks, and they are never quite as great as one originally planned. The people concerned have to be relocated and there are costs involved in all that. It is far too easy simply to say, "We'll move 20,000 jobs out of London, get rid of 40,000 people and savings will be realised immediately."

When Chancellors, of whatever party, are in difficulties over their fiscal stance, they say that they will crack down on tax avoidance and put more resources into Customs and Excise or the Inland Revenue to increase tax compliance. Again, those are targets, not givens. It is unwise of the Chancellor to assume that efficiency gains and additional revenue will automatically result from the measures that he announced.

Whether or not we like the phrase "freezing rates", it is clear that the overall burden of taxation has been increasing and will continue to hurt. The Chancellor paid little attention to where the burden is beginning to bite. I shall give three examples. First, more and more people, especially public sector workers, are being sucked into the higher band. A generation ago, it would have been inconceivable to consider police inspectors or ward sisters as the rich, having to pay the same tax rate as the richest people in our society. Now, almost 3 million people have to pay the higher rate of tax. That needs to be reconsidered.

Secondly, too many people low down the income scale pay too much tax. As soon as people earn only a few thousand pounds a year, they pay too much tax, and the tax for the relevant band has been increased today

by £60. People who earn £10,000, £12,000 or £15,000 a year should not have to hand over a third to the Government. We need to reconsider the tax burden imposed on the lower paid. All the tax credits and the attendant additional complexities do not compensate for the fact that we make people pay more lower down the scale than do many of the more successful economies.

Mr. Jack: Does my hon. Friend know about the Centre for Policy Studies research, which shows that the poorest fifth of the population pays an average of 42 per cent. of their income in tax?

Mr. Fallon: I am aware of it now. That is an important point and I should like to have heard more about that from the Chancellor, who simply brushed aside the 10 per cent. rate.

Thirdly, pensioners pay too much tax. Of course, £100 here or there to redress the enormous increases in council tax imposed mainly by central Government or Labour councils may be welcome, but pensioners' savings are too harshly taxed. People are taxed throughout their lives on their earnings, and they are taxed yet again at the end of their lives on what they have managed to save.

The tax burden should be reformed and reduced because it has become too great and too complex. We need to continue to simplify it. We have had a stop-go system, whereby the Government introduced reliefs and suddenly shut them down.

Previous speakers mentioned the film tax relief, which was introduced in the late 1990s and has suddenly been withdrawn, leaving British film makers in the lurch. Let us consider the incorporation changes that were introduced in finance legislation a couple of years ago. In this year's pre-Budget report, the Chancellor states that

"the Government is concerned that the longstanding differences"

might "distort business strategies". In a sense, it is good—but almost ironic—that the Chancellor has finally got the message. We, like the world outside, have complained that the tax reliefs distort business strategy and suddenly the Chancellor complains about his own policy in his pre-Budget report and tinkers in the Budget with a relief that he introduced.

Let us consider spending. The Chancellor has announced again today additional spending all over the place, with no real emphasis on control. It is clear from the various points made by my right hon. Friend the Member for Hitchin and Harpenden that far too little expenditure is getting through to the front end and resulting in real increases in output and performance in the public sector. To see that, we have only to turn to a Wednesday edition of *The Guardian*, whose "Society" supplement shows how much bureaucracy of para-government—advisers, co-ordinators, liaison workers and taskforces—have been created at the expense of those who work at the sharp end in our hospitals, on division in our police areas and in our classrooms. The record is one of dismal failure. As my right hon. Friend the Member for Charnwood said, we have had seven years of talk about public service reform, but little real reform.

Instead of action, we have had a book. I hope that you, too, Mr. Deputy Speaker, received last week a copy of the Treasury's new 438-page book entitled "Microeconomic Reform in Britain"; I believe that it was sent to most colleagues. Like everything else that the Government produce, it has no price on it, but it contains a lengthy foreword from the Chancellor and is vanity publishing at its best. Almost at the end of the 438 pages, we are finally told the answer to micro-economic reform, after passing references to last year's fad: progressive universalism. Under that wondrous new system, the Government have spent £18 billion on child trust funds, half of which goes to those who do not need it so that those who do need it get a little extra. Progressive universalism is a way of chickening out of some of the more important political choices by continuing to pay a benefit to everyone, then simply deciding to pay more of it to those who need it most. That was last year's fad.

This year's fad in micro-economic reform is—I quote from the conclusion of this masterwork—the constrained discretion model. It is the new answer to public service reform and means, apparently, the Government setting out the objective and then—wait for it—the

"devolution of operational responsibility to front-line agents".

After seven years, we now have the answer. However, I think that it will raise a pretty hollow laugh in staffrooms, for example of schools that enjoyed grant-maintained status but then had the operational responsibility of front-line agents removed from them by the Government. It will raise a pretty hollow laugh among those who have to manage hospital trusts and those who have to drive forward policing, who are still hamstrung by national regulation, centralised pay-and-condition bargaining and by dictatorial political guidance from the centre.

If the Government are serious about devolving decision making, and about taking their constrained discretion model and making a reality of it, they must tackle the regulatory burden that they themselves have imposed on our economy and public services. When we talk to business and public service managers—Ministers do not do that often enough—we hear that their principal complaint is now the burden of regulation imposed on them. I find very little indication in the Red Book that the Government are serious about reducing that burden.

I do not pretend that reducing the regulatory burden is easy. Our deregulation taskforce, of which I was a member, attempted that; the Government now have their Better Regulation Task Force. I am intrigued to see that the chapter on regulation in the Red Book is—finally—entitled "Reforming and reducing regulation". However, when we look at paragraphs 3.59 and 3.60 of that chapter to see what is actually going to be reduced, we see just three specific proposals.

First, after the hundreds of thousands of pages that the Government have imposed on businesses and the public services over the last seven years, they now tell us that they will consult the construction, chemical and retail sectors on an "early warning" system, whereby those industries could discuss

"emerging policy and regulatory proposals".

[Mr. Fallon]

That does not seem to be reducing regulation. Secondly, the Government will discuss some of the payment delays in the construction industry relating to housing grants and construction schemes. That does not seem to be cutting regulation either.

Perhaps we shall get there, however, because after a two-year review, the third proposal is that the Government will make it easier for citizens advice bureaux to advise their clients without being subject to Financial Services Authority regulation. So, that is good news. After seven years, we finally have a specific proposal for deregulation. The Government must start to get serious about this matter.

The Treasury Committee is conducting an inquiry into the compliance costs of tax and regulation, and I should like to share with the House the fruits of part of that inquiry. We went to Holland, which has a programme of reducing regulation and legislation. In the Dutch Finance Ministry, we met the "director of legislative burden", who had a staff of 17 people and a mandate from his Government to reduce the burden by 25 per cent. over four years. That is a Government who would appear to be serious about reducing the regulatory burden. As I have emphasised, that burden applies as much to the public sector as to the business sector.

We have had seven years of regulating, spending, borrowing and taxing, and the Chancellor has come almost to a full stop. He has spent more without getting real reform, he has borrowed more without securing real improvements in our infrastructure, and he has taxed more without making our public services more efficient. This is a dead-end Budget from a dead-end Chancellor.

4.57 pm

Mr. James Plaskitt (Warwick and Leamington) (Lab): The real and important background to the Budget is that we start from the position of being better placed than any other economy in the G7. The International Monetary Fund delivered that verdict in its article 4 report, which states that the United Kingdom has

"weathered the global slowdown well".

There are two fundamental reasons why we start in that favourable position, one of which is the growth in our economy. The Chancellor's forecasts, given at the time of the last Budget and much derided by the then Leader of the Opposition, turned out to be exactly correct. Not only are we enjoying growth of more than 2 per cent. this year, but the Chancellor is adhering to his forecast of growth of between 3 and 3.5 per cent. in each of the next two years. We are therefore in a stronger position than any other G7 country in respect of the rate of growth.

The second factor that contributes to our strong starting position is the degree of stability in the economy. Between 1997 and 2004, the growth range has been between 1.7 and 3.7 per cent.—in other words, a range of no more than two percentage points. That contrasts sharply with the years between 1989 and 1997, under the previous Administration, when the growth rate fluctuated from -1.4 to 5 per cent.—a six percentage point growth range. We are now seeing more balanced growth in the economy, which is a key contributor to our current stability. One of the fruits of that is the recovery in manufacturing output. We also have a strong construction sector, and service sector growth is steadier. In fact, the overall profile of growth looks much more stable than it has for some years.

Such stability is also evident in employment. Again, our situation contrasts very favourably with that in other G7 countries. We have the lowest unemployment for 30 years and 1.8 million new jobs have been created—1.3 million in the private sector. We have a healthy level of new business creation as well as sharp growth in self-employment.

We also see stability reflected in inflation. Since 1997, inflation has not moved outside its target, set by the Chancellor way back then, of one percentage point variation either way. It has never got to the limits of that target. Contrast that with the variation in inflation rates over the previous eight years under the previous Government, when the range was seven percentage points. There was no sign of stability in the economy then. Moreover, we now enjoy interest rate stability, with a range since 1997 of four percentage points. Contrast that with a range of six and a half percentage points under the previous Administration: not only is the range smaller, but the trend is steadily downwards.

What matters now—this is how we have to assess the Budget—is the extent to which that stability is confirmed and secured going forward. Since 1997, we have moved from having the highest unemployment in Europe, under the previous Administration, to having the lowest, and we have the longest period of continuous economic growth in over two centuries. The prize is to lock that in to banish the boom-and-bust failure of the past, but are there any risks to the growth and the stability that have been secured?

The Opposition think, apparently, that there are some risks. The first that they emphasised—certainly, the Leader of the Opposition did so in his reply to my right hon. Friend the Chancellor—is the public finances. I am interested to see the Opposition much excited about whether the Chancellor will meet the golden rule. That is an interesting preoccupation for the party that doubled the national debt while in office and that in one year alone clocked up a deficit equivalent to 8 per cent. of GDP.

Of course, the Conservatives never had a golden rule. That is just as well, because they would have come nowhere near meeting it. They remind me of drivers who have been caught doing 100 mph. They have had their licence taken away and been banned, which is why they are sitting on the other side of the Chamber, but now they are greatly excited because we have been caught doing 31 mph in a 30 mph limit.

The first part of the golden rule requires that net debt be held under 40 per cent. of GDP. I should remind the Opposition that we inherited net debt of 43.7 per cent. It is down to 33 per cent., thanks to our disciplined approach to handling the Government's finances. It is forecast to grow from that, rising to 36.4 per cent. in 2009, but that is still substantially below what we inherited. As the Institute for Fiscal Studies said in its green budget:

"The government's debt remains modest by international and historic standards."

That provides the context for the second aspect of the golden rule—balancing the figures across the cycle. As has been said many times during the debate, borrowing

is higher than originally predicted. As a percentage of GDP, it has gone just beyond the 3 per cent. margin, but I think that every Member would acknowledge that forecasting those figures is tricky as it involves the difference between two very large numbers.

A small variation in performance can have a big impact on the bottom line and just a 1 per cent. change either way in the spending or income figures has a £12 billion consequence. It has always been difficult to forecast those figures with complete accuracy; it was difficult under the previous Administration, whose borrowing and spending forecasts also often ended up way off their original mark.

The right hon. Member for Charnwood (Mr. Dorrell) reminded us that we can look back over Red Books and see a forecast total surplus over the cycle of £100 billion, which of course is now down to the much lower figure of £14 billion. That, too, has caused a fair degree of excitement among Opposition Members. Again, they need to bear in mind what the Institute for Fiscal Studies said:

"Aiming to overachieve the golden rule by a large amount early in the cycle might be regarded as prudent, given the considerable uncertainties in forecasting the path of public finances over a number of years."

It continued:

"It is reasonable that the forecast overachievement should decline as the end of the cycle draws nearer."

Therefore, the fact is that both aspects of the golden rule will be met in the present cycle and in the next. I would therefore dismiss the Conservative party's concern about the "closeness" of meeting the golden rule, because had it been wise enough to impose such a constraint on itself, it would have had no chance whatever of meeting it.

The second issue that has been suggested as posing a possible threat to this hard-won stability is debt. The hon. Member for Sevenoaks (Mr. Fallon) made that a feature of his speech a few moments ago, when he drew our attention to household debt. It is easy enough to find initial information that fuels lurid headlines, such as an annual rise in household debt of 14 per cent. and a ratio of household debt to income of 130 per cent. It is easy to infer from those figures that there might be a real issue. It is important to go further than those headline figures, however. The figures are largely a story of what has been happening to house prices. The fact is that the value of household net wealth has increased by 50 per cent. since 1997. That is the other side of the household debt story about which we keep hearing. In fact, the ratio of household debt to total wealth since 1997 has been absolutely stable. It is true that mortgage equity withdrawal is up—it is now 7 per cent. of post-tax income—but that is exactly the level that it reached in 1989–90, which was the last time house price inflation peaked. Untapped equity in houses is now 75 per cent. of total housing wealth. Low and permanently low interest rates mean that debt servicing costs have fallen, so it is no surprise that the total stock of debt has risen to balance that.

Back in 1990, 27 per cent. of disposable income was going to finance mortgages. The figure now is 16 per cent. Similarly, back in 1990, the proportion of disposable income going on debt servicing was 15 per cent., whereas now it is 7 per cent. Furthermore, most consumer borrowing is secured, which is where growth has risen to 14 per cent. The rate of growth of unsecured debt over the same period, however, has slowed from 16 per cent. to 13 per cent., and unsecured debt is only 18 per cent. of the total.

I do not therefore think that there is a consumer debt crisis. Most homeowners are actually acting quite rationally and prudently. The risk of instability, about which the hon. Member for Sevenoaks was concerned, would be present were there a risk of a sharp downward correction in house prices. I suggest to him and other Members, however, that a soft landing is far more likely, precisely because of the stability in the monetary climate and lower interest rates.

Nor do I accept the argument put by the Leader of the Opposition when he replied to my right hon. Friend the Chancellor that there is a savings crisis. Many Conservative Members who have spoken this afternoon have made great play of the fact that the savings ratio stands at 5 or 6 per cent. That, too, needs to be set against the net household wealth picture, which, as I just indicated, is very healthy. The savings ratio also moves in relation to inflation, and it has been at exactly this same level during previous periods of sustained low inflation. It responds to house prices, and in that regard is doing exactly the same as it did in the 1980s. When house price inflation last reached 20 per cent., the savings ratio declined to 6 per cent. While there are undoubtedly some individual horror stories about debt—including some particularly tragic ones recently—it would be an exaggeration to infer from them that there is an overall debt crisis in the economy.

The Conservatives have also suggested that a threat may be posed to our hard-won stability by the tax burden. Many of them have made much of the fact that the Chancellor's revenue stream has increased by 50 per cent. since 1997. They should bear it in mind that during their 18 years in government their revenue stream increased by 300 per cent.

There is another way of measuring the tax burden. It currently stands at 35.9 per cent. of GDP, which is lower than the level achieved during most of the 1980s. I remind Conservative Members that it averaged 36 per cent. throughout their 18 years of office. In one year, 1984–85, it was as high as 39 per cent. It is projected—in the Red Book—to rise, but only to 38 per cent. It is also worth bearing it in mind that the level is four percentage points lower here than the average across the Organisation for Economic Co-operation and Development.

There is a further way of measuring the burden. The Office for National Statistics assesses it as a percentage of gross income. Back in 1996–97, direct taxes were equivalent to 20 per cent. of household gross income. Today's figure is the same. In 1996–97, the indirect tax burden was 16 per cent. of household gross income; it is now 15 per cent.

There is yet another way of looking at the burden. I refer Members to the excellent tables produced by our Library relating to hypothetical households. Back in 1996–97, a household on 75 per cent. of median earnings with two children paid 10 per cent. of its earnings in direct tax. Today the figure is minus 6 per cent.

Mr. Laws: I can confirm those figures in the round, but the same tables—showing how the total tax burden

[Mr. Laws]

has changed since 1996–97—reveal that the two groups who have lost out particularly, in terms of paying more tax, are the poorest two deciles. That is because the Government have tended to raise indirect taxes, which are more aggressive than direct taxes.

Mr. Plaskitt: The hon. Gentleman should also look at the tables that show the impact of direct tax changes, and the introduction of tax credit in particular. He will then see that the distribution of benefit resulting from my right hon. Friend's eight Budgets has been more advantageous to the lower deciles than to any other group.

Back in 1996–97, a family on exactly median earnings with two children paid 17.8 per cent. of their income in direct tax. That has fallen to 12.9 per cent. Even for those on double average earnings, the figure was 24.6 per cent. That figure remains the same.

Despite all those different ways of assessing the tax burden, it is very difficult to produce evidence that it has increased as much as the Conservatives suggest.

Public services benefit most from the economic stability that the Government have secured. Here we see the stability dividend—the chance, at last, to invest properly in our public services and to sustain that investment.

The national indicators on the NHS show what we are getting for the 7 per cent. a year real terms growth in investment: a record hospital-building programme; NHS Direct; improved heart and cancer care; an increase of 20 per cent. in admissions; 50 per cent. more heart operations; 200,000 people off the hospital waiting lists; and those waiting more than a year down from 30,000 to just 36.

That is also borne out locally in my constituency. Maximum waiting times in my local district hospital in Warwick have come down from 18 months to nine, and are on course to be six months next year. Average waiting times are already down to three months, and outpatient average waiting times down from 39 to 17 weeks. That has all been achieved by the additional investment that has given us 169 more nurses and 47 more doctors and consultants, and a 39 per cent. increase in activity levels.

The same is true in education. Again, the national picture is confirmed locally. We now have 3,000 more nursery places in Warwickshire than back in 1997, with improved results at every key stage throughout the county. Five good GCSEs were achieved by 45 per cent. in Warwickshire in 1997. The figure is now 54 per cent. In my constituency alone, £10 million has been invested in our local schools over the past seven years. Spending per pupil in Warwickshire has risen from £1,770 to £2,840.

That is all evidence of the stability dividend. We now have one of the best economies in the world, steadily rising living standards and the means to invest in improving public services. All of that can happen only because we have a platform of economic stability, sound finances, low inflation and sensible fiscal and monetary rules. The Chancellor has strengthened that platform today, and I commend the Budget to the House.

5.17 pm

Mr. Andrew Mitchell (Sutton Coldfield) (Con): It is a pleasure to follow the hon. Member for Warwick and Leamington (Mr. Plaskitt), whose constituency is at least in the same region as mine. It is also a pleasure to catch your eye, Mr. Deputy Speaker, on the first day of the Budget debate. I was fortunate enough to do so last year, and I see waiting to catch your eye two other habitual contributors on the first day, the hon. Members for Wolverhampton, South-West (Rob Marris) and for Nottingham, South (Alan Simpson). I am sure that they will make original contributions, which will be a refreshing change from the hon. Member for Brent, North (Mr. Gardiner), who did his traditional imitation of a Government Whips Office glove puppet.

On this first day, we have the opportunity to consider the Budget before we have studied the small print. With this Chancellor, it is always advisable to examine that in great detail, because it normally changes the way in which the Budget is perceived within 24 hours.

In the interests of unity, let me list the points on which I agree with the Budget, which is a good one in a number of limited respects, but before I do so, I draw attention to my entry in the Register of Members' Interests.

What the Chancellor continues to do in respect of third-world poverty and debt relief is advantageous and important. He is always good enough to make it clear that he is continuing a tradition started by one of his predecessors, John Major. The Government have done laudable work in that respect.

It may not come as a surprise to the hon. Member for Wolverhampton, South-West that I praise the fact of the limit of £1.5 million for the lifetime amount going into a pension and the increase to £1.8 million. That is a good thing. In most areas, I have nothing but horror to register at the Government's pensions policy, but on this specific matter, they have found an elegant way of cutting through the appalling complexity governing pension arrangements for people who increasingly change jobs during their lifetime of work. In that regard, the Government's decision was a very good one indeed. The making of direct payments to schools is also an extremely good idea. Such an approach should be more beneficial to schools than the previous arrangements.

Some of my hon. Friends may be surprised to discover that I want to register my support for what the Chancellor said about tax avoidance. He is absolutely right on this issue, and I want to explain why. It is clearly the right of all citizens to organise their affairs in a tax-efficient way, and I hope that none of us would quibble with that. But in recent years, certain obscene schemes that should not be allowed have been peddled, by Ernst and Young, for example. Indeed, I tabled some questions to the Prime Minister on this issue last year. I hope that today's announcement by the Chancellor will presage an end to such schemes.

One such scheme, which was peddled around a number of banks in the City, was designed to avoid paying any employer's national insurance, and to enable employees to reduce their level of taxation from 40 to 25 per cent. It is disgraceful that anyone should try to perpetrate such a scheme. These people should pay the right amount of employer's national insurance. Individuals from other parts of the world who earn their

living in London and who may need to use our emergency services—if they are unfortunate enough to have a heart attack, for example—should pay national insurance and tax at the same rate as others. The peddling of such schemes is morally corrosive, and one effect is that if one or two institutions accept them, great pressure is put on other, competitor institutions to go down the same route. We all have hard-working doctors and lawyers, for example, in our constituencies who pay their 40 per cent. tax on the nail. It is wrong that others should get away with not doing so.

Other developments are also welcome, as some hon. Members have pointed out. I listened with great care and interest to what was said about Kate Barker's report on the housing market, and I was pleased to learn that the Deputy Prime Minister will consult on the issue. However, I was alarmed to discover that each region will have a body responsible for planning, and I hope that we can tease out the details during the consultation. This is an extremely important issue to my constituents, because a place such as Sutton Coldfield depends greatly on the quality of its local environment and its attractive features. People aspire to live there, and once they have arrived they want to stay.

There has, however, been a distressing trend in recent years. When widows or widowers, for example, move from large houses with mature gardens, developers buy such properties and blocks of flats are put up in their place. Technically, such developments take place on brownfield land. None of us would regard a delightful house with a mature garden as a property on brownfield land, but such houses do fall within that definition. Indeed, blocks of 32 or more flats are being built where only one house stood before. Such developments might not have a significant impact individually, but Members will realise their effect when taken together: one wakes up one morning to discover that the whole area has changed. The impact on the footfall to doctors' surgeries and schools, and on parking and the number of cars, can change such an area out of all recognition.

The Government's view that we should increase the number of houses being built each year from the current figure of 175,000 is admirable, but I hope that we will proceed with the greatest possible care. Areas such as mine are peculiarly vulnerable to a development and planning system that does not recognise the need for much more significant input from local residents in order to stop vexatious developments.

Mr. David Drew (Stroud) (Lab/Co-op): I concur with the hon. Gentleman that the Government must be very careful about how they define brownfield land, but does he agree that part of the problem is that we are now getting unbalanced development? The market towns in semi-rural areas such as mine are the areas where the real pressure is coming from. We need much more balanced development across the country, and we must make the developers more accountable to the local population. That is where the biggest problems lie.

Mr. Mitchell: I agree with the hon. Gentleman that we must make the planning system more accountable to local people living in an area who are most affected by planning decisions. I hope that we can make some progress on that. He is also right that we need a more careful series of developments across the country, and I hope that the consultation process will allow for that. I have asked the Minister for Housing and Planning to come with me on a journey from Sutton Coldfield to the middle of Birmingham. If he does, he will see what we regard as brownfield sites, which should not be confused with the areas that I described earlier.

I want to make some specific points about the Budget. I thought that one of the most revealing statements made by the Chancellor today was when he said that the success of some of his policies had been the result of "difficult decisions" that were taken in 1997. That is indeed a revealing statement, because one of those difficult decisions was to stand by the spending plans of the previous Chancellor, my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke).

Many Conservative Members would say that if the present Chancellor had stuck to those spending plans and other measures put in place by my right hon. and learned Friend, we would not need to divide up his chancellorship—as so many of us do—between the first two or three years and the rest. In the earlier period, his very sensible achievements included granting independence to the Bank of England Monetary Policy Committee to fix interest rates, controlling public expenditure and the degree of prudence—a word of which the Chancellor remains fond—that he displayed. Sadly, in the following three or four years, the position has been very different.

I judge today's Budget against the background of a business survey that I carried out in my constituency—as other hon. Members do—to find out what local business people think. My extensive survey was widely responded to and the most important finding was the strong and rising resentment of tax increases in Sutton Coldfield. It is also strongly felt that the money raised is not being well spent. That shows the generous spirit of my constituents who do not necessarily mind the increases so long as the money is well spent, but they do not believe that it is. There is an increasing feeling that they are overtaxed and they worry about the growth of regulation. That is what emerged from my survey and I agree with those responses. Having listened to the Budget speech today, it seems to me that they remain the most important areas of concern.

I am pleased at the growing trend towards companies publishing in their report and accounts the full extent of the tax that they pay. When the Royal Bank of Scotland announced its very significant profits, it made clear the extent to which they have been earned overseas. It published exactly how much tax it had paid—through its employees' PAYE and as a company—and it was possible to see the contribution that that enormous amount of tax had made towards the building of hospitals and the funding of education. It is right that people can see the massive contribution that such companies make.

As some of my hon. Friends have already observed, the extent of the tax rises is truly extraordinary. The figures speak for themselves. In 2002, tax receipts at £350 billion were up £90 billion from 1997 levels, and represented a rate of £1,500 for every man, woman and child in the country. More and more people are being drawn into tax, as has been noted already. There has been an increase in national insurance contributions, and a massive rise of about 60 per cent. for band D council tax payers.

[Mr. Mitchell]

The hon. Member for Twickenham (Dr. Cable) was quick to criticise the council tax system, yet the problem is not the structure of local tax but the increasing burdens that central Government impose on local government. Those burdens are not covered by central Government subvention. No local government tax will ever be popular or easy, and the present structure is probably as good as we are going to get. However, it clearly creaks at the seams when the amount that people have to pay rises as much as has been the case under this Government.

The Government have reached the point where everything that can be taxed is taxed. They do not focus on how little they can take away from hard-working families, but on how much they can get away with as they fund inflexible and ever rising expenditure totals. I understand that tax freedom day will fall on 7 June this year: next year, it will fall on 9 June.

The counterpart to high taxation is the level of borrowing, which has been much discussed this afternoon. As my right hon. and learned Friend the Leader of the Opposition said, we started off with a target of £30 billion. That has risen to £72 billion, and then to £140 billion—five times as much as the Chancellor originally forecast. The figures underline our lack of confidence in his forecasts.

Mr. Fallon: The Chancellor keeps getting them wrong.

Mr. Mitchell: As my hon. Friend says, the Chancellor keeps getting them wrong.

Given the ferocious increase in the amount of tax taken, what do we get for the subsequent expenditure? In Sutton Coldfield, only 4 per cent. of those who responded to my business survey considered that their taxes were being spent well. That figure was substantially lower than was the case last year, when the figures also showed a decrease on the year before.

We have heard today that an expenditure increase of around 40 per cent. in the NHS has been matched by an increase in patient episodes of only 5 per cent. The Government often talk the right language about reforming the NHS, but what happened with the Bill to introduce foundation hospitals is typical. To win the support of Back-Bench Labour Members, it had to be watered down so much that many of the potential gains that it promised have not been realised. The same thing has happened with other legislative proposals and, as a result, the original purpose has not been achieved.

I do not oppose the principle of tax credits. I think that John Nott was going to introduce them during the 1970 to 1974 Conservative Government, but I warn the Government that the pension credit, with its massive increase in means-testing, will come back to haunt them. Soon, nearly 80 per cent. of pensioners will be means-tested, yet recent figures from the Department for Work and Pensions show that the pension credit is not getting through to anything like enough of the poorest pensioners—that is, those who account for the bottom 20 per cent. in income terms. The pension credit is proving to be a very inefficient way of dealing with poverty.

I turn now to savings. I had hoped that the Budget would make a real contribution in that regard, but I was staggered when the hon. Member for Warwick and Leamington (Mr. Plaskitt) said that there was no savings crisis in this country. The newspapers every day show just how big that crisis is. The savings ratio has halved since 1997, but private saving levels and the privately funded pensions sector have also both declined.

Although raids on the sector of £5 billion per annum have not helped, the situation has been made worse by the fact that the Government have not made it a priority to ensure the stability that allows independent financial advisers to give good advice. I cannot imagine how an independent financial adviser can advise someone on average wages on how they should save for their old age. I was amazed that there was nothing in the Budget about ISAs or stakeholder pensions to give further encouragement to an area to which, sadly, the Government pay lip service but on which they do not deliver. It would have been easy to reverse the reduction to £5,000 per annum for ISAs that will take effect from April next year, but the Government did not even announce that, let alone an improvement to stakeholder pensions.

I want to say a word or two about red tape and regulations. Small businesses are the engine of our economy and do not have the capacity to handle extra red tape and regulation. Nothing could more clearly demonstrate the lip service that the Government pay to enterprise than the Chancellor of the Exchequer's belief that if one sets up a conference on enterprise one is somehow doing something to help. An enterprise conference with loads of waffle from well-meaning people about the importance of fostering enterprise is not the way to foster enterprise. Enterprise is fostered by low tax and minimal regulation.

I was interested to see that *The Sunday Times* business section asked a cross-section of business men how they thought that the Government were doing on regulation and, more generally, in supporting business. One of the respondents stated:

"Far from making life easier for entrepreneurs, Brown has been strangling enterprise."

Revealingly, another businessman said:

"My company employs 120 people and we have had to add the equivalent of one full-time person to deal with the plethora of demands for reports, returns, health and safety issues and so on."

These measures were identified as being among the worst that the Government have introduced: the working time regulations, which cost business £1.1 billion between 1999 and 2004; the data protection rules, which cost business £4.6 billion over the same period; IR35, which is blamed for many IT specialists either heading off overseas or having their services hired from overseas; the cost to business of administering the provisions of the Tax Credits Act 1999; the cost of setting up stakeholder pensions, which most employees have not taken up; and the flexible working regulations. All those individual regulations may of themselves have something to commend them, but when the Government bring them to bear on business, the effect is to smother business and enterprise and to make life enormously difficult for our small business sector.

The result is that we are now prejudicing many of the supply side reforms and gains of the Thatcher years. In 2003 alone, there were 4,000 new regulations. During

the six years of this Labour Government, there have been nearly 23,500 new regulations at a cost of around £30 billion. The British Chambers of Commerce summed up the situation very well, saying:

"The bottom line is that the sheer quantity of red tape on business is damaging our economy and stifling enterprise, job creation and economic growth."

The Budget will increase tax burdens, and there will be further rapid growth in public spending and a developing black hole in public finances that must be paid for. I fear that it presages the continuation of the inefficient use of resources and means that public services continue to deliver below their potential. Alas, we have heard nothing to suggest that our constituents can expect any real change before the next election.

5.38 pm

Rob Marris (Wolverhampton, South-West) (Lab): I shall begin by counterpoising the phrases used by my right hon. Friend the Chancellor and the Leader of the Opposition—they both used their catch phrases twice. The Chancellor of the Exchequer referred to "a Budget for excellence in education, science and enterprise". The Leader of the Opposition characterised the Budget in what he obviously thought would be a suitable soundbite—I have not seen the media, so perhaps he succeeded—as "a borrow now, tax later Budget from a borrow now, tax later Chancellor". What a negative way to look at things. One can counterpoise the positive approach of the Chancellor and the negative approach of the Leader of the Opposition. Since the Molineux stadium in Wolverhampton became all-seater, I have attended football matches there on a season ticket. Before that I just used to go along with my mates. A gang of us all sit together, but some of them are like Opposition Members. On those rare occasions when Wolves go ahead in a Premiership match—

Alan Simpson: Very rare.

Rob Marris: Well, it's not so bad at home. On those rare occasions, I think, "Oh great, we are 1-0 up, we can win this." Some of the other supporters are in fits of gloom. They think, "Oh dear, now we have something to lose." When we go two ahead, it is even worse for them. It is extraordinary to me, but many football fans are like that, and that is the attitude of several Conservative Members who have spoken today. They characterise the economic performance of my right hon. Friend the Chancellor and the Government as football fans would. They say, "Things can't be so good. We must look for the holes in the Budget.". I appreciate that the role of the Opposition is to look for the negative as well as the positive, and indeed some of the remarks from the hon. Member for Sutton Coldfield (Mr. Mitchell) were positive. He balanced his speech by mentioning some of the positive aspects before he went on to the negative aspects. That is a mature way in which to conduct a public debate about our economy. It is also how he and I used to conduct debate when we were on the Work and Pensions Committee together, and we had an enjoyable time before he was elevated and had to leave the Committee.

Attitudes to any Chancellor or Government should be like attitudes to the stock market—informed by warnings that past performance does not guarantee future results. Although there is no crystal ball, past performance does provide some indication. I shall try not to fill my speech with statistics because I am not an economist. I picked up an economics A-level many years ago, although I did not do very well—and those who know me well will understand why. Statistics can be very dry. They are important for our country, but for politicians like me economics and the Budget are about people. Some of the borrowing statistics none the less repay examination.

The Leader of the Opposition talked about a borrow now, tax later Budget. But what was the performance of the Conservative Government in their 18 years in office? They doubled the national debt. It went up to 44 per cent. of GDP, and that was a poor performance. They now criticise my right hon. Friend the Chancellor for the national debt rising somewhat over a few years. However, the economic cycle is balanced and even. On my right hon. Friend's figures, the national debt will not be more than 36 per cent. of GDP. Borrowing by this Government will, for one year, go above 3.4 per cent. on the forecast between now and 2008–09. By then it will be 1.6 per cent. It is not only the Chancellor who says so. Barclays' economic briefing gives a handy little graph, in which all the big bits above the line were under the Tories and the bits under the line—showing the public finances in surplus—were under a Labour Government. The briefing states:

"However, public borrowing was much higher in the last cycle . . . we are not facing a crisis."

Its predictions up to 2008–09 for the deficit as a percentage of GDP are below my right hon. Friend's. Commentators outside the House do not, therefore, uniformly take issue with my right hon. Friend on where the economy is going.

I do not wish to get bogged down in statistics because for me the Budget is about people, and one of its themes was education. The amount spent per pupil in schools in England—the figures for Scotland, Wales and Northern Ireland are issued separately—for the 11-year period between 1997 and 2008 will go up from £2,500 per annum to £5,500. Some of that increase needs to be adjusted for inflation, but that is a massive increase. It is also a massive increase in the quality of people's lives, not only while they are still at school but in their whole life experience, because they have had a better start in life. For me, that is what economics and figures are about.

The Chancellor announced support for a new deal for skills. It is vital that we continue to upskill, not only for economic performance, important as it is—no one in this country should be starving and people should have a good standard of living—but also for quality of life. Whether people exercise their skills to make a living or as a hobby, having skills will enhance the quality of life for many of them. Investing in skills is certainly vital for the economy, but it is also vital for the quality of life in our society; it is a people thing.

The arguments are similar on science. The amount for NHS-associated research and development will be £1.2 billion. That is important not only in economic terms, but because the NHS has an effect on the quality of life; for some people, NHS research and development or the new medical research funding announced in the Budget will affect whether they live or die. That is not just dry economics.

[Rob Marris]

I referred earlier to what commentators are saying about the state of the economy and its relationship to past performance, and I want to quote from some of those outside observers to discuss where the initiatives on enterprise announced by the Chancellor are likely to take us. In February, NTC Research, an economics research outfit based in Henley, stated that its leading indicator, which provides a pointer to growth over the next nine months, rose in January 2004 to its highest level since March 1997. That is pretty positive. That indicator had enjoyed its fourth successive monthly improvement.

Kate Barker has understandably been cited today in relation to the housing report. She has also been a member of the Bank of England Monetary Policy Committee for the past three years. When the housing report was announced, she said that the last time there had been as much optimism on economic outlook was in 1995.

In January, the CBI's quarterly distributive trades survey of retailers reported that business was above average for that time of year. The CBI's chief economic adviser said that consumer spending remained resilient. That is not just dry economic statistics; people with the traditional pound in their pocket are spending it on goods that they can use, and although that will not necessarily increase the quality of their lives, it is likely to do so.

Earlier this month, the Chartered Institute of Purchasing and Supply said that its activity index was a substantial 59.5 in February, marginally lower than the 59.8 of a month earlier. Any reading over 50 indicates growth. Those figures are well above 50, so that indicates optimism about growth in the economy. Thirty per cent. of the institute's survey panel had experienced an increase in business activity: "Panel firms . . . remain optimistic".

The economy is buoyant in many sectors, but, as was said earlier, there are difficulties for productivity—again, it is a people thing. I think the right hon. Member for Fylde (Mr. Jack) quoted from box 3.1 on page 49 of the Red Book; uncharacteristically, from my experience of the right hon. Gentleman in the last two Finance Bill Committees, he was quoting somewhat selectively from that section of the Red Book—a point on which my hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt) picked him up.

You will tell me if I go too far, Mr. Deputy Speaker, but with your indulgence I shall quote some of the points about productivity from the Red Book, because of the people angle. It notes that

"UK workers on average produce as much as German workers, and the productivity gap with France has fallen by seven percentage points".

Some of the figures are good and some are bad; it all depends on the country with which we are comparing the United Kingdom. The box on page 49 also includes a chart showing the output per person of working age. That is vital, because economics should not be merely about growth figures and who is making a profit, but about the quality of people's lives. As for the output per person of working age, the UK is ahead of France and Germany and behind the US. Box 3.1 states:

"This measure indicates how effectively an economy includes all of its potential workers in productive employment. It shows that UK performance is significantly better than Germany, at a similar level to France, and around 25 per cent behind the US."

That is important, but not only in terms of the dry statistics and the dry economics. It is to do with people's lives. It relates to 1.8 million more people having a job than had a job when the Government took office in 1997. From memory, I believe that 1.3 million of those jobs are in the private sector. There has not simply been huge growth in the public sector.

These statistics are important because of the quality of people's lives. In my experience, most people—I would not say everybody; indeed I could not say that—are happier when they have a job. I accept that that is not always the position. For example, some people may have a job that they do not like. However, employment is to do with dignity, self-respect and looking after one's family. Most people tend to be happier in those circumstances. It is a significant achievement that the Government, led in this area by my right hon. Friend the Chancellor and the Treasury team, have enabled so many more people to be in work.

We forget at our peril that there were 3 million, 4 million and, on some measures, 5 million people unemployed under the previous Conservative Government. We should not forget the human misery that that led to for those involved—regardless of whether it was the fault of the Conservative Government or the result of a macro-economic global cycle. Personally, I think the Conservative Government had much to answer for, but I leave those politics aside. There was a great deal of misery, and there is less misery now. That is a significant advance for our society. My right hon. Friend the Chancellor deserves quite a bit of credit for that. It was not just a happenstance. It was not serendipitous. It happened because of tough economic decisions, taken by the Chancellor, that led to 1.8 million more people being in employment. We are talking of record numbers of people in employment.

I think the hon. Member for Sevenoaks (Mr. Fallon) talked about the report on NHS productivity. Again, this is a people thing. By getting bogged down in dry statistics, there is a tendency to overlook the quality-of-life argument—the people argument. If, for example, a GP decides that he or she will spend eight minutes with each patient instead of six minutes, on the face of it productivity will decrease by 25 per cent. However, many Members, particularly Labour Members, would see it as it a good thing if a doctor could do that.

If hard-pressed workers in the NHS did not have to rush as much and nurses and auxiliary nurses, for example—they do a wonderful job—could spend a bit more time with patients to reassure them, and so on, it could be said that on a scale productivity would be shown to have decreased. The nurses would not be looking after so many patients. However, the quality of life of those patients—the public service offered—might well have increased. There may be dry economic-type figures about what has happened to productivity in the NHS, and we should not overlook them. We need to be aware of the figures and they must be monitored, but they do not tell the whole story about the bang for the buck that the taxpayer is getting in terms of the money that is going into the NHS. We must have regard to the experience of the individual who needs NHS treatment and help. Those factors must come into the equation.

Like the hon. Member for Sutton Coldfield (Mr. Mitchell), I am a west midlands Member. Manufacturing is the lifeblood of the west midlands. Indeed, it represents 30 per cent. of the economy in the region, as against 18 or 19 per cent. in the rest of the United Kingdom.

We have a real difficulty with manufacturing. If we were all to be honest on both sides of the House, I think that we would find that no one knows what to do about manufacturing. I certainly do not. We should pay more attention to manufacturing, and it is to the Government's credit that in the past two or three years they have started to do so. That was a bit of a long time coming. Manufacturing is a huge problem in the western world, but the problem is greater in the United Kingdom because of what has happened in terms of our export markets, for example. For all the criticisms about regulations and the European Union, for example, and for all the alleged rigidities and inflexibilities of manufacturing in Germany, Italy or France, the manufacturing sectors of those economies trade at a surplus whereas ours do not.

I am a member of the Transport and General Workers Union, which is affiliated to the TUC. I am grateful for the pre-Budget briefing provided by the TUC, in which it points out that in

"the past year . . . investment across engineering fell by 36 per cent. in real terms."

If we interpret the 1999 figure for manufacturing investment as 100 on an index of 100, in the third quarter of 2003 that index stood at 67.4, which is a huge drop. The net return on capital in the same period dropped from 9.4 per cent. to 7.4 per cent. I do not want to get sucked into the statistics, but there is a significant problem in manufacturing in the United Kingdom. I am not sure, however, that people know what to do about it.

One difficulty is persuading people with capital to invest in manufacturing on the basis that they will get an adequate return. Historically, that is a long-term problem in the United Kingdom, and has not just developed under this Government or the previous one. A number of world-beating inventions have originated in the United Kingdom, but we have not been able to develop innovations such as fibre optics or magnetic resonance imaging scanners, which were invented in Leicester. We cannot market them profitably, so people in other countries start to do so and make money from them. We have a great background of science and invention. The hon. Member for Sutton Coldfield will be interested to learn that, a few years ago, I read that the majority of patents in the United Kingdom are taken out by people with an address within a 35-mile radius of Birmingham city centre, which covers both our constituencies.

The west midlands is arguably the centre of innovation in the United Kingdom, but we are not as good at getting the stuff to market. I am not sure that, despite all the help that the Chancellor has offered in this Budget and previous Budgets with research and development tax credits—initially incentives such as the 125 per cent. write-off applied to small businesses but were extended to larger businesses last year—we have done as much as we can to bolster manufacturing and encourage investment. The Department of Trade and Industry has just produced a report on innovation, and I went to a talk on the subject yesterday, but it did not address the problem of how to move from innovation to the marketplace. I am not suggesting that we always fail to tackle the issue. The bloke who invented Dyson vacuum cleaners, for example, also invented the little wheelbarrow with the ball on the front instead of a wheel—the Financial Secretary is too young to remember that, but perhaps you do, Mr. Deputy Speaker. Dyson made a fortune out of that invention when he was based in Corsham near Bath. There are people who have brought their inventions to market in the United Kingdom and made money out of them, but in general the Government need to do more to encourage investment in manufacturing.

Positive steps have been taken in the past two years, both by the DTI and the Chancellor, but no one is sure what else to do about manufacturing, which leaves me wringing my hands in frustration. As a Member of Parliament I might be described as self-opinionated—if I was not, I would not stand for election—but I often have bright ideas that may be completely wrong. I do not have many bright ideas about manufacturing, and do not encounter many people who do or who say, "If only we did this there would be a revival in British manufacturing and we could stop the haemorrhaging of jobs, restore investment and get innovations to market. We would all be making more money and we would all be happier." Above all, we should be careful in economics not to overlook people and their happiness.

5.59 pm

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): It is a pleasure to follow the hon. Member for Wolverhampton, South-West (Rob Marris), who seems to have the right approach to the conduct of political debate. However, he overestimates the problem with manufacturing.

Britain is a huge overseas investor. British entrepreneurs have billions of pounds of manufacturing assets around the world. The hon. Gentleman mentioned one of those entrepreneurs, Mr. Dyson, who has moved his factory to the far east. That is not necessarily a devastating decision, because the profits from those factories will come to the UK, the entrepreneurial activity will take place in the UK, and the design of new products will take place in the UK, so many metal-bashing jobs will be replaced by warm, comfortable, higher paid jobs in offices and design studios. The figures from the TUC that the hon. Gentleman quotes will not include the masses of manufacturing that takes place under the aegis of British entrepreneurs all around the world.

The hon. Gentleman underestimates the problem with Government borrowing. The debt figures, to which many of my hon. Friends have referred, have been revised a number of times. In last year's Red Book, for example, the net borrowing for 2004–05 was set at £24 billion. In the pre-Budget report, the figure was revised upwards to £31 billion, and today the Chancellor revised the figure yet again to £33 billion. He did not mention in his speech the inexorable upward shift of private finance initiative commitments, which now stand at about £6.5 billion every year. Those are like credit card payments, which we must pay, and £6.5 billion a year is the minimum payment. It is the

[Mr. Nick Gibb]

Government's hidden debt. It would represent a huge quantum of debt if one could turn it into the actual capital figure that was spent.

I shall concentrate my remarks on tax avoidance. I am one of the few Members on the Conservative Benches who is not a former Financial Secretary, but I spent 13 years of my career, prior to entering the House, as a tax adviser in one of the big four accounting firms, so I have a real concern about corporate tax avoidance. I have a particular concern—I share the view of my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell) on this—about aggressive corporate tax avoidance schemes, but I am still against a general anti-avoidance rule. I welcome the fact that the Chancellor has, for the moment, ruled out the introduction of such a rule.

I welcome the public and open move by Gus O'Donnell to call in the heads of tax of the big four accounting firms to tell them to stop marketing aggressive tax avoidance schemes. Those outrageous schemes are designed to use loopholes in the tax code to reduce a company's or a wealthy individual's tax bill—loopholes that were not designed to give that tax relief—for example, paying a City trader his bonus by lending him a substantial sum in the currency of an inflation-wracked country. The trader takes the currency and converts it immediately to sterling. A year later, once the foreign currency has substantially declined in value against sterling, he converts back into the foreign currency enough sterling to repay the debt. Of course, it requires significantly less sterling to repay the debt, and that gain, which is a foreign currency gain, is essentially tax-free. That loophole has been closed, but the question I ask—which my hon. Friend also asked, in a sense—is why the banks that used the scheme thought it was right for a City trader to receive his bonus in that tax-efficient way.

For most people, every penny they earn is taxed. In my judgment, it is taxed too highly. Even £10 of interest on a non-ISA building society account is taxed. Why does it become acceptable for some people with very large incomes not to pay tax on every penny of their income? What I find particularly galling about large companies that buy and demand aggressive tax avoidance schemes from their accountants—incidentally, it is only the large corporations that can afford to buy and implement those schemes, because they are very expensive—is that while they exploit those tax schemes, they continually lobby and complain about the increasing complexity of tax legislation that has become complex simply because the Inland Revenue is trying to close the loopholes that those companies have prised open.

Mr. Laws: I have a great deal of sympathy with the points the hon. Gentleman is making. Does he agree that many tax loopholes—for example, the film industry tax relief and the 0 per cent. corporation tax rate that caused so many businesses to incorporate—have been opened by the Government, not simply exploited by business?

Mr. Gibb: I do not regard those as loopholes. They are specific tax incentives introduced by the Government in order to encourage certain investment or activity. I find nothing wrong with companies or businesses deliberately deciding to take advantage of such concessions and therefore investing in films or incorporating small businesses into corporations to take advantage of the 0 per cent. rate. However, I do find it irritating that companies will try to exploit tax loopholes that do not have such objectives.

The large corporations that take advantage of those loopholes trumpet their involvement in corporate responsibility activities. They put people on the Cadbury and Greenbury committees looking into corporate governance, while complaining at board meetings about the high tax charge in the accounts and asking why the finance director has not done more to reduce it. They send employees off to inner cities to engage in worthy pro bono activities, while avoiding millions of pounds in tax that they should be paying, the shortfall from which has to be made up by ordinary taxpayers or from public spending in those very inner cities.

That all gives the impression that corporate responsibility is just a veneer. If a company genuinely believes in corporate responsibility, it should pay the tax that Parliament has decided it should pay. It should honour the spirit of the law, not just the wording, particularly if the legislation has been poorly drafted, which increasingly it tends to be.

Mr. Andrew Mitchell: Does my hon. Friend agree that companies should be encouraged to make it much clearer in their annual report and accounts how much tax they, and in particular their employees through PAYE, pay? First, it would demonstrate the important contribution that business and companies make to building hospitals, funding schools, and so on, and, secondly, where they do not make payments because they indulge in these schemes, it would be clear to all of us.

Mr. Gibb: I am grateful to my hon. Friend for making that point. It is a point that he made in his speech with regard to the Royal Bank of Scotland trumpeting the fact that it had paid huge sums of tax that was being used to fund hospitals and schools. He is right in the comment that he makes. We are talking about a minority of plcs that are engaged in such activities, so it would be useful for shareholders and others to try to expose companies that are not being corporately responsible and fulfilling their obligations to society.

Let us not forget that the companies that use such schemes are not fledgling, struggling businesses, with the owners' homes on the line because of the money that they owe the banks; nor are we in an era of 98 per cent. tax rates, as we were in the 1970s when tax avoidance was almost inevitable, and almost understandable because of the very high corporate and income tax rates. We are talking about plcs, well-known household names, some of which are headed by multi-millionaires.

I raise this because it is part of a wider issue. It is about people in positions of responsibility asking "Is this right?" Corporate responsibility is not just about asking "Is this legal?" or "Is this within the wording of the legislation?"; it is about asking "Is this right?" That question should dominate board meetings. Large businesses cannot have it both ways. They cannot

complain about increasing amounts of legislation if all they do when assessing a proposition is to ask "Is this legal?" If morality extends only up to ensuring that an activity is within the law, it becomes the responsibility of the legislators to ask "Is this right?", to fill the moral vacuum and to create new laws to cover every eventuality and new development.

If the view of some of those who run the major corporate enterprises of this country is that any activity is justified provided that it is within the law and that they have no responsibility beyond that, and no responsibility to ask whether something is right even though it is legal, they cannot complain when the laws are continually extended. Make Warburton, of the accounting firm Grant Thornton, summed up that corporate view when he said:

"Tax advisers have a duty to minimise their clients' tax. Indeed they can be sued for not doing so."

Of course accountants should advise their clients on all the legitimate tax concessions that Parliament has introduced, but that does not extend to schemes designed to exploit the tax code in ways that were not intended.

As a Conservative, I abhor increasing amounts of regulation and laws. They are costly to enforce, read and understand and they distort and hamper free enterprise. However, if we want, as I do, to live in a low regulated society, it is imperative that its leading members take upon themselves a sense of responsibility so that they behave responsibly without the need for such rules and regulations. In essence, they must ask the question, "Is this right?" If the answer is no, they should not proceed.

Was it right for Merrill Lynch to advise unsuspecting savers to invest in companies that it knew to be junk? Did someone on the board in New York ask, "Is this right?" Was it right in the 1980s for companies to borrow off balance sheet to deceive bondholders or circumvent their rights? Was it right for Rank Xerox to boost its profit figures in its accounts by recognising now profits to be earned in future years? Did the advisers to Enron ask whether it was right to deceive investors and creditors by pushing swathes of debt off balance sheet in special purpose vehicles?

The problem with the position that we have reached is that it has been spawned partly by excessive regulations. The more burdensome and extensive the regulation, the more people feel that complying with it somehow fulfils their moral obligations. That is similar to high taxes. The higher the tax, the more people feel that their responsibility to others is fulfilled when they sign the cheque to the Inland Revenue.

Rob Marris: The hon. Gentleman is making an extremely thoughtful speech. He posed what was almost a chicken-and-egg question about whether regulation led to a decline in moral standards, to use my words, or vice versa. It strikes me that a series of outrageous manoeuvres—he has referred to some of them; another is Chester Street Holdings, formerly Iron Trades Holdings, which was an insurance scam that was legal under employers' liability legislation—led to regulation rather than regulation spawning the manoeuvres. Of course, a vicious circle ensues.

Mr. Gibb: The hon. Gentleman is partly right, but there are other incentives and motivations for Governments to introduce regulation. Political ideology, sometimes inegalitarian ideology, often determines such matters. The working time directive is an example of that. It adds to regulation. In opposing legislation on corporate responsibility, the Cadbury report stated:

"Statutory measures would impose a minimum standard and there would be a greater risk of boards complying with the letter, rather than the spirit of their requirements."

That is the essence of the issue. The more rules that exist, the more people believe that any amount of underhand behaviour is permissible provided that there is no rule against it.

How do we break out of that vicious cycle? The onus must be on those in senior positions in society to accept a wider responsibility. The Government, too, can play a role in ending the vicious cycle by engaging seriously in simplifying the tax systems. My right hon. Friend the Member for Fylde (Mr. Jack) also called for that. Complexity provides scope for the sort of schemes that we are considering. Complexity and consequent lack of transparency appear to lend acceptability to measures that are designed to avoid the scope of the tax system. A simpler, more transparent tax system would reinforce responsibility and enable people to have faith in its integrity.

Some critics will say that that is all naïve nonsense, but I do not believe that it is. In this information age, people want—and will ultimately get—authenticity and truth. Reputation for honesty and integrity in business is becoming the most valuable of a company's intangible assets. A company that neglects such an asset is destined to go the way of Arthur Andersen, whoever that was.

As Onora O'Neill said in her Reith lecture on trust in 2002:

"Citizens, it is said, no longer trust governments, or politicians, or Ministers, or the police, or the courts, or the prison service. Consumers, it is said, no longer trust business, especially big business, or their products. None of us, it is said, trusts banks, or insurers, or pension providers. Patients no longer trust doctors and in particular no longer trust hospitals or hospital consultants."

It is therefore in the self-interest of business, politicians and political parties to protect and nurture their reputations for scrupulous adherence to truth and authenticity. Consumers do not want to be ripped off by business, and the public do not want to be conned by politicians. That is not a naïve view, but a statement of the obvious.

I am against a general anti-avoidance rule, and I am grateful that the Chancellor has ruled it out for the moment. It would be a cumbersome and costly mechanism, and it would create uncertainty. We already have extensive anti-avoidance case law, but to introduce a general legislative anti-avoidance provision would hand to the Inland Revenue too much discretionary power to tax in a way that would be capricious and non-rules based. However, it is up to those in senior positions in business to convince the public by their behaviour that no such rule will ultimately become necessary.

6.15 pm

Alan Simpson (Nottingham, South) (Lab): I am very pleased to be called to speak on the first day of the Budget debate, and I begin by paying a couple of

[Alan Simpson]

tributes, the first of which is to the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) for an extremely principled analysis and denunciation of tax avoidance, and where it takes us as a society. I urge Members not currently in the Chamber to read his remarks carefully and reflect on them.

I also pay tribute to the hon. Member for Sutton Coldfield (Mr. Mitchell), who made extremely thoughtful and honest comments on the pensions dilemma, and on some of the ways in which we shall have to address problems of housing provision in the years ahead. He pointed out the real difficulties of removing regulation to the point at which developers not only are allowed to determine housing density on land on which they have freedom and permission to develop, but leave behind social consequences in the communities that contain the developments, once they have left with the moneys that they have made out of them. Again, it would be helpful for us all to reflect on his comments.

I welcome the generous comments that the hon. Member for Sutton Coldfield made on the Budget's good points, and I wish only that the Leader of the Opposition had not been so disparaging in his comments. It was extremely disappointing that he was unable to recognise and comment positively on the stability and economic growth that this Chancellor has delivered, and which was always out of the reach of the Conservatives when they were in government. It is unhelpful to retreat into a knocking copy analysis that is waylaid by arguments that any taxation is bad taxation, and that less taxation must be good. That in no way engages with the nature and challenges of the society in which we live.

The same may be said of commitments to knock the Chancellor's decisions on when in the economic cycle to borrow, and for what purposes. Anyone who runs on claims that their only commitments are to reduce taxation and borrowing is left with fairly spurious spending promises that are impossible to deliver. A further issue is the duplicity of the positions taken on debt. I have not heard Members in the House denounce households' decisions to take on mortgages. Those decisions to take on family debt are seen as responsible, because the family make them in the knowledge that they will get a solid, secure asset that will have lasting and, they hope, increasing value. However, when some Members discuss Government decisions to borrow for infrastructure investment, although that also involves assets that will accrue in value, they suddenly call those decisions morally reprehensible, and denounce the Government for making them. That duplicity and inconsistency does no credit to the debates that must be held in the House.

I want to focus on three issues. They are observations on, rather than criticisms of, how the Chancellor has brought us to this point, but they involve challenges that we have yet properly to address. My plea to the House is for a grown-up discussion of the difficult issues that lie ahead of us, and I want to focus on three of them. They are: first, what we should do about pensions; secondly, how we should deal with infrastructure investment; and, thirdly, the question of the environment.

Whatever party is in power, we must recognise that it is a biological rather than a political reality that, as we live longer and expect to spend less of our lives in work and more in retirement, we shall have to ask ourselves how we are to pay for that change in the balance of our lives. The only way to pay for it properly is to recognise that we shall have to pay more in our working years for the length and quality of our retirement years. That is not a politically contentious thing to say; it is simply a biological fact of life. The real debate that needs to take place is on how we can best do that, rather than on whether we do it at all.

We are told that we are not saving enough. This weekend, Sandy Crombie, the chief executive of Standard Life, wrote a useful summary in *The Observer*. In the opening paragraph of his article, he said:

> "This country is facing an enormous challenge. People are living longer and the trend has been for them to spend less of their lifetime working. They need to save more, but they are not. The Government estimates that 3 million workers are not saving for retirement at all, and another 5 million to 10 million are not saving enough. According to some estimates, half of all UK workers are saving less than they should."

What can we do about this? If we try to take this message out to young people, we learn the salutary lesson that we have virtually lost the argument before we start. Many young people say, "Save for retirement? You're mad! You must be absolutely stark staring bonkers! Look at the people we are working alongside. Many of them have saved throughout their entire working lives in works pension schemes, yet they are being told that all the savings that have gone into those schemes are now worthless. The company schemes have gone bust, the money has disappeared, and what people thought of as their savings for retirement have been frittered away somewhere. The system is not going to safeguard the money that I put into it; it's going to run off with it. The money will disappear. Do you think that's what I want to do? Absolutely not!" This crisis of confidence for those people who would not even dream of putting money into a pension scheme has to be addressed.

I would like the Government to recognise that we have to come up with measures to address the restoration of pension entitlements to those who have saved throughout their working lives and who believe that their pensions have been stolen from them. I would have liked to see such measures in today's Budget, but they will be welcome whenever they are introduced. No amount of new pensions provision will be credible if it does not address the theft of the pension entitlements of those who have been told that their pensions have now gone.

In other debates in the House, Members have drawn attention to the amounts that are currently sitting in various pots in what are called orphan funds, held by banks, solicitors and different sections of the financial services industry. Estimates of the amount in those funds are as much as £50 billion. The highest estimate of what it would cost to meet the needs of the 60,000 pensioners who have been told that they have lost the value of their pension savings ranges up to a maximum figure of £450 million a year. If the Government were to require the industry to put that £50 billion aside, we could comfortably pay that £450 million a year simply out of the interest that would be earned on it. The

important thing, however, is that we honour a debt—a contract entered into honestly by workers who, through their lives, contributed to their works pension schemes.

In part, the credibility of the schemes and exhortations that come from the Government must be considered in the sense in which we honour the commitments made by those generations. It does not have to be the Chancellor who puts his hand in his pocket, or other people's pockets, but he does have to say to the financial services industry, "Those orphaned funds are not your money anyway. This is still other people's money that you're sitting on, and every now and again you have a little scoop out of that pot." That is to meet the company's needs, not the needs of those whose pension entitlements have been taken from them.

If we were to go down that path we would go a long way towards restoring the credibility of exhortations to save for the pension years, but it would not be enough. We also must reflect on the obsession, which the Labour Government inherited, with the desire to go in for means-testing. I will not go through this in detail, but I urge Members of the House to read the document recently produced by the Pensions Policy Institute entitled "Citizen's Pension: Lessons from New Zealand".

The institute's approach turns its back on the obsession with means-testing. It goes in for a much simpler system, which is to deliver a flat-rate universal pension payable to all people over the age of 65. It is popularly referred to as the "65 at 65" pension, because the pensioner couple will receive between them 65 per cent. of the average wage at the point at which they retire. This is a generous pension that provides a platform beyond which people can have their works or second pension and their other income streams, all of which should be subject to normal rules of taxation. However, it removes the sense of contradiction in an increasingly complex means-tested system.

The reality, as everyone who has looked at pensions will say, is that it is always the contradictions at the margin that are greatest and most unfair. The clawback on those at the margins of eligibility is where the greatest sense of unfairness appears to lie. This approach is a helpful way out on an important issue that this and subsequent Parliaments will have to face.

The Pensions Policy Institute paper is modest, as it makes proposals that would deliver a citizen's pension in the UK of about 22 to 25 per cent. of national average earnings. It states:

"This level of benefits is not generous, but it would mean that hardly any pensioners need to be means-tested for their basic income."

We must be willing to go down that path if we are to try to make all other pension savings exhortations credible, because many of those in work are saying to us on the doorstep, "We must have been daft to have been putting money aside." Those who have put savings aside through their working lives find themselves in a means-tested system and being penalised in terms of their eligibilities while those who have put nothing aside get the full benefit of provision. We have to look at ways of removing those disincentives within the system.

In relation to second pensions, however, I would make a further point. If we had doubled the savings rate rather than halved it, and if that money had gone substantially as an increase in pension funds, whether works or occupational, would that have made today's position any easier? The answer is no, because the crash was driven by an excess of capital in pursuit of shares whose value was being driven speculatively through the roof. All that we would have done is to have thrown twice the amount of money at the same number of shares, share values would have rocketed, and the crash would have been even more dramatic.

A year ago, I did some work with two other people that attempted to examine a different approach to pensions, which I make no apologies for commending to the House. Richard Murphy, Colin Hines and I wrote a document entitled "People's Pensions", which looked at the fact that the £250 billion that had been wiped off the value of UK pension fund holdings in the previous year largely reflected the change in balance of where pension fund contributions were going. Forty years ago, more than half of pension fund savings were going into Government bonds, which were by and large focused on infrastructure investments and assets that were not going to disappear. In the last year for which we could get figures, however, 71 per cent. of pension fund contributions went into shares, and only 17 per cent. into Government bonds. That was backed up by public sector investment that was increasingly driven by dependence on private finance initiative schemes and the approach to off-balance-sheet accounting that seems to be in vogue at the moment.

When we considered a different approach to pension funds and pension schemes, one of the most obvious issues was that hospitals, schools and local authorities involved in PFI schemes were being charged an interest rate of 16.6 per cent. Local hospital trusts are already hitting budgeting crises as the annual repayment costs of PFI schemes start to cut into the costs of other direct patient services. We pointed out that if no more than half the £50 billion a year that workers currently put into their pension schemes were channelled through the people's pensions vehicles that we proposed into direct public infrastructure investments, even at a rate of 5 per cent. to 6 per cent., that would be a quarter of the rate being charged by PFI providers. It would also deliver tangible assets that provided real improvements in quality of life and the access to services on which people relied—we would get an improvement in service, a tangible asset and something that would not disappear in the bursting of a dotcom bubble.

The challenge facing us is how to break from a fascination with an approach to financing the future that is driven by the short-term demands and requirements of the financial services industry. We must set down different ethical or legal requirements for the way in which that sector of the economy works in relation to the needs of the whole economy.

The House needs to reflect on where our current infrastructure dependence on PFI schemes is taking us. If we consider tables C16, C17, C18 and C19 in the Red Book, we see that if we put together the signed bid and preferred bidder stages of PFI schemes, we are currently looking at getting about £7.3 billion a year as income. We are having to support PFI contracts with payments averaging £6 billion a year, for the next 12 to 15 years. Even if that is matched by the direct Government investment to which the Chancellor referred, great

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chunks of the investment will have to be underpinned by the asset sales he mentioned—also running at £6 billion a year—if fresh investment is to be made.

All that leaves us with real problems to do with the assets that we no longer own and the liabilities that we shall still have to honour. I can think of so many better ways in which we as a society, and we as a Labour Government, could try to safeguard the contributions that people are currently making to their pension schemes, and direct them more effectively into the public infrastructure investments that society needs so badly. We must go further, however. We have got into the habit of making freedom to invest publicly conditional on a willingness to dispose of public assets. If we want a level playing field, we should argue for open and accountable democracy. If local government wants to invest in the improvement of its housing stock, let it borrow in the way that we say we are making it free to borrow, but not on the basis that it can sell out one set of council tenants to meet the housing needs of another set. Trading in people—trading in people's lives—is not an activity for which a Labour Government will be thanked.

I welcome the Chancellor's specific references to the environment, but I feel that an opportunity has been missed. He came up with some useful proposals for incentives to make people shift towards less polluting fuels, but the right hon. Member for Fylde (Mr. Jack) was right about biofuels. The Environment, Food and Rural Affairs Committee received numerous representations from the energy industry, describing the various levels of financial incentive that would enable the industry to act ethically and produce non-polluting fuels. Increasingly, members of the Committee responded by asking, "Why don't we just give you an obligation to do that?" If the cost were spread across all fuel types and fuel sales, the consumer would experience minimal change.

Why should the Government try to find cash incentives to pay the industry to act in a less polluting way? Surely it is much more sensible to tell the industry that that is its duty. If the costs are absorbed within the industry as a whole, as long as we specify the rate at which we want polluting fuels to be replaced by less polluting fuels, let the industry get on with it.

Another opportunity was sadly missed when no duty was imposed on aviation fuel. Like every other Member, no doubt, I take advantage of the low-cost flights that are currently available. Can I justify that on environmental grounds? Absolutely not.

If we are considering the real challenges and choices, we should not say that we must support a proposal because we are locked irrevocably into a globalised economy. The real challenge is, in fact, the other way round. Like Joseph Stiglitz, a former member of the World Bank board, I am a disbeliever in globlisation: I think it is rapidly reaching its sell-by date. The one thing that is here to stay for the rest of our lives is the reality of climate change, which will turn everything upside down. We will have to revise the whole way in which we think about sustainable international economics if we are to survive the century in a civilised fashion.

I want the Chancellor—I know that he can do it—to come up with a new raft of policies that promote a sustainable environment rather than an exploited one, promoting sustainable trade rather than a global free-for-all, and favouring the reduction of product miles rather than the explosion of pollution costs that comes from goods in global transit. Other countries in Europe have policies that tax-favour the restoration of localised and regionalised economic systems. That is low-impact economics that will be in the interests of all and provide employment and sustainable lifestyles for all. That is the challenge that every Government in this country will face for the entirety of my lifetime.

We have to meet our Kyoto targets. One way of doing that relates to an issue that I have droned on about in the House more than I should have: ending fuel poverty. The Chancellor mentioned the commitment to new social house building. That is important, but we must recognise that the majority of families will live in the housing stock that is available today. The reality for those who are fuel-poor today is that they will live in the housing that is fuel-poor tomorrow. We must focus our attention on that housing stock.

Through the Fuel Poverty Advisory Committee, the Government were given a stark warning about a fortnight ago that we simply will not meet our legal undertakings to end fuel poverty unless there is a 50 per cent. increase in the Budget commitment to eradicate fuel poverty in social housing alone. That does not even take us into the challenges of how we do so in private rented houses, and especially houses in multiple occupation. We have to create a shift in the resources. I look forward to the day when the Chancellor introduces a framework of environmental commitments that will bring to an end the human and environmental misery of fuel poverty.

This was a good Budget. It was not an election Budget. It was a Budget for education and science. It was a Budget to reassure, but not yet to inspire. I was disappointed that the Leader of the Opposition struggled to address the issues even of the last century. I hope that it will be within the grasp of a Labour Government—only a Labour Government will do this—to set out our stall to address the issues of the century that we have entered, rather than following the Opposition into the century that we have left.

6.43 pm

Mr. John Baron (Billericay) (Con): I congratulate the hon. Member for Nottingham, South (Alan Simpson) on a thoughtful contribution in relation to pensions, and my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb) on his thoughts on tax avoidance.

No Budget is all good or all bad. There are aspects of this Budget that I warmly welcome, including the increased spending on our armed forces and the tax incentives for investment in very small start-up businesses. However, it was said earlier that Budgets are essentially about people, and I want to concentrate on two key failings in the Budget that will directly affect my constituents. The first will impact on the small business community in my constituency. The Government will not be surprised to learn that a recent business survey clearly showed that small businesses in my constituency

were fed up to the back teeth with the amount of regulation and extra red tape that the Government have introduced in recent years.

Independent analysis has shown that, on average, just under 4,000 new regulations have been introduced each year since 1997. No one is arguing that regulations are new under this Government and that they did not occur before, but there has been an increase of more than 50 per cent. compared with the level under the previous Conservative Administration. Frankly, businesses are getting tired of this. It is no wonder that *The Economist* stated:

"Labour is losing the battle for the hearts and minds of British business."

Responses to my constituency survey revealed that businesses are spending a lot more time on red tape and regulation, and that these extra regulations serve only to slow growth or to make it harder to run businesses in general.

We could talk in some detail about the increase in national insurance contributions. Understandably, many businesses consider it a tax on employment. It has led directly to redundancies, a slow-down in recruitment and a reduction in profits. To an extent, it has affected staff morale and made it more difficult to run businesses in general.

Various independent statistics seem to confirm these findings. I shall not give a long list of figures, but I shall mention those provided by two independent bodies. The Institute of Chartered Accountants and the Institute of Directors both claim that the cost to UK businesses of implementing new legislation is running at an extra £6 billion a year. Those might be abstract figures but they illustrate a growing problem: we are suffering from decreasing competitiveness. This Government tend to forget that the burden of red tape always falls disproportionately on small firms, which is particularly worrying as they are often the lifeblood of our local economies. Small companies simply do not have the personnel to deal with an ever-increasing number of regulations. Figures from the Institute of Chartered Accountants confirm that the cost to small businesses of new legislation has more than doubled in recent years.

It is often the entrepreneur who ends up dealing with this increase in paperwork, when he or she would be better employed running their business and creating wealth. For me, this is the central point. Budgets should be about trying to maximise the country's economic potential; that way, we are in a far better position to help those who need it. But that can be better brought about if we foster personal freedoms within the rule of law, encourage enterprise and allow businesses—particularly small businesses—to breathe and thrive. Such an approach, all things being equal, would lead to a more prosperous economy, from which the Government could take their rightful share in order to help the truly disadvantaged in society, and fund essential public services. That will not happen if they continue to pile regulation and red tape on to businesses. In the longer term, that will hinder enterprise and, in turn, our ability to help those most in need. Yet since 1997, this Government have continued to make life difficult for entrepreneurs. This Budget does little to put that right.

It is not just small businesses in my constituency that will be disappointed with this Budget; so will the many taxpayers who have seen tax increases under this Government, but very little in return. We all know that when in opposition in 1995, the current Prime Minister said:

"We've no plans to increase tax at all".

Most independent forecasters accept—and the general public certainly seem to—that we have had a welter of tax increases since 1997; indeed, some put the figure as high as 60. Some suggest that a typical couple on average full-time earnings is now paying an extra £500 a year or more in tax under this Government. It is no surprise that the Government's tax revenue has risen by some 50 per cent. since 1997.

My constituents are asking these simple questions. Given that they have paid all these taxes, why is violent crime rising so fast, why are detection rates so low and why are there so few police on our streets? Patients in the constituency are asking why accident and emergency waiting times are so bad, why we are so short of GPs and why average waiting times have either not improved or are getting worse. Parents are rightly asking why teacher vacancies have increased so significantly under the Government and why it is so difficult to get their children into local schools. Commuters are asking why there has been so little investment in our roads, and residents are asking why the Government have done so little to combat the illegal development of our green belt and why so little progress has been made on waste recycling in comparison with our European neighbours.

In short, my constituents are rightly concerned about why such a large increase in taxation has produced so few results. The conclusion can only be that a large element of Government spending has been wasted. What is doubly concerning about this Budget is that, with projected borrowing forecast to rise to about £140 billion over the next five years, further tax increases are inevitable, should Labour win a third term of office.

In conclusion, Budgets should be about maximising the economic potential of the country to raise living standards for all, but this Budget does not achieve that goal. We have seen an increasing tendency for the Government to tax and spend—to tax the wealth creators in our society and then spend the proceeds in a way that, to this point at least, has had little effect. If anything, the Budget reinforces the view that "government knows best".

There is no doubt that the vast majority of hon. Members, regardless of party, are here because they want to improve society. We differ on the method of achieving that goal. Conservative Members have greater faith in the individual than the state, believing that politicians can sometimes be the problem, not the solution. That is so whether we are talking about freeing entrepreneurs from stifling regulation or costs, allowing local communities to take their own decisions about

[Mr. John Baron]

green belt development, giving local police forces more say in how they police their local communities, or allowing our local doctors and nurses and our governors and teachers more say in the running of their hospitals and schools. We must guard against an over-powerful Government who encroach on the personal rights and freedoms of individuals, and instead encourage individual initiative and enterprise, which will benefit society as a whole. We must also guard against Budgets that reinforce the centralist tendency. That is why I cannot support the Budget today.

Debate adjourned.—*[Joan Ryan.]*

Debate to be resumed tomorrow.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Wednesday 24th March,—

(1) notwithstanding paragraph (2)(c)(i) of Standing Order No. 14 (Arrangement of public business), proceedings on opposition business shall lapse at Four o'clock or three hours after their commencement, whichever is the later, and

(2) the Motion for the adjournment of the House relating to Equitable Life may be proceeded with, though opposed, until Seven o'clock or for three hours, whichever is the later, and shall then lapse.—*[Joan Ryan.]*

PETITIONS

Sub-Regional Strategy (South Bedfordshire)

6.53 pm

Andrew Selous (South-West Bedfordshire) (Con): I present a petition signed by 17,000 of my constituents in south Bedfordshire about the scale, nature and location of the Government's development plans for that region. It is a matter of enormous concern to my constituents.

The petition states:

To the House of Commons

The petition of the residents of South Bedfordshire concerning the Milton Keynes and South Midlands Sub-Regional Strategy whereby the residents of South Bedfordshire ask the House of Commons to ask the Deputy Prime Minister to amend fundamentally the Milton Keynes and South Midlands sub-regional strategy so that the Government ensures local housing is built for local people (including affordable housing) and does not use South Bedfordshire to house large numbers of people from outside the district; ensures that the concerns of local people and their local representatives are fully recognised; ensures that future housing development does not make worse the congestion on our roads or the overcrowding of our trains and notes in particular that the agreed extension of the A505 to the M1 is to alleviate present congestion and that housebuilding on the proposed scale will make matters worse; ensures that any houses built are built close to and in proportion to any new jobs that are created; ensures that building on the South Bedfordshire green belt is kept to an absolute minimum; ensures that health, education, transport, police, shopping and other community facilities are built at the same time as any new homes.

And the petitioners remain, etc.

To lie upon the Table.

Parental Contact

6.55 pm

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I wish to present a petition signed by 100 residents of the Bridgwater constituency. It declares:

That parents, after they separate, should enjoy a legal presumption of frequent and continuing contact with their children, unless a child's safety would be put at risk.

The petitioners therefore request that the House of Commons amend the Children Act 1989 to replace the term "contact order" with "parenting time order", to provide for the making and enforcement of parenting time orders, and to ensure that parents and, where appropriate, grandparents enjoy a presumption of contact with their children and grandchildren.

And the Petitioners remain, etc.

To lie upon the Table.

Paediatric Doctors

Motion made, and Question proposed, That this House do now adjourn.—*[Joan Ryan.]*

6.56 pm

Tony Baldry (Banbury) (Con): Paediatrics is often in the media. No doubt the Minister's officials expected me to want to talk about the cases of Sally Clark, Trupti Patel and Angela Cannings, but I do not. To avoid confusion about the matters that I want to raise in the debate, I have given the Minister notice of what I intend to say. I want to raise the less familiar cases of three-year old Ian Luckett, a Bloxham boy who tragically died at Oxford's Radcliffe infirmary, and of the late Dr. Ian Watkins.

I shall begin with the tragic case of Ian Luckett. He is the reason why, a number of years ago, the Horton general hospital recruited paediatricians of the calibre of Dr. Bob Bell, who retired recently after many years of outstanding service to the community.

Ian Luckett died in 1974, after accidentally receiving a drug overdose. His father, Donald Luckett, told of how his son said, "Daddy, I want to sleep. My eyes won't stay open." That was just before he was discharged from the Houghton general hospital. The next day, Ian's father was unable to wake him: sadly, he never regained consciousness, and he died three days later at the Radcliffe infirmary.

There followed three inquiries into the tragic death of Ian Luckett. Two were private, internal inquires held by the then Oxford area health authority and the then district hospital management committee. After considerable lobbying by the boy's family and my predecessor as Member of Parliament for Banbury, Sir Neil Marten, a full public inquiry was held. It is that public inquiry, held some 30 years ago, that is relevant to the pressures facing paediatric services at the Horton hospital today.

The public inquiry was ordered by the then Secretary of State for Health and Social Security, Barbara Castle. Opening the inquiry, the chairman said:

"The reason there has been this third enquiry is because it is recognised by the Department . . . that there should be the fullest enquiry to ensure such a thing does not happen again."

I repeat that the aim was to ensure that "such a thing" did not happen again.

The evidence that the Luckett inquiry heard reinforced the need for an enhanced paediatric department, and for more trained paediatric staff at the Horton general hospital. Dr. Douglas Pickering, the consultant paediatrician at the Radcliffe infirmary, was reported by the *Banbury Guardian* of 6 June 1974 to have explained to the inquiry that he

"would like to see doctors at the Horton rotate at the Radcliffe for paediatric experience".

Local people want that rotation to be available today.

When I read the evidence to the Luckett inquiry, some 30 years after it was held, I was struck by how strong was the message that the Horton general hospital needed experienced paediatricians and comprehensive paediatric care, not least because of the distance to other hospitals in Oxford.

What did the inquiry find? The Luckett report began by observing that

"nursing and medical staff are devoted, but severely stretched",

and I suggest that the same is true today, particularly among paediatricians. It recommended that

"junior medical staff might be rotated",

and that recommendation is equally relevant today. It stressed that

"only severely ill children, fit to travel, should be admitted directly to Oxford hospitals."

In other words, as many children as possible should be treated in Banbury.

It being Seven o'clock, the motion for the Adjournment lapsed, without Question put.

Motion made and Question proposed, That this House do now adjourn—*[Mr. Jim Murphy.]*

Tony Baldry: My predecessor, Sir Neil Marten, rightly concluded that the Luckett inquiry

"highlights a number of matters that must be put right immediately. Nothing like this must be ever allowed to happen again".

There is now a danger that it may happen again.

Shortly afterwards, a number of paediatric consultants, including Dr. Bob Bell, were appointed at Horton general hospital, and no sick children had to travel to Oxford hospitals. In future, sick children will almost certainly have to travel to Oxford hospitals by night, when, by definition, it will be an emergency, if 24 hours a day, seven days a week paediatric care is withdrawn from the Horton.

The situation for paediatrics is grim even at the John Radcliffe hospital. My recent correspondence with the chairman and chief executive of the Oxford Radcliffe hospitals and the president of the Royal College of Paediatrics and Child Health has produced the same point time and again: there is a national shortage of paediatricians—simple as that. A parliamentary answer to my question about the matter states that just 15 new paediatricians are being trained over the coming year in England and Wales, although it goes on to say—using words very carefully—that

"an extra 155 National Training Numbers have been proposed for paediatrics through other initiatives."—[*Official Report*, 4 March 2004; Vol. 418, c. 1117W.]

It is part of the impenetrable jargon of the NHS that training is referred to as national training numbers.

Why are so few paediatricians—just 15—being trained? The Minister should not underestimate the impact that downgrading local paediatric services will have on the people of north Oxfordshire and south Northamptonshire. The public inquiry of 1974 resulted in 24 hours a day, seven days a week paediatric services for north Oxfordshire and south Northamptonshire, which has been the situation for 30 years. Local people have become used to the high calibre of consultants such as Dr. Bob Bell and Dr. Harvey Marcovitch, who is now at the Royal College of Paediatrics and Child Health.

When Dr. Bob Bell retired in July last year, he expressed in public his concerns over the future of the children's ward at the Horton general hospital. There is now just one of the necessary five middle grade doctors in paediatric posts at Horton general hospital. Why have five advertisements led to no appointment? It

[Tony Baldry]

seems that the number of trained doctors in the country is simply insufficient, and not enough of them are being trained.

Only Ministers can give us the complete answer, but surely part of the explanation is illustrated by the tragic death of Dr. Sid Watkins. The 44-year-old Dr. Watkins committed suicide last year and was a consultant paediatrician who had worked more than 100 hours in that week. The British Medical Association does not believe that his working week was unusual and calculates that almost 80 per cent. of consultants work more than 50 hours every week. *The Independent*, the only broadsheet to cover Dr. Watkins's death, quoted Harvey Marcovitch, by now working at the Royal College of Paediatrics and Child Health, who commented:

"there isn't anyone around anymore among the juniors who really knows what's going on with individual children day by day. They each see snippets and the consultants are left as the people responsible for keeping an eye on the whole of the child's hospital admission."

The answer must surely be to recruit more paediatricians, but NHS trusts cannot do so. *The Independent* did not mention the national shortage of paediatricians—it knew there was a shortage, but it did not know the numbers.

I know that the Royal College of Paediatrics and Child Health has conducted a survey and given the results to Ministers. I asked a parliamentary question about those results and—again, rather selectively—the answer was that Ministers were "considering" them. It would be interesting to know exactly what the Royal College of Paediatrics and Child Health said.

The parliamentary answer that I received on 4 March states:

"In 2004–05, a further 15 locally funded NTNs will be allocated." —[*Official Report*, 4 March 2004; Vol. 418, c. 1117W.]

It seems bizarre: fifteen for the whole of England and Wales; fifteen, when the president of the Royal College of Paediatrics and Child Health is telling Ministers that there is a serious shortage of trained paediatricians because of the European working time directive; fifteen, when two weeks ago I met the chairman and chief executive of the Oxford Radcliffe hospitals to be told that they are unable to recruit paediatricians; and fifteen next year actually means that 85 fewer paediatricians are being trained than last year when there is a severe shortage up and down the country.

Not only is there clearly a shortage of paediatricians but the working time directive is exacerbating existing difficulties. The Royal College of Paediatrics and Child Health, the British Medical Association, and the NHS Confederation in evidence to the Select Committee on Health have all made clear their concerns over the time left to implement the working time directive, which has hit paediatrics particularly hard. It has hit smaller general hospitals hardest, and I understand that Ministers have made funds available for rural areas such as Cornwall and Lincolnshire. I am under the impression that almost £46 million has been made available to implement the working time directive over the next three years. The Minister will be aware that I have asked his Department whether any additional funding might be made available to help the Horton general hospital. The Minister of State responded on 6 January:

"Turning specifically to the Horton, the recently announced strategic review explicitly sees a continuing and important role for the Horton in providing a range of hospital services. A paediatric task force is meeting to develop proposals for quality sustainable paediatric services at the Horton in response to difficulties in recruiting junior doctors."

Recruiting junior doctors is still difficult, and that must be related to the working time directive. Indeed, almost everywhere else in England and Wales is experiencing problems with it, especially in relation to paediatrics, because it involves 24-hour service. I reiterate that I hope that Ministers will consider the Radcliffe hospitals NHS trust as part of his Department's £46 million budget to recruit junior doctors and registrars who will have to meet the working time directive, whether existing or new.

There is a further problem. The Oxford Radcliffe trust is under the misapprehension that the Horton general hospital is no longer accredited to train registrar paediatricians. That is a serious concern. It is also seriously surprising because the president of the Royal College of Paediatricians tells me that the Horton is accredited; that there is no problem; and that, moreover, he would welcome more paediatricians working at the Horton general hospital.

Why does the trust say that it cannot train paediatricians at the Horton? There can be no doubt that that assumption was formed on the basis of poor advice given to the trust by others in the NHS. By way of example, a regional adviser in the NHS wrote on 9 January 2004:

"with . . . junior doctors hours being reduced progressively, it has been felt that the middle-grade posts currently available at the Horton Hospital are not of sufficiently high intensity for Specialist Registrar Training. My apologies to the Horton Hospital but, at present, we do not feel it is appropriate to allocate Specialist Registrar training there."

Such advice leaves the Horton general hospital in an invidious position. Without registrars, it is impossible to continue to have a 24-hour, seven-day paediatric department at the Horton general hospital with a children's ward with in-patient beds. The best that will be offered in future is a 9 to 6 service, five days a week, with any children requiring admission or more complex treatment being directed to Oxford.

On 1 March the chief executive of the Oxford Radcliffe hospitals NHS trust wrote to me. He said that

"the workload is not considered to be enough to provide appropriate experience to meet training requirement".

That is what the trust believes. However, the Minister should know that the advice being given by NHS officials to the trust is completely the opposite of the paediatric service seen as suitable by the Royal College to operate at the Horton.

As Dr. Harvey Marcovitch explained by letter to me on 19 January:

"the Royal College has not made any recent pronouncement re: Banbury . . . they will not be raised again formally until the next inspection, whenever that will be."

The President of the Royal College, Professor Alan Craft, told me in a letter on 21 January that there is simply no reason why paediatric registrars cannot continue to work at the Horton general hospital if the trust so chooses, although staff shortages

"are enormous pressures on all hospitals at the moment because of the forthcoming Working Time Directive".

Furthermore, as the chief executive of the Royal College said in an email to me yesterday,

"the decision on the level of services is one that must be taken by the Trust in the light of demand and resources available."

He echoed the finding of the Luckett inquiry that services should be provided as closely as possible to children in Banbury. It is as simple as that.

I understand that the Horton general hospital had its status accredited at the last inspection. That status has not changed and will not change until another inspection, whenever that may be. I had that point confirmed by the chief executive of the Royal College of Paediatricians yesterday. He said:

"Training approval for paediatric Registrar posts at Horton General Hospital has never been sought by the relevant trust. There is, in principle, no reason why the Oxford Radcliffe Trust should not submit a training programme to the College that includes some time at the Horton. We must stress however that the current plan to reduce the level of paediatric services in Banbury is not a direct or indirect result of any ruling on the part of the College."

That utterly contradicts the advice that officials at the Department gave to the trust. Why have NHS officials given such inaccurate advice to the trust?

The chief executive of the Oxford Radcliffe hospitals NHS trust raises further concerns over the Horton general hospital not being accredited by the Royal College to take registrars. But the Oxford Radcliffe hospitals NHS trust has never asked the Royal College for such accreditation. It has not been told that it cannot train registrars, because no one has ever asked the question. There is no reason why registrars employed by the Oxford Radcliffe hospitals NHS trust should not undertake work in rotation in Oxford and Banbury at the Horton general hospital. Yet the trust tells me that it cannot even recruit paediatric doctors for the John Radcliffe, let alone for a smaller general hospital. Why? I hope that the Minister can give us an answer.

In a letter of 29 January, the president of the Royal College told me:

"I am not too sure what the problem is at the Radcliffe hospital in terms of attracting registrars. Paediatrics is still very popular, and for regular registrars . . . there is no shortage."

The Horton needs trained paediatricians. How many are needed? Five. How many are being trained this year? Only 15. Fifteen have been allocated for England and Wales, although we are told that some more have been proposed through other initiatives. Demand in larger cities and towns means that it would be difficult for one small general hospital in Oxfordshire to take a third of all the new paediatricians for the whole of England and Wales.

However, NHS advisers are not even giving the trust the opportunity to take on paediatricians and accrediting them to the trust but rotating them to its hospitals, including Horton—something recommended by a public inquiry set up by the then Secretary of State about 30 years ago. That opportunity has unfairly been removed from the table for no good reason. The Minister must look into what his officials are saying to one another as there is evidently a serious communication problem. If he does not do so and his officials continue to base their work on somewhat false foundations, it will seriously impede the inquiry of the taskforce into which model of paediatric services would work best for Horton hospital. It is unacceptable for NHS officials to tell NHS trusts that they are not allowed paediatricians because they do not have the relevant status when in fact they do.

Not only is that manifestly unfair, but it will also put Horton general hospital at a severe disadvantage in respect of the findings of the paediatric taskforce, which will report shortly. The Minister will be aware that the taskforce is considering two ways forward for the Horton and paediatric services across Oxfordshire. The first is known as an ambulatory service, whereby I understand that Horton general hospital would provide a paediatric service from 9 am until 6 pm for five days a week. There would no longer be any paediatric beds at the Horton; patients would be seen, assessed and either treated there or sent to the John Radcliffe for more specialist treatment. In effect, there would no longer be 24-hour paediatric cover—no cover at nights and no cover at weekends.

There would inevitably be a detrimental impact on obstetrics at the Horton general hospital. At present, there is a special care baby unit and it is not clear whether it would be able to continue. There would most certainly be knock-on consequences for the accident and emergency department. It is unclear whether the A and E department would be happy to continue to give general 24-hour, seven-day-a-week cover if there were no longer any paediatric services at the Horton in the evenings, at night and at weekends. It is thus clear that the John Radcliffe would have to take on further cases from Banbury at a time when there is an acknowledged problem across Oxfordshire in recruiting trained paediatricians.

There is an alternative: more registrars. Paediatric registrars undertake a five-year training; the last three years are fairly specialist but the first two years are reasonably general. When the Horton general hospital merged with the John Radcliffe to form the Oxford Radcliffe hospitals NHS trust my understanding was that appointment would always be made to the trust, not to an individual hospital, so I see no reason why registrars based at the John Radcliffe should not also give cover and work at Horton general hospital.

However, the chief executive of the NHS trust has been advised to say that that is not possible because

"registrars are appointed to training posts that have been allocated to a trust by the Regional Training Advisory committee"—

and it—

"cannot include any Horton based activity because the paediatric work available at the Horton is not considered by the committee to provide adequate training".

That was in a letter to me as recently as 3 March. Again, I can say only that such activity could be included. The Royal College says that it could, so why does the regional training advisory committee believe that the Horton cannot take registrars? One can assume that it is

[Tony Baldry]

only because NHS officials from the Minister's Department say that it cannot. Instead, Horton general hospital is left trying to fill vacancies for trained paediatrics when there are simply not enough trained paediatricians available.

The taskforce's terms of reference are ill balanced before it has even reported. It is receiving bad advice from the Minster's Department and has started off on false foundations. Clearly, the Minister needs to sort out the communication problems over the employment of registrars. There are two immediate problems that he must address. The first is that his Department's officials are telling the NHS trust that its registrars cannot work at Horton general hospital. But they could; the royal college says that the hospital is accredited. The Luckett report made that recommendation more than 30 years ago.

The second problem is that the Government have invested in too few new paediatricians for the whole of England and Wales. Neither Horton general hospital nor the John Radcliffe can fill their paediatric vacancies, so if paediatric services are not being provided at the Horton and they cannot be found at the John Radcliffe, where on earth in Oxfordshire will they be provided?

The answer lies in increasing the number of registrars accredited to the Oxford Radcliffe hospitals NHS trust; furthermore, the Minister's Department must stop telling the NHS trust that registrars cannot rotate between the Horton and the John Radcliffe; and, in any event, more funding must be found so that more paediatricians can be trained than the absurdly low number that the Department is funding.

The chairman and chief executive of the NHS trust and my hon. Friend the Member for Daventry (Mr. Boswell) and I will shortly meet the president of the Royal College, so I should welcome a response from the Minister on those two crucial issues. The crisis in paediatric services at Horton general hospital needs to be set against the background of other services at the hospital. If the taskforce makes a recommendation on paediatric services that is based both on inaccurate information from the Minister's Department and on inadequate funding for paediatric numbers, the loss of 24-hour, seven-day-a-week paediatric services could undermine the A and E department at the Horton.I am not confident that sufficient time has been taken to assess the likely domino effect caused by the downgrading of paediatric services. It remains, however, a real possibility, to which every GP who responded to my letter on the future of services at Horton general hospital referred. It leaves the real possibility of Ministers overseeing a situation whereby 30 years later the lessons of the Luckett tragedy are ignored.

Ministers must surely understand that local people hear that billions of pounds are being pumped into the NHS, and are somewhat confused by that when they realise that their local general hospital's children's ward is under threat. People in north Oxfordshire and south Northamptonshire want the comprehensive paediatric services that they have enjoyed for the past 30 years to continue. That is a 24-hour, seven-day a week paediatric service at Horton general hospital.

7.15 pm

Mr. Tim Boswell (Daventry) (Con): I am grateful both to the Minister and to my hon. Friend the Member for Banbury (Tony Baldry), my constituency neighbour, for allowing me a few minutes of their time. I congratulate my hon. Friend on securing this important debate.

Although the debate is badged as being about paediatric services, and he has spoken on that matter with considerable expertise and great effect, there are major implications for the viability of Horton general hospital in Banbury. This is a significant interest for about 25,000 of my constituents in south-west Northamptonshire, including the town of Brackley. In turn, that amounts to about 20 per cent. of the total caseload at the Horton hospital. Incidentally, Miss Horton was from my constituency.

I have lived just inside my constituency boundary for more than 35 years, and during the whole of that time Horton hospital has been, for all practical purposes, my hospital. All three of my children were born there, and on one occasion I had every reason to be extremely grateful for the hospital's paediatric services in coping with an emergency, the response to which was led by Dr. Bob Bell, that involved a member of my family.

I recognise the real dilemma for health Ministers in balancing the changing requirements of modern practice standards against the need to offer convenient local services, including a rapid response to emergency situations, and doing so with limited trained manpower and other resources. However, I emphasise the difficulty that is posed by any withdrawal, in whole or in part, of paediatric services at the Horton, not only for the town of Banbury and its population, but for the scattered rural settlements around it in a number of counties and constituencies.

Some villages in my constituency are about 10 miles from Banbury and 25 miles from both Oxford and any other alternative service in Northampton, for example. I know also of the intensity of local feeling at the perceived danger of progressively withdrawing services that lead on from paediatrics to other services, with the ultimate fear that the entire hospital might become unviable. I associate myself with the concerns expressed by my hon. Friend and endorse his call for some constructive thinking in order to find a practical solution to this problem.

7.18 pm

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): I am grateful to the hon. Member for Banbury (Tony Baldry) for raising a subject on which he has been campaigning for some time, and I congratulate him on securing this debate. I am grateful that he gave me some notice of the issues that he was to raise. I also congratulate the hon. Member for Daventry (Mr. Boswell) on putting the case on behalf of his constituents.

The hon. Member for Banbury began his speech with the sad story of Ian Luckett. It was a tragedy that resulted from people being insufficiently experienced and working under pressure. The hon. Gentleman used the story to demonstrate why decisions were taken to establish children's health services in his local area and to support his view of how services should be shaped in

the future. Let me put that awful story back to him. Surely what it shows also is that clinical safety has to be a prime consideration when we design hospital services. Surely it shows also that when we configure services, we must take a strategic view that takes account of changing clinical practice, changing populations and changing circumstances.

The hon. Member for Daventry acknowledged that issue. The tragedy relayed by the hon. Member for Banbury happened in 1974, but the world has changed in the 30 years since. Technology, for example, has changed dramatically. When the tragedy happened, the personal computer had not even been invented, and many clinical tests and drugs that we employ today had not been dreamed of. Those changes alone required us to look critically at local service design. In 1974, junior doctors worked long and unsafe hours to accumulate the experience that they needed. Now we are driving down the hours that they work that so they can work more safely, but we still have to maintain the level of training that they receive. That means that we must change the way we work and look critically at the way in which hospital services are delivered. As for the working time directive, which imposes a tight time scale on those changes, we were not even in the European Union when that case was heard, never mind signed up to the type of change that we must plan for today.

I acknowledge the serious concerns expressed by the hon. Member for Banbury, and he is right to expect a certain level of service on behalf of his constituents. However, all I ask is that he keeps in mind the way the world changes, does not expect Banbury and Oxfordshire to be immune to those changes, and that he remains open minded about the way in which paediatric and other health services can best be delivered in his constituency, should change be proposed in the future. The Horton hospital, however, provides a substantial part of hospital care for patients in Oxfordshire. It copes with approximately 30,000 accident and emergency attendances a year out of the county total of 100,000. On average, 7,000 of those attendances are paediatric, and it delivers approximately 1,600 babies a year. Given that level of activity, the hospital's importance to the county is self-evident. I note, too, the comments of the hon. Member for Daventry about its importance to his constituents.

There has also been significant investment in Horton hospital over the past few years. The number of beds has risen from 200 in 1998 to 250 today, including 14 paediatric beds. The position of the primary care trusts—their view is shared by the Oxford Radcliffe hospitals NHS trust—is that the Horton is, and will remain, vital to the delivery of emergency and elective care in the county. The PCTs want locally based hospital care to continue and expand where appropriate, provided that the quality and safety of care are guaranteed. The NHS will continue to work to ensure that that happens and that necessary investment is made in the Horton. The chief executive of the Oxford Radcliffe hospitals NHS trust, in the letter of 3 March cited by the hon. Member for Banbury, explicitly states that

"paediatricians wish to see as much provided in Banbury as possible".

He also believes that the development of the children's hospital in Oxford is not a major influence.

The hon. Member for Banbury was right to express concern about the impact of the working time directive, although I detected slight signs of his trying to have it both ways. He cited the tragic case of Dr. Watkins, who died after a 100-hour week, implying that that was why the recruitment of paediatricians was proving difficult. In another part of his speech, he held up the working time directive as a barrier to the implementation of safe paediatric services. The aim of the working time directive and Government policies is to hammer down doctors' working hours to ensure that in future doctors do not work 100 hours a week and that recruitment is made easier. We do not underestimate the impact of the working time directive, but it presents the NHS with a marvellous opportunity to change outdated working practices that do doctors and patients no favours. By introducing innovative ways of working that take away routine tasks from doctors in training and, at the same time, reduce the hours that they work, we shall enhance doctors' working lives and improve the quality of service to patients.

We must have effective systems in place to share emerging good practice and learn from others. A number of national pilot sites are currently testing new ways of providing services so that we can learn lessons from their experience. Every NHS trust has been asked to prepare an action plan detailing how they will ensure that junior doctors comply with the law on working time, and every strategic health authority has been asked to work with trusts to agree their action plans and ensure that they are realistic and deliverable. The North Oxford Paediatric Task Force is assessing the best way forward for the local health community, with special emphasis on paediatrics. Oxford Radcliffe hospitals NHS trust is also conducting a broader strategic review, and the two PCTs—North East Oxfordshire and Cherwell Vale—are looking at the future shape of hospital, intermediate and mental health services in north Oxfordshire.

Implementing the working time directive locally is the responsibility of trusts, but there are things the Department of Health, the medical profession and others can do to support them, which is why we have set up a national working time directive expert group with the Academy of Medical Royal Colleges, the joint consultants committee of the British Medical Association, the Royal College of Nursing and other key stakeholders.

We have also set up a national delivery board of NHS managers to ensure that strategic health authorities and trusts deliver working time directive compliance on the ground. They will spearhead trust efforts and ensure that help is directed to trusts that need it most. Currently the Oxford Radcliffe hospitals trust is 70 per cent. compliant with the WTD and there is a trust-wide assessment going on to get compliance to 100 per cent.

The hon. Gentleman is, however, right to highlight the particular problems of paediatrics and obstetrics with respect to the working time directive. Those are two acute specialties that do not easily lend themselves to cross-cover, owing to the particular skills and competencies attached to them. We recognise that they require particular and different solutions to those required for general acute services, and that is why we are working closely with the Royal College of Paediatrics and Child Health and the Royal College of Obstetrics and Gynaecology to deliver those solutions.

[Dr. Stephen Ladyman]

The RCPCH has already produced some models in its document "Old Problems, New Solutions". They examine the provision of emergency assessment services without the use of in-patient beds, and increased care in the community with particular emphasis on community paediatric teams that prevent admission and enable earlier discharge. The RCPCH also considered staff being used in new and different ways—for example, the growing and effective use of nurse practitioners in paediatrics and neonatal care. Redesign is another of the key tools to help achieve a reduction in the hours worked by doctors in training, and has the potential to provide new ways of delivering services that avoid the need for reconfiguration.

At various points in his speech the hon. Gentleman referred to staff numbers with respect to children's health services. More staff, working differently summarises the Government's approach to growing the NHS work force. That means making the most of the whole team, not just doctors. There has been a 17 per cent. increase in paediatric nurses between 1997 and 2002, and a 19 per cent. jump in the number of allied health professionals, most of whom work with children. We have also increased training places. In the same five-year period, training places for children's nursing have increased by 55 per cent. and for allied health professionals by 73 per cent.

In paediatrics, that means nearly 600 more consultants are working in the NHS today than were working there in 1997, and there are 253 more specialist registrars, the consultants of the future. NHS trusts are willing to fund extra specialist registrar training places in paediatrics, and between 2003–04 and 2004–05 trusts have the opportunity to fund up to 115 additional posts. Implementation of this initiative is progressing steadily. Central funding has been provided for 10 additional specialist registrar posts in paediatric cardiology. We have also announced that additional national training numbers will be made available, subject to obtaining the appropriate educational approval, where trust action planning has calculated that they are needed for WTD compliance. To date, we have received some 200 bids for paediatric posts from trusts. The Oxford Radcliffe hospitals trust has bid for five of those places.

On communications, I hear what the hon. Gentleman said about mixed messages. The decision about where training can take place is not a local NHS decision. Only the Royal College of Paediatrics and Child Health and the post-graduate deanery operating through regional specialist training committees can decide where such training can take place. I will, however, make sure that officials study his comments carefully and that they are passed to the local strategic health authority so that if any mixed messages have been given, they can be sorted out and appropriate advice taken before any decisions about service changes are made.

The developments that I have described are not just a numbers exercise. We are increasing staff. More importantly, outcomes are improving. The increased investment made by the Government has meant better care for patients, and that is as true in Banbury and Oxfordshire as everywhere else. The working time directive and paediatric recruitment are a serious challenge, but it is one that we do not underestimate and it is being met. I hope the hon. Gentleman will be at least partly reassured by what I have said, and by my undertaking to ensure that we reflect on his comments and that local service designers do likewise. If the hon. Gentlemen should wish to have further discussions with me at a later date as these matters progress, I should be happy to meet them.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Seven o'clock.

House of Commons

Thursday 18 March 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

EDUCATION AND SKILLS

The Secretary of State was asked—

Adult Learning Grant

1. **Laura Moffatt** (Crawley) (Lab): How his Department is encouraging take-up of the adult learning grant. [162115]

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Ivan Lewis): The Learning and Skills Council is working with further education colleges and other partners to promote the adult learning grant through college prospectuses, local advertising and mailshots. We plan to double the size of the current pilot from September by making the adult learning grant available across the south-east and north-east regions. It is currently available in 10 local learning and skills council areas.

Laura Moffatt: I am delighted to hear that the south-east is to be included in the programme of rolling out the adult learning grant. May I say that is excellent and welcome news in Crawley in particular, because those of my constituents who are in low-skilled jobs are keen to update their skills through our further education college? I thank the Minister for that initiative, which will provide them a good incentive, and I hope that it can be introduced as soon as possible.

Mr. Lewis: It is indeed good news that my hon. Friend's constituents will benefit from the adult learning grant, which is about ensuring that people with few or no skills have access to education throughout their lives. It is making a reality of lifelong learning and providing a small amount of financial support to enable such learning. It is essential for the economic future of such areas as my hon. Friend's, but it is also right in terms of creating a more socially just and inclusive community. Getting more adults with low skills back into learning will directly benefit our aspirations for young people and will raise school standards.

Access to Higher Education

2. **Sandra Gidley** (Romsey) (LD): If he will make a statement on access to higher education for the over-55s. [162116]

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson): The Government are firmly committed to increasing the opportunity for people of all ages to gain access to higher education. In the past eight years, the number of postgraduate students aged over 55 has increased by more than 130 per cent.—from nearly 4,000 to more than 9,000—and the number of undergraduates aged over 55 has increased by 154 per cent., from 22,000 to more than 57,000.

We provide a range of financial support, including some elements that students aged 55 and over can access if they are eligible. For students with dependants, those grants include the adult dependants' grant, which is worth up to £2,280, the parents' learning allowance, which is worth up to £1,300, and the childcare grant, which is worth up to £8,840. As the grants are targeted at students with dependants, the main beneficiaries are older students.

We have no plans to change our policy on the eligibility for grants of students aged over 55. Therefore, subject to parliamentary approval of the Higher Education Bill, older students will be eligible for the new combined grant of £2,700 from 2006–07.

Sandra Gidley: I thank the Minister for his comprehensive reply, but he will be aware that when the Government signed the European directive on equal treatment in October 2000, they committed themselves to implementing age discrimination legislation by 2006, which will cover higher education, further education and vocational training. He has admitted that students aged over 55 are currently unable to access student loans, and the Bill before Parliament seems to include no plan to change that. In the light of the ageing work force and the need for people to work longer to have a substantial pension fund, does he not agree that such age discrimination needs rapid review?

Alan Johnson: No, I do not accept that. We support the article 13 changes in respect of age discrimination, but we believe that the decision not to give loans to students aged 55 and over was objectively justified. Indeed, a recent request for judicial review was turned down at the appeal court stage, because the court agreed with us that insisting that students aged 55 and over be unable to access loans constitutes a sensible and proper use of taxpayers' money, given that we wipe out any debt at the age of 65. I should add that under previous Governments the age limit was 50, so we have increased it.

We are committed to making it easier for mature students to get to university, but we do not believe that we need to go further in respect of loans to do so. Of course, mature students aged 55 and over are eligible for grants, and there will be specific help for them, in that the current loan for part-time students will be replaced by a grant.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my right hon. Friend share my concern that, whether we are talking about students aged over 55 or under 55, the real task is to encourage people from poorer backgrounds—those in social classes 4 and 5? According to some reports, as a result of the expansion that will include another 10 countries in the European Union—countries whose students will be able to access British universities on the same basis as our own students—middle-class, quite wealthy students from such countries will affect the opportunity to open up access that I know the Government intend to provide. Is he worried about such reports?

Alan Johnson: I do not agree with my hon. Friend on his last point, but I entirely agree with his first point about widening participation, for which we are increasing funding. As to the accession countries, our estimate and that of the Higher Education Funding Council is that there will be an 8 per cent. increase in students from those countries, but that is a tiny proportion of the overall student population. Given that those students cannot access maintenance loans or grants, we believe it unlikely that those estimates will be exceeded. There are huge benefits from getting students from other countries to study in this country, and there is no basis for any fear that those students will interfere with our clear objective to widen participation in higher education.

School Admissions

3. **Mr. David Chaytor** (Bury, North) (Lab): If he will make a statement on the implementation of the pan-London co-ordinated system of admissions to secondary schools. [162117]

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Stephen Twigg): That local education authority-led initiative will simplify the process for many London parents who apply for schools across London and, when implemented, it will rid us of the position whereby some parents receive multiple offers of school places while others receive none at all. All 33 London boroughs and their eight neighbouring authorities have signed up to the basic principles of the pan-London scheme, and I welcome that as a good example of local authority collaboration to make the admissions process easier for parents and children.

Mr. Chaytor: I thank my hon. Friend for that reply, and I commend the Government for their efforts to encourage greater co-ordination between local authorities over admission arrangements, not only in London, but across the country. However, will my hon. Friend explain how the concept of parental choice is compatible with a system under which 1,000 schools remain their own admission authorities and effectively choose which children to admit?

Mr. Twigg: I certainly believe that the system in London will improve the position and that we will be able to learn from what happens and apply it to other authorities around the country. It is essential that the system is fair and understandable to parents and pupils, and we must have effective collaboration between institutions. That is what we are seeking to achieve, and I believe that it will widen choice and ensure that more opportunities are available for children and parents to enter the schools of their choice.

Mr. Tim Yeo (South Suffolk) (Con): Is the Minister aware that the pupil passport, which the Conservative Government will introduce after the next general election, will give every parent greater control over which school their child attends than anything that the pan-London co-ordinated admissions system can achieve? By abolishing the surplus places rule, we will put an end to the system that allows the education authority to order parents to send their children to failing schools against the parents' wishes. The passport cannot be used as part-payment of fees at an independent school, so we will ensure that the all the extra money that the next Conservative Government spend on education will benefit schools that are accessible to every family.

Mr. Twigg: I am interested to hear the latest version of the pupil passport, as the detail seems to change week in, week out. That may be part of the reason why the hon. Gentleman is unable to attract as many Conservative Back Benchers here today as there are colleagues on his Front Bench. I believe that we have made significant progress in giving support to schools, and I do not believe that the pupil passport will add anything positive to that. We want the highest possible standards in all our schools in all our communities throughout the country.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): We are very supportive of the pan-London policy, which is much more realistic than what would be likely to happen if the Conservatives got into power. In yesterday's Budget statement, the Chancellor announced a major extension of the academy programme. Each academy is an independent school within the state sector with its own admission arrangements. Will the Minister distance himself immediately from the suggestions of Lord Levy and Andrew Adonis that the academies should be exempt from normal local education authority admissions policies, particularly with regard to special educational needs students? Will the Minister also confirm that the idea of having for-profit commercial schools by allowing Sunny Varkey into the system would be ruinous for the pan-London admissions policy?

Mr. Twigg: There is absolutely no question of academies falling outside the admissions code of practice. They have to fulfil the requirements of the code, as part of their funding agreement with the Department. The academies are of critical importance to our policy of seeking to ensure that we have the highest quality of education in some of London's poorest neighbourhoods. They are part of the pan-London admissions process, and I believe that they are something for us to celebrate.

Mathematics

4. **Mr. Kelvin Hopkins** (Luton, North) (Lab): What steps his Department is taking to help improve the teaching of mathematics in schools following the publication of the report by Professor Adrian Smith. [162118]

The Secretary of State for Education and Skills (Mr. Charles Clarke): I very much welcome Professor Smith's far-reaching report, "Making Mathematics Count". It is vital that we get mathematics right. I am therefore considering the report's recommendations carefully.

Meanwhile, in schools, the primary and key stage 3 strategies continue to raise standards in maths through supporting continual improvement in teaching and learning practice. Similarly, post-16, we are developing a strategy for supporting mathematics teaching in further education and sixth form colleges. Since teacher training bursaries and golden hellos were introduced in September 2000, recruitment to courses of initial teacher training for teachers of maths in England has risen by 50 per cent.

Mr. Hopkins: I congratulate my right hon. Friend on his work in promoting mathematics, and on the Government's general record in that regard. This is the first Government to take seriously the problems that Britain has with mathematics. The Moser report, which concluded that 50 per cent. of the population do not know what 50 per cent. means, was a wake-up call. My right hon. Friend rightly recommends the Smith report, which deals with post-14 education, but the real problems start in primary, and especially infant, education. Will he look much more closely at teaching methods, and make prescriptive decisions about what methods should be used in primary education to ensure that young children learn mathematics properly, long before they get to 14?

Mr. Clarke: On the point about primaries, I very much agree with my hon. Friend. There has been a general welcome in primary schools for the numeracy strategy and the support that it gives. People have been very positive about it and, indeed, the welcome has been greater than was the case with the literacy strategy. I very much agree with what my hon. Friend says, and a careful reading of Professor Smith's report shows that it is quite a serious critique of the whole process of how mathematics is dealt with in our country. That requires radical solutions, and we will look at matters such as teaching methods, in the way that my hon. Friend suggests.

Mr. Archie Norman (Tunbridge Wells) (Con): Does the Secretary of State accept that the decline in participation in mathematics at A-level in our secondary schools, especially among female students, has serious implications for the future of our engineering, science and technology industries? Does he accept that there is an acute need to look again at the A-level mathematics syllabus, to make it more accessible and appealing to students and thus ensure that participation increases? That is absolutely vital for the future of British industry.

Mr. Clarke: I completely agree with every word of that question. I commend Professor Smith's report to the hon. Gentleman, as it goes into detail on exactly those issues and on the way in which the AS and A2 qualifications have worked. The report makes serious recommendations about the curriculum, and we have begun discussing them already with the Qualifications and Curriculum Authority, to establish how we can take them forward. However, the hon. Gentleman is quite right: significant changes are needed in the post-14 curriculum, and we also need the support in primaries and key stage 3 to which my hon. Friend the Member for Luton, North (Mr. Hopkins) referred.

Dr. Ashok Kumar (Middlesbrough, South and Cleveland, East) (Lab): I, too, congratulate the Government on their promotion of mathematics teaching. However, if we are to be successful, should we not encourage the learned societies—such as the Institute of Mathematics, the Royal Academy of Engineering and the Royal Society—to get involved and promote maths teaching much more vigorously than they have done so far?

Mr. Clarke: My hon. Friend is completely right. We have discussed with the societies that he mentions how they can engage themselves more. One recommendation in Professor Smith's report is that we should create a structure that will allow us to engage all those organisations much more directly and explicitly in the teaching of mathematics in our education system. In that regard, there have been some competing interests, if I may put it like that, between different organisations. I am therefore glad to say that everyone is prepared to come together in the interests of achieving a co-ordinated and effective approach. That will make a difference, as my hon. Friend suggests.

Sue Doughty (Guildford) (LD): The Secretary of State will be aware of some of the funding problems faced by Guildford schools over the past couple of years. Head teachers whom I met last night were very pleased to hear that they were going to get additional funding to help with recruitment and retention of mathematics teachers. Will the right hon. Gentleman confirm that the increase in funding per pupil will be for each and every pupil, and not averaged out and given to areas of particular need? That will help our head teachers and governors to continue their very good work.

Mr. Clarke: I appreciate the hon. Lady's support for my right hon. Friend's Budget yesterday and the important announcements that we will debate later today. I confirm that the increases will go right across the country, although the distribution system reflects need in all ways, as indeed it should.

Mrs. Anne Campbell (Cambridge) (Lab): Does my right hon. Friend agree that it is important to get quality teaching into schools and that we need some means of giving incentives to mathematics graduates who have taken highly paid jobs in industry or the City to go into teaching, even for a relatively short period?

Mr. Clarke: I very much agree. That point was made to me forcefully in my hon. Friend's constituency a couple of months ago at the Isaac Newton centre, an outstanding centre of mathematics education and

research, which has developed good support for maths teaching in schools. We do need incentives of that type. That is one of the points that Professor Smith makes, and we are considering it. We also need systems, which we have in fact established, of recruiting people from industry directly into teaching. There have been some positive schemes already which have exactly the effect that my hon. Friend described.

Mr. Mark Hoban (Fareham) (Con): Professor Smith said in his report that the current maths curriculum did not stretch the top 10 per cent. of pupils while the bottom 30 per cent. were predestined to fail. He also referred to

"considerable concerns regarding mathematics provision and the delivery of mathematics teaching within and relating to the Government's Key Skills agenda."

When will we have a curriculum and teaching that meet the needs of all our young people?

Mr. Clarke: That is precisely the process that we are going towards. As I said in answer to my hon. Friend the Member for Luton, North, I commend Professor Smith's report because it is a serious critique of what is happening, not least on the point that the hon. Gentleman has just made about not meeting the needs of pupils at the top and the bottom. That is why we have set up a process of curriculum change, including the Tomlinson proposals for the whole 14 to 19 curriculum, which will address precisely the point that the hon. Gentleman raises. He might be courteous enough to acknowledge that the Government are taking the issue far more seriously than our predecessors did and really trying to get it right.

Funding

6. **Mr. Eric Illsley** (Barnsley, Central) (Lab): What proposals he has to improve the means of allocation of funding to metropolitan local education authorities. [162120]

The Minister for School Standards (Mr. David Miliband): Local government funding was last reviewed in 2003–04 to deliver a fairer funding system. We will consider what changes might need to be made to the system for 2006–07.

Mr. Illsley: As my hon. Friend is aware, there are some historic discrepancies between the funding of metropolitan authorities and other authorities. For example, there is a difference of something like £100 per pupil between metropolitan authorities and London, given equivalent or even greater need. Given that the Department now controls about 55 per cent. of a local authority's formula standard share, will he look again at the position of metropolitan authorities to achieve a fairer distribution of resources based on need?

Mr. Miliband: My hon. Friend has done a tremendous job in campaigning for extra resources for constituencies such as his. I know that he welcomes the fact that an extra £940 per pupil per year is being spent on students in Barnsley—a higher rise than the national average. We believe that we have a fair system. We do not propose to make changes this year or next because we need the new system to bed down. We will look at it again in 2006–07.

Mr. Graham Brady (Altrincham and Sale, West) (Con): In response to last year's funding crisis in schools, the Minister urged schools to spend their capital funding and their reserves. Schools across my constituency, especially primary schools, now face making redundancies in September. Woodheys primary school has said that it will have to make all its classroom support staff redundant in September. What does the Minister intend to do this year to prevent those redundancies from being necessary?

Mr. Miliband: I am surprised that the hon. Gentleman has not mentioned the £820 per pupil per year increase in funding for education in his constituency. I will certainly look at the individual case of Woodheys—whether it has the same number or fewer pupils than last year—but the hon. Gentleman should know that the increase of at least 5 per cent. in every LEA's budget and of at least 4 per cent. per pupil in every school's budget gives a guarantee that has never existed before for every school in the country.

Angela Watkinson (Upminster) (Con): The Minister will share my concern about the number of schools that have been forced to cut classroom teaching assistants this year because of budgetary pressures. That is of particular concern in special schools such as Dycorts in my constituency, where maintaining the adult-pupil ratio is essential to enable special needs pupils to flourish. How will he ensure that the additional funding promised yesterday will reach classrooms?

Mr. Miliband: The hon. Lady raises an important point about special schools. She will know that the special needs plan set out recently by my right hon. Friend the Secretary of State speaks directly to some of the teaching needs in special schools. In relation to funding itself, the funding guarantee per pupil for next year and the year after gives a guarantee that has never existed before in this country. The contribution of special schools to education in the nation is vital; we see them as resources for the whole school system, not as separate from it, and the funding guarantee applies as much to them as to any other school.

Mr. Bob Blizzard (Waveney) (Lab): Is not the allocation of capital funding also important? May I take this opportunity to welcome the £5 million that my hon. Friend has just awarded to three schools in my constituency—Kirkley middle school, Meadow primary and Fen Park primary? That will make an enormous difference to those schools, which are in a deprived area of Lowestoft, and it compares well with what happened during the 19 years that I spent in the classroom under the previous Government, when I saw children educated in ill-equipped, rotting portakabins because there was not the political will to do something about it.

Mr. Miliband: It is always a pleasure to give out capital money when one receives such thanks as that. It is striking that in 1996–97, in the nation as a whole, capital spending on schools was £700 million, less than

£30,000 for each school. That figure is now more than £4 billion and will rise to £5 billion in 2005–06. Many more schools can look forward to that sort of investment, as long as this Government continue to put it in.

Grammar Schools

7. **Sir Teddy Taylor** (Rochford and Southend, East) (Con): What percentage of secondary school children in England attend grammar schools; and what the percentage was (a) 10 and (b) 20 years ago. [162121]

The Secretary of State for Education and Skills (Mr. Charles Clarke): Currently, 4.6 per cent.—150,750—of secondary school children in England attend grammar schools. In 1993, the figure was 3.8 per cent.—111,846; and in 1983, it was 3.1 per cent.—117,147. However, before the School Standards and Framework Act 1998, there was no legal definition of a grammar school. Section 104 of the Act defines a grammar school as one that selects all, or substantially all, of its pupils by reference to academic ability.

Sir Teddy Taylor: Is the Secretary of State aware that the very positive and helpful attitude to grammar schools now being taken by the Government is greatly appreciated, especially in Southend-on-Sea where we have four such schools? Following that positive move, will the right hon. Gentleman consider establishing grammar schools in some of our major cities, where despite all the efforts of the Government and local councils there is a system of virtual class segregation and children of ability from poor homes do not have a chance to break through? Will he follow up the good policy by extending it to major cities?

Mr. Clarke: The short answer is no. The city academy programme, which was referred to earlier, is precisely the kind of investment of high-quality schools in the poorest communities in the country that is needed to allow every child to fulfil their own aspirations, and it is not just for some children who have been sieved off in a particular way.

As an aside, I may say that the kind of portakabin passport that the Opposition Front-Bench policy is all about will do nothing to assist standards in areas such as that represented by the hon. Gentleman.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): Grammar schools in Buckinghamshire receive generous funding by contrast with the underfunding of certain other secondary schools in the county, especially those with a high proportion of ethnic minority pupils, which has been highlighted by the "missingbucks" campaign. Will my right hon. Friend ensure that the current Ofsted inspection of the Buckinghamshire local education authority is aware of the information highlighted by the campaign and considers both the poor level of attainment by ethnic minorities in those schools and what the LEA should be doing to improve standards in them?

Mr. Clarke: I agree with my hon. Friend and commend her work on the "missingbucks" campaign. She has previously raised the different types of funding for different schools in Buckinghamshire in the House, and we need to put the matter right in the way that she suggests. The pupil funding guarantees in the settlements for this year and next year to which my hon. Friend the Minister for School Standards referred a moment ago will go some way to protecting every school, but my hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey) is right to focus on getting Buckinghamshire county council to allocate proper resources to schools that face the greatest challenges.

School Meals

8. **Helen Jones** (Warrington, North) (Lab): What steps he is taking to improve the quality of school meals. [162122]

The Minister for Children (Margaret Hodge): In April 2001, the Government introduced nutritional standards for school lunches, the first for 20 years. The standards are based on the appropriate foods and not on the appropriate nutrients that are necessary to make up a balanced diet. They prescribe the types of food that should be available from the four main food groups and the frequency with which they should be served.

Helen Jones: Is my right hon. Friend aware that the food group approach is leading to food being served in our schools as, for example, meat or fish, when it contains little of those items and is highly processed? Will she revisit the matter and examine the recommendations in the Education and Skills Committee's report on school meals, which strongly recommends the nutrient-based approach rather than the food group approach?

Margaret Hodge: I know that my hon. Friend has a great interest in the issue, which, together with the Department of Health, we keep under constant review, and we are working with the Food Standards Agency and Ofsted to review adherence to standards. In my experience, basing school lunches on foods rather than nutrients gives greater choice to children and young people, which increases take-up of school meals and results in less food being wasted and thrown away.

Apprenticeships

9. **Bob Spink** (Castle Point) (Con): Which employers' organisations he has met with regard to the modern apprenticeship programme. [162123]

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Ivan Lewis): The employer-led modern apprenticeship taskforce chaired by Sir Roy Gardner is advising Ministers on the development of modern apprenticeships. My right hon. Friend the Secretary of State recently met the Engineering Employers Federation, and Ministers regularly meet the CBI, the Small Business Council and representatives from the network of sector skills councils.

Bob Spink: Those hon. Members who, like me, did an apprenticeship will know how valuable apprenticeships are not only to the individual but to society as a whole. However, this country lags behind its competitors: only

28 per cent. of Britons are qualified to apprentice craft or technical levels, whereas in France the figure is 51 per cent. and in Germany 65 per cent. I make no party political point—the matter is too important. What innovative measures can we take to draw the attention of the public and teachers to the need for more people to take up modern apprenticeships and to promote those apprenticeships? These days, it costs more to call out a plumber at the weekend than a brain surgeon.

Mr. Lewis: I will not comment on the respective requirements for brain surgeons on each side of the House. There should be maximum consensus on this policy, and I am delighted to tell the House that a record 255,000 young people are undertaking modern apprenticeships and that 36,000 employers offer apprenticeships. In the next few weeks, we intend to announce a significant marketing and advertising campaign aimed at attracting more employers who are willing to offer apprenticeships. Many young people see apprenticeship as a high-status, high-quality route into the labour market, but as a country, we need far more employers to offer apprenticeships. The hon. Member for Tunbridge Wells (Mr. Norman) will be delighted to hear that Asda has joined the apprenticeship scheme this year and is offering 1,000 apprenticeships. That kind of lead by large, better-known companies is important. I ask all hon. Members to communicate with employers in their respective constituencies and ask them to offer apprenticeships to our young people.

Lawrie Quinn (Scarborough and Whitby) (Lab): My hon. Friend will note the shortage of skills, particularly in the construction industry. Will he take every opportunity to tell the Learning and Skills Council that we need more construction skills courses in our colleges around the country? Local businesses in my area find it difficult to send apprentices long distances in order for them to attend the necessary courses.

Mr. Lewis: I agree entirely with my hon. Friend. If we are to meet the challenging targets that the Government have rightly set for the housebuilding programme, for example, we will need skilled people to deliver high-quality craftsmanship. We want the sector skills councils, the employer-led organisations, to determine the nature of the apprenticeship need and the colleges and learning and skills councils to ensure that courses are available. We want an education and training system that is far more responsive to the needs of the economy than it has been in the past. The work that is being done in construction is an innovative example of how we can make such progress.

Sir Nicholas Winterton (Macclesfield) (Con): I am very pleased to see such strong cross-party support for apprenticeships. I hope that the figures that the Minister has announced today will be dramatically increased, because they are still inadequate. Does he agree that the manufacturing and construction industries desperately need apprentices—people with qualifications—and will he seek to attract more people into apprenticeships? Will he also have a word with the Chancellor of the Exchequer about encouraging industry further to employ apprentices and to ensure that when they are qualified they have proper status? In many other countries, engineers are highly respected. Can we achieve the same respect for engineers in this country?

Mr. Lewis: I agree entirely with the hon. Gentleman. One of the challenges identified by the Tomlinson review is to ensure that we have a high-quality, high- status vocational route available to young people and that once they have received that qualification it is valued every bit as much as a degree. Many advanced modern apprentices should be able to go on to do a foundation degree, because that will meet the needs of their sectors. The policies of the Conservatives on higher education would deny those young people in apprenticeships the opportunity to move on to higher education. It is when the route does not lead to higher education that it is perceived as being of lower status.

Non-English Speaking Schoolchildren

10. **Dr. Brian Iddon** (Bolton, South-East) (Lab): If he will make a statement on the funding available for the education of non-English speaking children in state schools. [162124]

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Stephen Twigg): The formula for allocating funding for schools to local authorities will distribute £435 million in 2004–05, according to the numbers of pupils who have English as an additional language and minority ethnic pupils in state schools. Additional ring-fenced support is available via the ethnic minority achievement grant, which will increase from £155 million in the present year to £162 million in 2004–05.

Dr. Iddon: I am grateful for that answer. Mainly as a result of the National Asylum Support Service dispersal scheme, there are 226 children from 54 nations placed in Bolton's schools today. Many of them are concentrated in just a few schools in my constituency. Does my hon. Friend think that the money that he has just announced will allow teachers in those schools to meet the considerable challenges that they face day in, day out? Is it fair that non-English speaking children should be included in the rigours of SATs, with the inevitable result that those schools appear unfairly low in the league tables?

Mr. Twigg: I am grateful to my hon. Friend for raising an important set of issues. We made some changes to the SATs a couple of years ago to take account of children who had arrived in the country recently, which made the accountability framework much fairer. I recognise that for some of the most challenged schools funds will be limited, which is why the Department is also looking at the issue of mobility for the future. Mobility is a complex issue that does not apply only in cases of asylum seeking and ethnic minority children. There are particular problems for schools facing those challenges, and we are addressing the issue for the future.

School Funding (Norfolk)

11. **Norman Lamb** (North Norfolk) (LD): If he will make a statement on the funding of schools in Norfolk. [162125]

The Minister for Children (Margaret Hodge): Our proposals to restore stability and certainty to school funding include an increase in all authorities' school formula spending share of at least 5 per cent. per pupil next year: that is what Norfolk will receive. Norfolk will also receive £5.3 million of transitional grant, which will be used to help schools in particular financial difficulties balance their budgets by 2006–07.

Norman Lamb: I thank the Minister for that answer, but I draw her attention to the results of a survey of local head teachers that I have just conducted, which shows that as a result of the budget settlements 38 per cent. believe that they will have to cut the number of teachers or teaching hours and 45 per cent. are looking to cut the number of learning support assistants. Given the extra money that is going in, why are those rural schools experiencing such damaging cuts? What message will she send to schools in that very difficult position?

Margaret Hodge: I saw a report of the survey in the hon. Gentleman's local newspaper. I hope that he is as content as I am that the local education authority is working very closely with schools to ensure that budgets for next year and the year after are stabilised and that there is no damage to pupils' educational achievement. The statement made yesterday by the Chancellor gives the best hope possible for Norfolk children, and I hope that the hon. Gentleman will applaud it in the same way as I do.

Mr. Anthony D. Wright (Great Yarmouth) (Lab): May I also enter a word of caution for the Government about Norfolk's funding this year? Some of my schools have said that they may face shortfalls in their budgets. I congratulate the Government on the millions of pounds that they have invested in my local schools in Great Yarmouth, but will the Minister meet the head teachers, who have genuine concerns and want to do their best for pupils in my constituency?

Margaret Hodge: I am grateful to my hon. Friend for the interest that he shows in the schools in his constituency and for his recognition of the real-terms increase in funding for pupils in Norfolk since this party has been in government. That increase has been £780 per pupil, and capital funding this year is more than £100 million, compared with less than £10 million in 1998–99. That is a record of which we are proud. I or one of my colleagues will, of course, be happy to meet head teachers in his constituency if that will be of benefit to him.

Higher Education

12. **Ross Cranston** (Dudley, North) (Lab): What the change in funding allocated to higher education next year is; and if he will make a statement. [162126]

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson): As set out in the grant letter to the Higher Education Funding Council for England issued on 8 January 2004, institutional funding will increase by £500 million in England in 2004–05 compared with 2003–04. HEFCE announced on 2 March what this increase will mean for each institution in the 2004–05 academic year. Overall, HEFCE's grants will increase by 9.3 per cent. compared with 2003–04. Within this, there is a 5.6 per cent. increase in funding for teaching, a 3.9 per cent. rise in funding for research and a 60 per cent. rise in capital.

Ross Cranston: I thank my right hon. Friend for that very pleasing answer. He knows that it goes without saying that all Labour Members support efforts to make sure that more people from non-traditional backgrounds get into universities. Will he comment on that aspect of the funding that provides a premium or incentive to universities so that those from non-traditional backgrounds can be encouraged to get into university? What sort of incentive is provided by universities under the funding for next year?

Alan Johnson: I can give my hon. and learned Friend the assurance that he seeks. The widening participation premium will increase by 2.5 per cent. next year, which means that £273 million will be available to universities. Everybody recognises that not only the recruitment but the retention of non-traditional students is important. Although we have one of the lowest university drop-out rates in the world, an examination of social class shows that non-traditional students find it more difficult and are more likely to drop out. The funding premium is available in recognition of the fact that it costs more to teach non-traditional students. We will certainly increase the amount of funding available and move towards our objective of ending the obscene social class gap in higher education.

Chris Grayling (Epsom and Ewell) (Con): The Minister will be aware that his own departmental figures show that, by the end of this Parliament, Government funding per student will still be substantially lower than it was under the last Conservative Government. Yesterday, the Chancellor made comments about student grant funding, but they apply only up to 2008, before top-up fees fully come into effect. Will the Minister therefore give a clear and unequivocal commitment that he will maintain Government grant per student after 2008 as well as before?

Alan Johnson: I find it rather ironic that the hon. Gentleman accuses us of underfunding higher education—

Chris Grayling: Answer the question.

Alan Johnson: I will answer the question in a second. It is a fact that funding per student fell by 37 per cent. in the 10 years up to 1997, and, as the Dearing inquiry showed, that planned funding over the next two years of the previous Government—thankfully that was the first two years of this Government in 1997 and 1998—was due to reduce by a further 6.5 per cent. a year over both years. It is important to understand that the Conservative party is the party of underfunding higher education and that the Labour party is the party of ensuring that our higher education sector is properly funded and able to maintain its world-class status.

Mr. John Grogan (Selby) (Lab): If in due course the House of Commons decides, in its wisdom, that a better way of complementing the welcome increase in

Government funding for higher education is to retain fixed fees rather than imposing variable top-up fees, will the Government accept that with good grace?

Alan Johnson: We on these Benches accept everything with good grace. It is extremely unlikely that anyone will accept an argument saying that rather than allowing universities to charge up to £3,000—we say that universities may charge £3,000, but that they are free to charge less—we should absolutely insist that every student on every course at every university must pay £3,000, and that universities must have no flexibility to charge less. I would find it amazing if the House or any other group decided that that was the way forward. I know that my hon. Friend has serious concerns about the matter, which is why we said that, three years after the introduction of variable fees, an independent commission will report directly to the House to show their effects. We believe that my hon. Friend's genuine fears will not materialise, but a report by an independent commission is the best way to examine the issue.

13. **Mr. Roger Williams** (Brecon and Radnorshire) (LD): If he will make a statement on access to higher education for over-55s. [162127]

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson): I refer the hon. Gentleman to the answer that I gave to Question 2.

Mr. Williams: The Minister will be pleased to know that Liberal Democrats will support the aspects of the Higher Education Bill that will devolve responsibility for student funding to the National Assembly for Wales. Does he agree that that will give the Assembly an opportunity to devise a scheme for people over 55 who wish to access higher education and attain the skills necessary for the longer working life that the Government keep advocating?

Alan Johnson: I am very happy that the Liberal Democrats support the aspect of the Higher Education Bill that will devolve student support to Wales. I just find it incredible that Plaid Cymru, the party that is all about devolution, opposes that aspect—it is a confusing world we live in.

Mr. Huw Edwards (Monmouth) (Lab): Does my right hon. Friend agree that the one institution that encourages access to higher education perhaps more than any other is the Open university? However, in recent discussions on the Higher Education Bill, the Open university has expressed genuine concerns that such part-time students might be disadvantaged. What reassurance can my right hon. Friend give the House that the Open university will be secure and able to continue its excellent work?

Alan Johnson: I am happy to repeat the assurance that my right hon. Friend the Secretary of State gave on 8 January: we are aware of the problems that part-time students face. The Open university, with 200,000 students, is the biggest university in this country and probably one of the biggest in the world. We have committed ourselves under the package to introduce for the first time grants and fee remission for part-time students, who have always been subject to unlimited variable fees paid up front. We would like to go a stage further, which is why we are including the Open university for the first time in the student income and expenditure survey this year so that we can be more aware of the financial difficulties that its students experience and look to give more support to part-time students. The final point is that the Higher Education Funding Council is working with the Open university, Birkbeck and others to ensure that its funding mechanism actually reflects the difficulties of part-time students, which should lead to an important increase in the funding that they receive from HEFC.

Private Sector (State Education)

14. **Mr. Henry Bellingham** (North-West Norfolk) (Con): What plans he has for involving the private sector in state education in schools. [162128]

The Minister for School Standards (Mr. David Miliband): We encourage business to establish strong partnerships with schools, whether as sponsors, governors or mentors, or for the purposes of work experience, and that is done on a philanthropic basis.

Mr. Bellingham: I am very pleased to hear that from the Minister, and I am pleased that he had the chance to answer the question, but is it true that the noble Lord Levy was involved in a secret meeting at his Department on 21 January 2004 to discuss private companies taking over secondary schools and running them for profit?

Mr. Miliband: It does not sound like a very secret meeting, but Lord Levy certainly did not attend a meeting at the Department for Education and Skills on 21 January, and there is absolutely no possibility of the Government introducing the principle that schools should be run for profit by private companies. I am happy to make that clear to the House.

SOLICITOR-GENERAL

The Solicitor-General was asked—

Pre-Trial Reviews

18. **Miss Anne McIntosh** (Vale of York) (Con): What assessment she has made of the effectiveness of pre-trial reviews in magistrates courts. [162135]

The Solicitor-General (Ms Harriet Harman): Pre-trial reviews are routinely used in some magistrates courts to manage the progress of trials and are a key part of the new effective trial management programme, which focuses on improving the management of cases in the criminal courts.

Miss McIntosh: If the Solicitor-General agrees that the pre-trial reviews have a useful role to play, would it not be better if they were less haphazard and the Government encouraged a more uniform approach to all those involved?

The Solicitor-General: Yes. Obviously, we do not want such reviews to be haphazard; we want them to be

used where appropriate. In many cases it will be good for the prosecution, the defence and the courts to get together to consider whether the right witnesses have been warned and are available, to see whether disclosure has occurred and, if everything is in order, whether the court has enough time to hear the case. Such reviews will not be necessary in all cases. The point is to ensure that they occur where necessary, but otherwise not.

Mr. Humfrey Malins (Woking) (Con): The Solicitor-General will be aware that every day throughout the country thousands of pounds of taxpayers' money is wasted in magistrates courts because trials that are fixed do not take place and have to be adjourned, quite often because the Crown Prosecution Service failed to warn witnesses, to deal with disclosure or to review its files. Would it not be sensible for the Government to introduce a system of pre-trial reviews across the board in magistrates courts, rather along the lines of the Crown court system, because by doing so the prospect of all these adjourned trials recedes, and that would go some way towards solving an expensive and serious problem?

The Solicitor-General: I agree with the hon. Gentleman's analysis of the problem. It is certainly awful if witnesses or victims turn up expecting a trial and it cannot go ahead. It is not just a question of the waste of public money; it is not the way to run the justice system. The responsibility lies with the CPS, the police and the courts, working together, to ensure that that does not happen. I am confident—this is borne out by the CPS inspectorate reports—that with more money, which has been provided, better leadership and more partnership working, the CPS is improving.

Terrorism

20. **Mr. David Heath** (Somerton and Frome) (LD): If she will make a statement on the role of the Crown Prosecution Service in cases involving terrorist activity. [162138]

The Solicitor-General: The role of the CPS in terrorist cases is to advise the police on charges, to decide whether to prosecute, to keep the case under review and to prosecute the case when it comes to court.

Mr. Heath: If we are to see novel methods of trial, does the Solicitor-General agree that that involves new risks of miscarriage of justice and new needs for safeguards? If members of the CPS were to be embedded in investigative teams and perhaps have some role in directing investigations, would it not inevitably colour their judgment of the value of the evidence provided, and in such circumstances would evidence always be submitted to the Director of Public Prosecutions before a prosecution was mounted?

The Solicitor-General: The hon. Gentleman raises several important points. I can assure him that two safeguards are in place as regards any change to trial systems. Such proposals would, first, have to come before this House for its approval following debate and discussion; and, secondly, they would have to be compliant with our international obligations under the European convention on human rights as enshrined in the Human Rights Act 1998.

As for whether closer work between the Crown Prosecution Service and the police could contaminate the independence of the CPS, the answer is emphatically no. It is a good idea for the police to have early advice on the nature of the charge and what evidence would be admissible. That does not impede the independence of the Crown Prosecution Service, but it will ensure that the police are able effectively to progress the investigation and that the trial works properly.

Court of Appeal

21. **Dr. Brian Iddon** (Bolton, South-East) (Lab): What mechanisms are in place to inform interested parties that a case is to be heard in the Court of Appeal. [162139]

The Solicitor-General: Several mechanisms are in place to inform interested parties that a case is to be heard. The Court of Appeal sends a written notification of the hearing date to the applicant, the appellant, the prison governor, the prosecuting authority, counsel, solicitors, any witnesses and the police. The court will inform the police or the prosecuting authority by fax within 24 hours of a date being fixed in all cases involving a death or a sexual offence and in cases in which the police have informed the Criminal Appeal Office that the victim or family wishes to be informed of the hearing date.

Dr. Iddon: In three cases of death by dangerous driving that I have dealt with, relatives of the sons or daughters who died found out from the local newspaper that the sentence of the convicted person had been reduced on appeal without their having been able to make representations to the Court of Appeal. Does the Solicitor-General agree that far too many victims or their relatives do not hear that cases are going to the Court of Appeal in London, and that the present linkages are far too complicated and need reviewing?

The Solicitor-General: On the basis of my hon. Friend's comments, I will of course review them. It is unacceptable for somebody who has lost a relative in the course of a criminal offence to discover what happened on appeal in the newspapers. I will look into the matter and raise it with the victims advisory panel, which is chaired by Baroness Scotland, and through which we liaise directly with victims' groups. I would hope that the Court of Appeal would get the information that it requires about the effect on the victim from the victim impact statement, but that does not detract from the fact that the victim's relatives should be present in court to hear about what has affected them so profoundly.

Antisocial Behaviour

23. **Bob Spink** (Castle Point) (Con): What is the policy of the Crown Prosecution Service on the prosecution of antisocial behaviour. [162141]

The Solicitor-General: The Crown Prosecution Service is committed to playing its part in reducing antisocial behaviour by taking action in the courts. It

works with other agencies to ensure that the law can be used to reduce antisocial behaviour, and recently appointed 12 antisocial behaviour prosecutors in the areas where such behaviour is most prevalent and of major concern to the community.

Bob Spink: I thank the right hon. and learned Lady for that answer. I praise the Crown Prosecution Service for its excellent work, which is often misperceived by the public. Nevertheless, public pressure is building as regards antisocial behaviour. In my constituency, there is a serious threat of vigilante action. Does she agree that we need tough, exemplary prosecutions against antisocial behaviour to enable us to take back control of our streets from these thugs?

The Solicitor-General: It is important that people have confidence that the police will act, that prosecutions will go ahead, and that the courts will act in such a way as to deter antisocial behaviour. The active involvement of the criminal justice system in this area is a relatively new development, and we certainly need to make it clearer to people that progress is being made. Too often, they think that the criminal justice system will not get involved and that they just have to put up with it, but that is no longer the case.

Mrs. Anne Campbell (Cambridge) (Lab): Does my right hon. and learned Friend agree that recent antisocial behaviour measures such as antisocial behaviour orders and demoted tenancies, which act as a threat to the person who has committed the offences, are far more effective than some of the older legislation whereby prosecutions were necessary before any action could be taken?

The Solicitor-General: The legislation that the House has recently passed, which has been put into effect by the police and the Crown Prosecution Service, is important in warning people—mostly young people—and deterring them from some of the activities in which they get involved. However, I am sure that my hon. Friend will agree that we must also focus on the causes of antisocial behaviour, rather than simply seeking to stop it after it has happened. That involves such issues as drunkenness, lack of facilities for young people, street lighting and regenerating estates. I try to avoid sloganising in Solicitor-General's questions, but this issue really is about being tough on crime and tough on the causes of crime.

Business of the House

12.30 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): Will the Leader of the House please give us the business for next week?

The Leader of the House of Commons (Mr. Peter Hain): The business for next week will be as follows:

MONDAY 22 MARCH—Continuation of the Budget.

TUESDAY 23 MARCH—Conclusion of the Budget.

WEDNESDAY 24 MARCH—Opposition half-day [7th allotted day] (part one). There will be a debate on an Opposition motion, subject to be announced, followed by, if necessary, consideration of Lords amendments.

A debate on the Equitable Life inquiry on a motion for the Adjournment of the House.

THURSDAY 25 MARCH—If necessary, consideration of Lords amendments, followed by programme motion relating to the Employment Relations Bill, followed by a debate on defence policy on a motion for the Adjournment of the House.

FRIDAY 26 MARCH—Private Members Bills.

The provisional business for the following week will be:

MONDAY 29 MARCH—Remaining stages of the Employment Relations Bill, followed by, if necessary, consideration of Lords amendments.

TUESDAY 30 MARCH—Opposition Day [8th allotted day]. There will be a debate on an Opposition motion, subject to be announced, followed by, if necessary, consideration of Lords amendments.

WEDNESDAY 31 MARCH—Remaining stages of the Higher Education Bill.

THURSDAY 1 APRIL—Motion on the Easter recess Adjournment.

I should also like to inform the House that the business in Westminster Hall for April will be:

THURSDAY 1 APRIL—Debate on the report from the Environment, Food and Rural Affairs Committee on by-catch of dolphins and porpoises.

THURSDAY 22 APRIL—Debate on the report from the Treasury Committee on transparency of credit card charges.

THURSDAY 29 APRIL—Debate on the report from the International Development Committee on development assistance and the occupied Palestine Territories.

It might be helpful if I update the House on the incident in Parliament square this morning. Shortly before 9 am, a van carrying chemicals was involved in a traffic accident. The police and the fire brigade were alerted immediately, and the square was cordoned off because the van contained two chemicals that, if mixed, might have produced harmful gas. The fire brigade took action with regard to chemical control and decontamination procedures. The closure resulted in severe traffic disruption, and both Westminster and Lambeth bridges were closed. Black Rod's Garden remained open to Members' vehicles. I should like to thank the emergency services and the Serjeant at Arms for dealing with the situation so quickly.

Mr. Heald: I thank the Leader of the House for the business, and for that short statement on the traffic incident. I think that we are all relieved that there is no gas outside this place, although it is often said that there is quite a lot inside.

May I ask the Leader of the House about his remarks that the Labour party might need to embrace proportional representation to save its marginal seats? [HON. MEMBERS: "Ah!"] Indeed. We know that the right hon. Gentleman used to be a Liberal. What plans are there for the Cabinet Joint Consultative Committee with the Liberal Democrats to meet to discuss his proposal? Many people are saying that he is perhaps returning to his roots.

Has the Leader of the House noticed that we are not having any discussion on housing in the Budget debate? Given that that was prominent in the Chancellor's statement, perhaps the Leader of the House will tell us whether we can expect a statement on the Barker report, or at least whether we can have an opportunity to debate the Chancellor's proposals on that matter.

Has the Leader of the House seen the scathing report of the Select Committee on Foreign Affairs, published today, in which it joins calls that I have made for much greater Government co-operation in providing witnesses and intelligence material to Select Committees? That is referred to in early-day motion 760.

[That this House expresses its concern that select committees are not able to obtain from the Government the documents and witnesses necessary in order to fulfil their role of scrutinizing the Executive; notes the comments of the honourable Member for Thurrock in the debate on the Hutton Report when he said that Lord Hutton had been able to cross-examine John Scarlet in public, but the Foreign Affairs Committee was refused access to him, and that they had been refused the drafts of the September dossier but Lord Hutton published them on the worldwide web; and calls on the Leader of the House to institute a major review into the way in which Government and ministers treat select committees and the provisions of the Osmotherly Rules and the Ministerial Code.]

The Committee describes the current practice as unenforceable, and is calling for enforcement procedures for when a Minister refuses to appear before a Committee or to supply a witness or documents. Does the Leader of the House agree that the Government have treated the Foreign Affairs Committee with lofty disdain, and that their attitude has been a disgrace? Will he announce the urgent review that is needed, in a statement today or next week?

Finally, the Leader of the House will be aware that the Home Secretary has described the returned Guantanamo detainees as posing no threat to the United Kingdom. However, reports released today by the US embassy show that one of them was trained in the use of weapons by al-Qaeda and fought the coalition in Tora Bora, and that two others were trained in the use of weapons in Afghanistan and were in that country armed and under Taliban orders. Apparently, another describes the US and the UK as his enemies and has travelled under al-Qaeda auspices. In those circumstances, are we not entitled to know why the Government say that these trained terrorists are not a threat? The Leader of the House will know that my right hon. Friend the Member for Haltemprice and Howden

[Mr. Heald]

(David Davis) has asked the Home Secretary to come here and make an emergency statement about this vital issue. Where is he?

Mr. Hain: First, may I say that I am disappointed that neither the hon. Gentleman nor the usual channels have been able to give us the topic for the Opposition day motion next week?

Mr. Eric Forth (Bromley and Chislehurst) (Con): Oh dear!

Mr. Hain: Well, the reason is that if the topic is known, it enables Members to plan their week and their work programme. They are able to decide what to intervene on or whether to seek to catch the Speaker's eye the day before. If they do not know what the subject is, they cannot make those choices. I understand that urgent business might sometimes require a change of subject, but I would be grateful if the hon. Member for North-East Hertfordshire (Mr. Heald) could discuss with his colleagues the common courtesy to the House of telling us what the subject will be, at least on a provisional basis.

On the Guantanamo returnees, the Government are absolutely alert to the risk that we face from international terrorism—we saw in Madrid last week the terrible impact that it can have. So, in dealing with those returnees, the police have been very anxious to assess the risk. They have done that, and they are dealing with the matter fully aware of all the dangers that the country faces from international terrorism and in the knowledge that they are able to utilise in full the powers of the anti-terrorism legislation. Those individuals have been dealt with in accordance with those facts.

On the question of proportional representation, I am going to disappoint the hon. Gentleman by saying that I have never been a supporter of it. I have, however, been a long-time supporter of the alternative vote, which is opposed root and branch by the Liberal Democrats and many others. I believe that, whatever reforms we make to the electoral system governing the election to the House of Commons, the single Member seat is the cornerstone of our parliamentary democracy. The issue is whether we should have the system that we have now, which is first past the post, or whether we should have a system in which we vote 1, 2, 3. I have always favoured the latter, but that is my view. We are having a big conversation about this and other issues—*[Interruption.]* It is important for people to express their views if they have strong feelings about retaining the first-past-the-post system. Others have feelings about opting for a fully proportional representation system. I do not agree with the PR system, because it would break the link between the individual Member elected to the House of Commons and the constituency, which could reject him or her if it did not like what that Member was doing. All PR systems destroy that link.

On housing, and the Barker report, we are very concerned about the difficulties that people—particularly first-time buyers—are having, which is part of the problem that ought to be addressed by the Barker report. That report was published in association with the Budget and can therefore be discussed at any time during the Budget debates. I hope that it will be, and the hon. Gentleman can arrange for his colleagues to put questions to the Deputy Prime Minister and other Ministers on housing matters if he wishes to do so. I would also say to him that we would welcome his tabling a motion on housing, because we would then see the clear dividing line between the Government, who intend to invest more in housing, and the Conservative Opposition, who are going to cut housing provision through cuts in the local government budget amounting to £2.5 billion. That savage cut would also, incidentally, result in council tax rises.

Finally, I do not accept for one moment that we have treated the Foreign Affairs Committee with, in the hon. Gentleman's words, "lofty disdain". On the contrary, the Government have co-operated in detail with the Committee, and we will be considering its report and obviously responding in detail to the representations that it has very properly made.

The Prime Minister also made it clear during his recent evidence session with the Liaison Committee that the Government would review the Osmotherly rules, which are at the heart of the matter. We intend to remain supportive of that commitment.

Mr. Paul Tyler (North Cornwall) (LD): May I refer the Leader of the House to the announcement he has made today that we are to have only one day for all the remaining stages of the Higher Education Bill? It is clear to Members on both sides of the House that this legislation is still extremely controversial, not least, of course, because of the lack of representation in Committee from a number of his colleagues who have concerns about important aspects of the Bill.

Will the Leader of the House look again to see whether he can find extra time for those remaining stages? Can he also give an absolute guarantee that there will be no Government statement on that day, if we have to remain with just one day for consideration? Will he also consider the special case for allowing extra time to replace any time taken for Divisions during the debate, because there may be a number of them, which could take up precious debating time?

Can the Leader of the House confirm the report in today's edition of the Financial *Times* that the plans for the reform of the House of Lords have become "absolutely shambolic"? No doubt he was involved in the meeting of the Cabinet Sub-Committee that took place this week and where, we understand, the whole issue was shunted up a siding. Can he tell us when and if the Bill will ever appear—he has previously referred to it in the House—and can he, at long last, confirm that, if it does reach the House, consideration in Committee will be taken in full on the Floor of the House, as was the case with the last reform Bill, which took the bulk of the hereditaries out of the House of Lords?

Mr. Hain: The Higher Education Bill was debated on Second Reading in great detail and it had a full airing in Committee, where, I understand, detailed and good-quality debate took place. I will certainly consider the hon. Gentleman's comment about there being no Government statement on the day, which is a fair point, subject, obviously, to the emergencies of the day. I will

also look at the point he made about Divisions, but we have set sitting hours and I think it is important to keep to those.

On the *Financial Times* report, I ask the hon. Gentleman, in the nicest way, to contain himself on this matter. When we are ready to say how we are proceeding on the House of Lords questions, we will do so. An announcement will be made and he will need to wait until then.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): Will my right hon. Friend have words with the Treasury to see whether it is possible to organise some training on interpretation of the massive Budget documents that we get every year, aimed at avoiding confusion of the kind that occurred yesterday in relation to green fuels? The Conservative party issued a press release that was so factually inaccurate that it misled the motorist. *[Interruption.]* This is important, although I am sure that the press release was not intended to mislead. Can we have some training?

Mr. Hain: Training for Opposition Members in all sorts of things would be a great advantage to the House, but I take my hon. Friend's point. For example, we would not have imagined that to get to the same level of duty as applies in Germany, fuel duty incentives for liquefied petroleum gas in the United Kingdom would have to rise by about 200 per cent. As he rightly says, the picture painted by the Opposition is extremely misleading, though no doubt that was inadvertent.

Sir Michael Spicer (West Worcestershire) (Con): Will the Leader of the House make a statement next week on the proposed title for the so-called presiding officer in the House of Lords? Is he aware of early-day motion 444?

[That this House notes the report prepared by the House of Lords' Select Committee on the Speakership of the House of Lords and its recommendation that the senior Lord presiding on the Woolsack should be known as the Lord Speaker; further notes that the Committee recognized the argument that this might lead to confusion with the Speaker of the House of Commons, but dismissed it; respectfully consider that there would be considerable scope for such confusion to occur, particularly in respect of Mr Speaker's role in representing this House at home and overseas; and calls upon the Government to facilitate consultations between both Houses about this important and sensitive issue.]

It has attracted 139 signatures against the title of Lord Speaker,

Mr. Hain: I will certainly bear in mind the hon. Gentleman's request, because I know the strong feelings of the House on this matter. As I have said before, Mr. Speaker, we have one Speaker—that is your good self. We intend to ensure that our Speaker is above all others, not just in this country but in the world.

Mrs. Alice Mahon (Halifax) (Lab): The Leader of the House will have seen that there has been a further outbreak of violence in Kosovo, which has come as no surprise to anyone who has visited it recently, because it is a mono-ethnic state run by the mafia, with ethnic minorities living in guarded enclaves. Those who constantly hail Kosovo as a success are deafeningly silent about the 170,000 refugees living in Serbia and Montenegro. Can we have an urgent debate on the situation in Kosovo, and on the very urgent need to get those permanently ethnically cleansed minorities back to Kosovo?

Mr. Hain: I acknowledge the close interest that my hon. Friend has taken in Kosovo, and I pay tribute to her for continuing to do so. The Defence Secretary will make a written ministerial statement on Monday about the situation, but I can tell the House that we agreed this morning to the deployment to Kosovo of the 1st battalion, the Royal Gloucestershire, Berkshire and Wiltshire Regiment, which is the unit assigned to the role in question after NATO requested the deployment of the operational reserve force. Today, 120 troops have gone out, and up to 600 will be made available if necessary. The situation is very serious, with many deaths and injuries, and we want to help to stabilise it. Kosovo has suffered far too much from ethnic conflicts and genocide, and it needs to be stabilised and have peace established as soon as possible.

Sir Nicholas Winterton (Macclesfield) (Con): May I follow up the point made by my hon. Friend the shadow Leader of the House about a debate on housing? I raise this not as a party political point but as a constituency point. The Office of the Deputy Prime Minister has put a moratorium on any further house building in my borough—the borough of Macclesfield—which, clearly, is having an adverse impact. While there are exceptions in relation to affordable housing, affordable housing is often only part of a larger development in which normal houses partially subsidise it. Could the Leader of the House arrange for a Minister to respond during the Budget debate on matters relating to housing? If not, could he find the opportunity for a debate on this important matter, preferably in this Chamber, or, if not, in Westminster Hall?

Mr. Hain: I will certainly bear in mind the hon. Gentleman's request. I can vouch for the fact that he consistently makes good constituency points, and very rarely are they party points. He is known to have that reputation.

Mr. Henry Bellingham (North-West Norfolk) (Con): He is a great parliamentarian.

Mr. Hain: He is indeed. Clearly, the issue that he raises about his constituency is important, and I know that the Minister responsible will want to take a close interest in it.

Mr. Harry Barnes (North-East Derbyshire) (Lab): I note that the debate on Equitable Life is to be on the Adjournment, but can we not have it on a substantive motion? That would allow some of us to put forward a version of early-day motion 827.

[That this House notes that Lord Penrose's report finds extensive evidence of operational failures by Equitable Life and regulatory failures by previous Conservative governments; yet recognises that Labour governments are often called upon to deal with the failings of financial

[Mr. Harry Barnes]

capitalism and of a Conservative free market inheritance; and calls upon the Government to find ways and means for either the Parliamentary Ombudsman or Lord Penrose himself to examine the situation in order to make recommendations on compensation.]

That motion recognises that the problem arose from within Equitable Life itself and as a result of the lack of regulation under the Conservatives. Nevertheless, we often have to clear up the mess that has been created, and a case exists for compensation on the basis of need. We need an opportunity to debate the matter fully, which a substantive motion would allow.

Mr. Hain: There will, of course, be an opportunity to debate it fully in the time that we have allocated. It is an important issue, and my hon. Friend is absolutely right that we are having to clear up a mess that has badly hit many people as a result of the collapse of their financial provision for the future. We are addressing the matter, and there will be an opportunity to debate it, as he knows, but I am afraid that I cannot satisfy his request for a substantive motion.

Richard Younger-Ross (Teignbridge) (LD): I wonder whether the Foreign Secretary can make a statement on the present situation in Syria, where a number of Kurds have recently been shot and killed, a number injured, and a number arrested. I was told this morning that a number of villages are still cut off from the outside world. Can the Foreign Secretary make a statement on that, and in particular say what representations the Government have made to Syria, and whether the ambassador has been asked to explain the current situation?

Mr. Hain: Those at the Foreign and Commonwealth Office will have noted what the hon. Gentleman has said. He is right to draw the matter to our attention. I hope he will take the opportunity to table questions to the Foreign Secretary by next Wednesday, so that it can be addressed.

Julie Morgan (Cardiff, North) (Lab): Is my right hon. Friend aware of the concern felt by my constituents who work for the Inland Revenue in Llanishen, at Companies House and the Department for Work and Pensions in Gabalfa, and in other civil service outlets about the proposals announced by the Chancellor yesterday for civil service job cuts? Will he convey that concern to his colleagues, and press for early clarification of the position? Will he also ask them to bear in mind the losses that will be experienced in Cardiff, and particularly in my constituency, when deciding where to relocate the civil service jobs that are being moved from London?

Mr. Hain: The Ministers responsible will have noted my hon. Friend's points on behalf of her constituents. I can reassure her that the proposed reorganisation of the Inland Revenue, Customs and Excise and the Department for Work and Pensions results from efficiency savings, principally the introduction of new technology. It will now be possible to divert resources from backroom staff who were needed before the introduction of IT and other efficiency savings to front-line services, so that we can recruit more police officers, nurses, teachers and others—including pensions staff—and those services can be delivered to our constituents.

Mr. Bellingham: Front-line first?

Mr. Hain: As the hon. Gentleman has heckled me on the matter, let us consider the front-line services that would be cut by the shadow Chancellor's Budget. The number of police officers would be cut by at least 3,500. Council tax would go sky-high because of raiding of the local government budget, which would mean cuts of £2.5 billion. Transport budgets would be cut, as would be—astonishingly, given that the shadow Chancellor is a Conservative—the defence budget.

As for the Lyons report—

Mr. Speaker: Order. I do not think that this is about business for the coming week, which is really what we should be discussing.

Mr. Forth: I am sure we all look forward to being nursed by tax inspectors. It is an intriguing thought. But will the Leader of the House please list the occasions on which he has participated in the big conversation?

Mr. Hain: Those are primarily party events, although on behalf of a Labour Government. I have taken part in about half a dozen, including one in Birmingham last week.

Mr. Stephen McCabe (Birmingham, Hall Green) (Lab): May we have an early debate on the modernisation agenda? Will my right hon. Friend look in particular at the issue of parliamentary questions? As well as ministerial Question Times, could we not have an Opposition questions slot? Would that not be good for democracy—and would it not allow me to demand legitimately to be told how much money would be siphoned out of the NHS and state schools if the Tory policies for passports ever came to fruition?

Mr. Hain: I must say that I am very tempted by my hon. Friend's proposition. On a series of issues, the Conservative Opposition say one thing and then contradict it with something else. They say, for instance, that they want to cut crime, yet their proposed cuts in the Home Office budget would cause a reduction of up to 3,500 in the number of police officers. They speak of health investment, and then propose policies that would result in fewer nurses. Their education proposals would lead to a reduction in non-school budgets. The House, therefore, might well be enlightened by the holding of an Opposition Question Time.

Bob Spink (Castle Point) (Con): May we have a debate on hospices? Adult hospices are funded poorly, but children's hospices are in a funding crisis. Little Haven hospice in my constituency receives less than 2 per cent. of its funds from the Government. That is why it has recently had to launch a bond. It is an excellent way of raising funds, and I am delighted that so many local people support it, but we really do need to look again at the funding of the hospice movement.

Mr. Hain: I know that the movement regards the hon. Gentleman as one of its champions, and the House is

indebted to him for that. I also know of his concern about the local situation, and the Minister responsible will have noted his comments. I remind him, however, that we have indeed provided more funds for the hospice movement—as he is kind enough to acknowledge with a nod. We will continue to do so, because the movement performs a vital role in our community.

Kevin Brennan (Cardiff, West) (Lab): I understand that in his Budget statement yesterday, the Chancellor encouraged financial institutions to give any orphan funds they might have to charity. Would it not be a good idea for the Government to use any orphan funds they have in the National Savings bank, for example, to compensate Allied Steel and Wire and other workers who have lost their occupational pensions through no fault of their own?

Mr. Hain: It is, in the main, for the Chancellor to respond to that question and establish whether there is scope to explore it further, but I know that my hon. Friend saw the Prime Minister earlier this week to discuss the matter. I also know that every member of the Government, from the Prime Minister down, wants to resolve the situation and is considering all sorts of possible avenues.

The injustice suffered by the ASW workers and others is grievous and terrible: they were robbed of pensions that were deferred wages. The issue has always been how to resolve the situation in a way that allows justice to prevail without a read-across resulting in a potential cost of billions of pounds to the taxpayer from other claims. That is the problem. If a solution can be found, I know that the Secretary of State for Work and Pensions and the Prime Minister will want to find it.

Mr. Tim Boswell (Daventry) (Con): I know that the Leader of the House is concerned about the fate of three Britons, one of them a constituent of mine, who have been imprisoned in Cairo for two years without a verdict. As their next hearing is fast approaching, will he have a word with those at the Foreign and Commonwealth Office and ask them to put all reasonable diplomatic pressure on the Egyptian authorities to ensure that this time the matter can be concluded once and for all with a verdict?

Mr. Hain: I am happy to agree to the hon. Gentleman's request, because I know the matter has been of great concern to him for some time.

Mr. Wayne David (Caerphilly) (Lab): May we have a debate on the new deal as soon as possible? In my constituency, 3,600 young people and some 2,440 lone parents have benefited from it. People are very worried about what would happen to the programme in the event of a public expenditure cut of £18 billion.

Mr. Hain: There is enormous concern about that in my own constituency and nearby. I have visited the Shaw trust, a marvellous project funded partly by the new deal, which gives partially sighted and blind people the opportunity to work. It is incredibly moving to see that going on. If funds for the new deal were cut, as the Conservatives propose—

Mr. Heald: And the Liberal Democrats.

Mr. Hain: Indeed. If that happened, the Shaw trust and other new deal projects up and down the land—including some in my hon. Friend's constituency would be for the chop. That would deal a terrible injustice to the long-term unemployed, those with disabilities, and those who want the opportunity to work that the new deal has provided.

Dr. Andrew Murrison (Westbury) (Con): Only last week I tabled a number of named-day questions to the Under-Secretary of State for Health, the hon. Member for Welwyn Hatfield (Miss Johnson), for answer on Monday. They concerned multi-drug resistant tuberculosis and the TB action plan that was supposed to be launched at the beginning of last year. I was fobbed off with the response that the hon. Lady would reply to me as soon as possible. Does that not constitute an admission that she simply does not have a clue about a very important matter on which she should have data at her fingertips? Will the Leader of the House do what he can to extract a proper answer from his hon. Friend?

Mr. Hain: I really cannot accept that. The Minister will want to give a serious, proper and full reply to the hon. Gentleman's question, and I think he should have the patience to wait for it rather than asking for a pre-emptive answer when the necessary investigation and assessment have not been carried out. He will want an answer that satisfies him, and that is what the Government will want to provide.

Mr. Gordon Prentice (Pendle) (Lab): We welcome my right hon. Friend's promise to bring back the Hunting Bill in this Session. Can he give a date, so that the Parliament Act may be used if necessary?

Mr. Hain: My hon. Friend has long been on my tail and that of the Government in respect of that measure. We remain committed to resolving that issue.

Mr. Paul Goodman (Wycombe) (Con): While I do not agree with the analysis of the hon. Member for North-East Derbyshire (Mr. Barnes) in relation to Equitable Life, is the Leader of the House aware that many Conservative Members agree that there should be a full debate, to provide the opportunity to express the extreme dissatisfaction felt by many constituents at the recent Treasury statement on Equitable Life?

Mr. Hain: The hon. Gentleman will have a chance to express his views when there is a debate in Government time at the Government's initiative. I do not understand the hon. Gentleman's point. My hon. Friend the Member for North-East Derbyshire was making a different point about a substantive motion. If the hon. Gentleman can persuade members of his Front Bench to initiate a debate on a substantive motion, the Government will be happy to debate it—and to oppose the motion, if we cannot agree with it.

Mrs. Anne Campbell (Cambridge) (Lab): When does my right hon. Friend expect the Constitutional Reform Bill to reach the Floor of the House?

Mr. Hain: Today's Order Paper for the House of Lords contains two motions on co-operation and carry-over. We are content with that situation and hope that on Monday, those motions—which have been tabled by

[Mr. Hain]

agreement through the usual channels will be carried. Then the Bill can be debated in the House of Lords and return to this House. That will deliver the Bill in a sensible fashion rather than the position on 8 March when, in an unprecedented move, peers from all walks of life from all over the country, were bussed in by the Conservatives to defeat the Government and long-grass the Bill. The only precedent for that manoeuvre saw the measure never return to the Floor of the House or the matter resolved.

Rather than employ tactics to wreck the Bill, there is now the opportunity for proper scrutiny that will deliver the Bill because the Opposition, through the usual channels, have committed themselves. That arrangement will allow us to move forward but also raises the question of which is the supreme House of Parliament. That must be the House of Commons. It is good that the lordships involved in the negotiations have now agreed to deliver a Bill after a plea by the Leader of the Opposition, after previously saying—in the words of one Opposition Front Bencher—that they should bin the Bill. They are not going to bin the Bill. They will discuss it in a serious fashion and the will of this House shall prevail.

Mr. Bellingham: Can there be a statement on the extraordinary state of affairs in Zimbabwe involving the arrest of so-called mercenaries—including a British citizen, Simon Mann, who is a former SAS and Scots Guards officer? He may be an adventurer but if he intended to launch a coup against Equatorial New Guinea, he would hardly have started in Zimbabwe. Mr. Mann is currently imprisoned in squalid conditions and possibly faces the death penalty. Has the high commissioner been to see Mr. Mann? Have consular officials offered him any support?

Mr. Hain: I am not aware of the detailed consular arrangements but British citizens are entitled to full consular access and support, whatever their situation and whatever they might have done. I am sure that the Foreign Office will take a close interest in the hon. Gentleman's request. That situation is rather bizarre but almost everything that happens in Zimbabwe is not just bizarre but more serious. The situation to which the hon. Gentleman refers will have to be investigated and I am sure that the Foreign Office will provide the hon. Gentleman with the assurances that he seeks.

Mr. David Chaytor (Bury, North) (Lab): Following the terrorist atrocity in Madrid last Thursday, does my right hon. Friend agree that the role of the police in anti-terrorist work is more important than ever? Greater Manchester police are fortunate to have a record number of officers in post. The House has many opportunities during the year to debate defence policy but there are few debates specifically on policing policy. Does my right hon. Friend agree that if the Opposition are finding it difficult to identify a subject for debate next week, that occasion would provide a perfect opportunity for the House to discuss the funding and role of the police—particularly the impact of any cuts in police spending on anti-terrorist work?

Mr. Hain: Government policy is to increase police numbers, whereas Opposition policy is to cut police numbers as a result of big cuts in the Home Office budget. The Conservatives have done that before. When the Leader of the Opposition was Home Secretary, police numbers were cut by more than 1,000. Conservatives talk about wanting to fight crime but cut police numbers. The people of this country ought to know that there is a clear dividing line between Government and Opposition policing policy.

Mr. Kelvin Hopkins (Luton, North) (Lab): I have urged my right hon. Friend before to make time for a full debate on all aspects of housing beyond the Budget debate. I welcome the excellent report by Kate Barker, which identifies the fact that many more houses are needed. It is clear that the private sector is not prepared to build the number of houses, houses in the right places or types of houses required. There is a strong case for reinventing local authority provision of first-class, quality housing. A debate could encompass, for example, the abandonment of stock transfer schemes, transferring stock back to local authorities, and the re-establishment and expansion of direct labour organisations for house building and housing repairs, which worked so well in the past.

Mr. Hain: I have always been a great admirer of council housing programmes, especially since the war. The role played by Labour Governments over many decades was exemplary. We want to encourage opportunities for more social housing, whether provided by local councils or housing associations. The Barker report points up severe problems—in particular, the lack of affordable housing. We are seized of the need to do something, which is the reason for the Chancellor's positive welcome to the Barker report and to its recommendations for encouraging the relaxation of planning regulations and identifying different locations by changing the regime and encouraging the use of more brownfield sites. At least the public—especially first-time buyers—are confident that under this Government, mortgage rates will remain low because of the economic stability locked in by the Chancellor and endorsed by yesterday's Budget. Under Conservative Governments, mortgages went sky-high and were treble what they are now, creating uncertainty in the housing market and a nightmare for many first-time buyers.

Mr. Tom Watson (West Bromwich, East) (Lab): Can my right hon. Friend confirm that the Government intend to review the local government electoral systems in England and Wales? I respect my right hon. Friend's long-held views on the alternative vote but does he share the view of many right hon. and hon. Members who believe in the first-past-the-post system that electoral reform in favour of proportional representation for local government in Scotland would be a disaster?

Mr. Hain: I acknowledge and respect my hon. Friend's long-standing commitment to first past the post. I have been a long-standing opponent of proportional representation, which destroys the relationship between the Member of Parliament and his or her constituency, which can judge its MP and get rid of him or her if it wants. There are all sorts of anomalies and contradictions in PR systems. We fought the

election on a commitment to undertake a review—which will be interesting because it will point up many of the anomalies that apply in existing PR systems. In Wales, for example, somebody can stand in an individual constituency and be defeated but get elected under the list system, then set up as a rival to the member who beat them.

In Clwyd, West in north Wales, three such candidates stood, were defeated, then got elected under the list system and campaigned against the winning Assembly member.

Mr. Greg Knight (East Yorkshire) (Con): It's your system.

Mr. Hain: I plead guilty. I took through the Government of Wales Act 1998 together with the then Secretary of State for Wales. The way the system operates has proved seriously anomalous and unacceptable—one reason for its operation being reviewed by the commission under Lord Richard. I hope that a much more sensible situation will emerge in future. I look forward to discussing those matters with my hon. Friend the Member for West Bromwich, East (Mr. Watson).

David Cairns (Greenock and Inverclyde) (Lab): On 6 April, during the Easter recess, the provisions of the Sunday Working (Scotland) Act 2003 will become law. My right hon. Friend will recall that I was fortunate enough to introduce that legislation as a private Member's Bill. It extends to shop workers in Scotland the right not to work on a Sunday should they choose not to do so—a right already enjoyed by shop workers in England and Wales. Will he take this and every opportunity to promote its provisions, so that shop workers in Scotland who are following the proceedings of this House will know that, from 6 April, people in my constituency will enjoy the right not to work on a Sunday that those in his constituency have enjoyed for many years?

Mr. Hain: My hon. Friend is absolutely right, and I pay tribute to the marvellous way in which, through legislation for which he was responsible, he has championed the cause of those workers. Indeed, the whole House is indebted to him, as are those shop workers who can be required to work on Sundays against their will.

Patrick Mercer (Newark) (Con): I was interested to hear that the Leader of the House believes that the Government are fully aware of the dangers of terrorism, but I am less than reassured to discover that the civil defence grant has been cut in real terms, that no public information campaign is being mounted to alert people to the dangers of terrorism, that there is no particular campaign to ensure that people are trained to know what to expect, and—most intriguingly of all—that the Civil Contingencies Bill seems to have stalled. Will the Leader of the House ask whichever Minister happens to be currently responsible for homeland security to explain the position to the House, and in particular to explain why the Bill is making no progress?

Mr. Hain: The Secretary of State and the Ministers responsible will want to study carefully the points that the hon. Gentleman raises before responding. I remind him, however—I am entitled to do so because he makes an important point—that the policy announced by the shadow Chancellor would lead to a big cut in homeland security budgets, and as a result our security would be infringed and threatened. That is exactly why the Chancellor announced yesterday a continuation of investment in infrastructure—including in homeland security—in our education system and in our other public services, so that this country can provide high quality services, and that the security issues about which the hon. Gentleman is concerned can be properly addressed. Those issues would not be addressed if the Conservatives won the next general election.

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [17 March].

AMENDMENT OF THE LAW

Motion made, and Question proposed,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description—*[Mr Gordon Brown.]*

Question again proposed.

Budget Resolutions and Economic Situation

1.13 pm

Mr. Tim Collins (Westmorland and Lonsdale) (Con): We welcome the Government's decision to put education at the heart of this year's Budget debate. Education shapes the nature of our society, the future of our children and our nation's potential. It is essential that we as a people, and as a Parliament, get education policy right. All of us in this House will doubtless want to join in paying tribute to the teachers, professors, lecturers, dons, teaching assistants, support staff, governors and heads who work so hard and with such dedication throughout UK education. Generally, they do so for little reward compared with other professions, and often in very difficult circumstances and with far too little public recognition. We will come later to the aspects of education on which the parties differ, but we surely can, and should, put on the record with absolute unanimity our collective congratulations, praise and thanks for what our nation's education professionals achieve, and inspire others to achieve.

We Conservatives are happy to acknowledge that important progress has been made since 1997—just as was made in the preceding years. I shall turn in a moment to several aspects of what the Chancellor had to say in the Budget about education which we are very happy to welcome. But although progress has undoubtedly been made in some elements of education in recent years, sadly, other elements have been going backwards. The National Association of Schoolmasters Union of Women Teachers says that there is an attack on a teacher every seven minutes in our schools. Truancy rose by 22 per cent. in the five years after 1997. Seventy-nine special schools have been closed, yet such schools often offer the very best education for the most disadvantaged children. The Government missed their 2002 targets for English and maths attainment at key stage 2, and they delayed their 2004 targets by two years. Now, they call them simply "aspirations". Teacher vacancies in secondary schools have risen by 282 per cent., while experienced teachers continue to leave the profession because of complaints about work load, targets and poor pupil behaviour.

Regrettably but clearly, things have got worse in all these areas since 1997, but let us consider another critical area: skills, productivity and vocational education, which is essential territory in any consideration of budgetary and educational issues. It is common ground between the parties that the UK lags behind our competitors in vocational training and education, and has done so for many years. This is in no way a new issue, and there are no magic wands or instant solutions. But given the priority that the Prime Minister, the Chancellor and successive Education Secretaries have given to this matter, and the huge sums of public money spent, after seven years things should be moving forward, at least. Sadly, the reverse is true.

The Engineering Employers Federation points out that

"only 9 per cent. of young people in the UK are starting Advanced Modern Apprenticeships across all sectors, compared with almost two thirds of young people completing an apprenticeship in Germany in 2001 and a rapidly escalating number in France".

Yet the numbers for modern apprenticeships and work-based learning are actually falling in the UK—in the former case by nearly 20 per cent. The proportion of level 2 and level 3 awards made in vocational qualifications dropped by nearly 10 per cent. in the last year for which records are available. The total number enrolled in adult education has slumped by 73,000 since 1997. And according to the CBI, the number of British firms reporting a skills gap has more than trebled since 2001.

Mr. Henry Bellingham (North-West Norfolk) (Con): Does my hon. Friend agree that there is a cultural problem within schools and further education colleges? One difficulty is that a number of courses teaching specialist construction skills are closing, and until we can encourage more youngsters into vocational training, such problems will remain.

Mr. Collins: My hon. Friend, as ever, makes an excellent point, which is backed by his detailed knowledge of the subject. As he says, this problem has been with us for long time, and sadly, the closure of existing courses indicates that things are getting worse, rather than better.

What has been the effect of these developments on the UK economy as a whole? In his very first Budget, the Chancellor said that his priority was to raise Britain's productivity performance dramatically. There has been a dramatic change all right—for the worse. In the first six and a half years of this Government, productivity growth averaged just 1.6 per cent. per year—barely half the 2.8 per cent. growth that was achieved in the previous six and a half years. "Things can only get better," they said. In the vital area of skills and productivity, things have only got worse.

There was, however, much that the Chancellor announced on education in his Budget that we Conservatives can warmly welcome. Indeed, it would be churlish not to happily offer such an endorsement, given

that announcement after announcement constituted Government acceptance of Conservative policy. There are to be more city academies, which, in the form of city technology colleges, were a Conservative idea, so we welcome that announcement. More money is to be paid directly to head teachers. That policy is a direct extension of the Conservative policies of local management of schools and grant-maintained schools. There is a clear movement in the direction of free schools—the Conservative policy of 2001—and of pupil passports, which is Conservative policy for the next election. So we welcome that announcement.

We learn from page 147 of the Red Book that most specific grants to schools

"will be paid as a single schools improvement grant"

in order "to streamline funding". That is a direct lift from Conservative pledges made at our recent party conferences to reduce the current absurdity of there being up to three dozen different funding streams for schools. That is Conservative policy, so we welcome that announcement, too.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): We have heard many versions of the passport idea, which has led to great confusion both within and outside the House about how exactly the system will work. Can the hon. Gentleman explain it in more detail in his speech, or would he be prepared to attend a sitting of the Education and Skills Committee to provide us with more detail on his plans?

Mr. Collins: The hon. Gentleman is extremely generous. He will be delighted to hear that a substantial section of my speech deals expressly with pupil passports. I hope that he will feel by the end of my speech that I have answered his questions, but if he has further questions, we could talk about how best to answer them as well. If the hon. Gentleman would like to make the offer that he suggested closer to the general election, I would be delighted to accept it.

I was explaining why we were happy to welcome all the wonderful things that the Chancellor announced yesterday—because they were Conservative policy. I have to say that the list has not ended and I will continue with it. For example, there are to be far fewer civil servants working in the Department for Education and Skills, with the money saved to be distributed to the classroom instead. That was Conservative policy at the last general election, has remained Conservative policy throughout this Parliament and will be Conservative policy at the next election. We obviously welcome that announcement, too.

Mr. Hilton Dawson (Lancaster and Wyre) (Lab): While the hon. Gentleman is regaling us with Conservative policy, will he congratulate the Government on the investment that they have made, especially in small rural schools, and pay particular tribute to the work of beacon schools such as Quernmore in my constituency?

Mr. Collins: I gladly welcome the money that has been invested in the state system. As I shall say later, there is evidence of improvement in several areas—the hon. Gentleman has doubtless touched on one of them—such as new and improved school buildings and facilities, more teacher recruitment, and so forth. All that is outstanding, but since the hon. Gentleman mentions small rural schools, I would mention Settlebeck school—not small, but very rural—in my own constituency. In the last 12 months for the first time ever—the school has been around for decades under Governments of both political colours—that school has had to write to parents to ask for a direct cash subvention to buy books. That never happened under a Conservative Government, but has happened six years into a Labour Government. The hon. Gentleman should not therefore assume that everything is good news.

At the moment, I am being positive, cross party and bipartisan in welcoming all the wonderful things that the Government have accepted from Conservative suggestions, so let us proceed to the next example—arguably the most important of them all. The Chancellor announced that he proposes to increase overall education spending to about £77 billion by the end of the next comprehensive spending round period. You may recall, Mr. Speaker, that some weeks ago, my right hon. Friend the shadow Chancellor set out in some detail the overall public spending envelope that would apply under the Conservative Government after the next general election. Funnily enough, the £77 billion that the Chancellor suddenly discovered yesterday as the appropriate amount to spend overall on education in 2007 is essentially the same figure implied for that year by what my right hon. Friend said some weeks ago. So even on the overall level of education spending, as on all those other things, the Chancellor and the Secretary of State are Johnny-Come-Latelies, once again embracing pre-existing Conservative policy—and once again we welcome that announcement.

Indeed, so frequently, so assiduously, so repeatedly did the Chancellor yesterday announce that he was adopting Conservative policy that I wondered what on earth Ministers would do without Conservative Members here to give them all their ideas? Sadly, however, many voters will choose to judge the Government not on their new-found conversion to Tory principles for the next Parliament, but on their seven-year record of what they have actually done in the last two Parliaments.

What is the good of the Government saying that they now see the case for greater financial management by head teachers, when their first act on taking office was to take financial independence away from grant-maintained schools? What is the good of saying that they are now converted to the need for simplified funding and a single grant, when their never-ending flow of initiatives and paperwork has snowed schools under with three dozen different routes to get money? Why should they be trusted to get rid of 31 per cent. of officials at the Department for Education and Skills, when they have increased those numbers by 25 per cent. since 1997?

Chris Grayling (Epsom and Ewell) (Con) *rose*—

Mr. Collins: Before the 1997 election, Labour pretended to embrace the Conservative approach to the

[Mr. Collins]

economy—enterprise and low tax. That proved, sadly, to be an entirely false conversion. Now, in the run-up to the next election, they pretend to embrace the Conservative approach to education—putting power and spending decisions in the hands of schools and parents, not bureaucrats. I fear that that will prove to be an equally false conversion.

I shall now deal with higher education. The Red Book devotes precisely two sentences to the funding of universities and other higher education institutions. It states that the Government

"will maintain per student spending levels in real terms over the 2004 Spending Review period".

However, current spending per student is lower than it was in 1997. In fact, it has been lower in every single year of Labour Government than it was in any year of the previous Conservative Government, and it is lower today than it was before the Government introduced tuition fees in 1998. So maintaining those low levels in real terms for the foreseeable future is hardly an act of extraordinary political generosity. On the contrary, it means maintaining public investment in higher education at levels that the university sector has repeatedly called unsustainable and deeply damaging.

Then, of course, there are the Government's plans for top-up fees. We shall see whether, at the end of this month, the Higher Education Bill survives Report and Third Reading. Contrary to the impression given in advance to many potential rebels that further important concessions would be made if a Second Reading were granted, the Bill left Committee almost entirely unamended, so its passage is by no means guaranteed.

What yesterday's Budget showed was that universities are already losing, not gaining, from the proposed introduction of top-up fees. Almost every other sector in education is to get more taxpayers' money under the Government's plans. Overall spending goes up by 4.4 per cent. in real terms. Early years and Sure Start funding get 17 per cent. annual rises, and spending per pupil in schools is to rise by nearly 20 per cent.—but real spending per student in higher education is not to rise at all. That demonstrates that the Government are using top-up fees in precisely the way we predicted—not to provide extra money per student, but to substitute for extra money per student.

Even the guarantee of a real-terms freeze in Government grant per student runs out in 2007, just a year after top-up fees come in, and well before income from them has grown to significant levels. That is why increasing numbers of vice-chancellors are beginning to wonder if the Government speak with forked tongue, and that is why we are confident that our alternative proposals, which we will publish later this year, will be welcomed not only by students who are understandably fearful of the much higher levels of debt involved in the Government's plans, but by universities and taxpayers who will both get a better deal than they will under the Government's scheme.

Helen Jones (Warrington, North) (Lab): The hon. Gentleman is discussing the future of higher education, so will he be kind enough to inform the House what percentage of our young people he envisages going into higher education under his party's plans?

Mr. Collins: I am happy to point out to the hon. Lady that my party has said for some time that it is not desirable for politicians to set targets for participation. We believe that people should go to university on the basis of their ability to learn rather than their ability to pay. That will be reflected in the policies that we put to the electorate at the next election, but sadly not in Labour's policies.

What about school funding, the centrepiece of the Government's education drive and their proudest boast? Was not the last election campaign fought, as Labour told us, to get a mandate to put more money into schools and hospitals? What has been the result? Yes, as I said earlier, the taxpayer has put a lot more into the top of the funnel. Yes, there are undoubtedly many very welcome new school buildings in many parts of the country. However, anyone talking to teachers, head teachers and governors all over the country will hear that many of them seriously dispute claims about huge increases in resources that can actually be used. For example, the head teacher of the Kingsway school in Cheadle points out:

"Our pupil-teacher ratio has risen year on year so that I have seven and half fewer teachers funded now than 10 years ago."

He went on to say:

"It is only our own fund raising, for example through lettings, which has helped us to survive."

That is the scale of the problem that such schools face. The head of Guildford's George Abbott school said:

"My feeling is that secondary schools like ours are likely to need between 6 and 7 per cent. in order to stand still in the next financial year."

That is not what the Chancellor announced yesterday. The head of Newbury's Trinity school and performing arts college said:

"We don't have a balanced budget. Even with the extra £130,000 that we got in emergency funding from the Government, we are still expecting a fiscal year '03 deficit in excess of £100,000."

Doug McAvoy, general secretary of the National Union of Teachers, says—*[Interruption.]* We shall come to the Government's attitude to the nation's largest teaching union in a moment. Ministers should put their groans on hold and hear what the general secretary has to say, which is that the increases announced yesterday are

"unlikely to make good the deficit and at the same time equip schools adequately to enable them to meet the demands made on them."

He went further. Pointing to the fiasco of funding for schools presided over by this set of Ministers just over a year ago, he said that

"in the past, what looked like an increase resulted in schools continuing to be underfunded."

I know that the Secretary of State and his Ministers do not like the NUT much. Indeed, for the second year running, the right hon. Gentleman has chosen not to speak at the union's conference. My hon. Friend the Member for South Suffolk (Mr. Yeo) will speak, but the

Secretary of State will not. Ministers may therefore like to hear a near-identical warning from John Dunford of the Secondary Heads Association. He says:

"The last spending review, when early joy turned to later grief for many schools facing unprecedented budget cuts, taught us a lesson that we have to wait for the small print."

Is not that true of every aspect of every Budget under this Chancellor? I met representatives of the Association of Colleges earlier this week, and they are less than ecstatic about the Chancellor's proposals. The association's chief executive, Dr. John Brennan, said:

"There simply is not enough money in the system to meet the targets which government has set."

He warned that colleges would have to cut courses for adults that the Chancellor was "guaranteeing".

Chris Grayling: My hon. Friend will know that the real problems for schools and colleges in this Parliament were caused by the tax rises that the Chancellor imposed after promising that there would be none. The likelihood is that the same thing will happen in the next Parliament, with the same consequences.

Mr. Collins: My hon. Friend is entirely right. The Chancellor took away with one hand what he gave—

Mr. Sheerman: What is going on? Why is the hon. Member for Epsom and Ewell (Chris Grayling) now speaking from the Back Benches?

Helen Jones: He was on the Front Bench a moment ago.

Mr. Stephen O'Brien (Eddisbury) (Con): This is now the Budget debate, not education questions. Labour Members do not seem to know the procedure.

Madam Deputy Speaker (Sylvia Heal): Order. Could we have just one debate?

Mr. Collins: I am grateful, Madam Deputy Speaker. It is clear—

Mr. Sheerman: On a point of order, Madam Deputy Speaker. I have never seen it happen before that an hon. Member who one minute is sitting on the Opposition Front Bench is the next minute allowed to address a question, from the Back Benches, to his own Front-Bench spokesman. That is absurd, and brings the House into disrepute.

Madam Deputy Speaker: If I had observed anything irregular, I would certainly have acted.

Mr. Collins: I am grateful, Madam Deputy Speaker. There are alternative policies that offer a greater prospect for success. They include measures to improve discipline in schools, and legislation—which we have offered to support even if introduced by present Ministers—to protect teacher anonymity, and to restore the presumption of innocence when a teacher is the subject of a serious accusation levelled, all too often maliciously, by a child. Other measures would cut through the confusing alphabet soup of vocational qualifications, reduce paperwork burdens on teachers by reducing course work, and give much more financial leeway to schools and their governing bodies.

Yesterday, as in successive Budgets, the Chancellor made great virtue of paying money directly to head teachers. We agree, but he pays only a tiny percentage of school budgets in that way. We want to pay the vast majority of money via that route.

The Government say that they want more money to be paid to schools in one budget. We agree. We have campaigned for years against the excessive complexity that this Government have created. Once again, however, we would go further. We believe that most money should simply follow the pupil, and that is where the pupil passport comes in. It will make sure that schools are accountable—not as now, upwards to bureaucrats, but downwards, to their local parents and communities. It will give parents greater control and choice over schools. We will abolish the surplus places rule, enabling successful and popular schools to expand. We will encourage successful schools to take over the management of neighbouring schools that have not performed as well. It is a policy designed to improve schooling—not for some, not even for most, but for all pupils in all schools.

It is understandable that Labour Members are much more obsessed than we are with the implications of all that for fee-paying schools. After all, their leader went to such a school, while ours did not. The Secretary of State reflected that fascination when he wrote a letter to the *Financial Times* this morning—

Mr. Sheerman: Before the hon. Gentleman repeats the fact that the Leader of the Opposition went to a grammar school whereas the leader of the Labour party went to a public school, will he accept that none of us is responsible for the school to which our parents sent us? However—I am looking now at the shadow Secretary of State—we are responsible for where we send our children. I know that many Opposition Members have never had any intention of using the state sector for education.

Mr. Collins: I must say that I regret that intervention from the Chairman of the Select Committee on Education and Skills. Although they have party affiliations, Select Committee Chairmen usually attempt, in debates about the subject for which their Select Committees have responsibility, to strike a rather more non-partisan note. If the hon. Gentleman wants to engage in such attacks, I merely point out that the present Secretary of State for Constitutional Affairs sits in the House of Lords, and not in this House, because he refused to send his children—

Madam Deputy Speaker: Order. This is going very wide of the debate that is before the House.

Mr. Collins: Thank you, Madam Deputy Speaker. I was trying to get to a matter about which I imagined Labour Members would want to talk—the Secretary of State's very interesting letter to the *Financial Times* this

[Mr. Collins]

morning. He set out what he would clearly like the difference to be between his approach and that of the Conservative party. He wrote:

"It is the difference between billions of pounds of taxpayers' money spent improving state schools or subsidising private schools that have surplus places".

So let me disabuse him. The pupil passport will be usable only at state-funded schools providing education solely to those who pay for it with the passport. It is a policy whose main purpose, and greatest virtue, is that it will not undermine publicly provided education but for the first time make publicly provided education work for every part of our society, not just for some. Not one penny of subsidy will be available for those who send their children to fee-paying schools.

I can tell from the look of shock and disappointment crossing the Secretary of State's face that he realises that I have shot his fox. Let me make it clear, however, that this fox has been not just shot, but shelled, napalmed and obliterated.

The Government, like the Opposition, will concentrate very substantially increased investment in the state schools to which the vast majority of people send their children. Unlike the Government, however, we will not say that choice and freedom should apply only to the wealthiest parents and the wealthiest schools. It has been the historic role of the Conservative Party to spread the privileges once enjoyed only by the few to every part of society, and we shall do that again.

Mr. Stephen McCabe (Birmingham, Hall Green) (Lab): Normally, Madam Deputy Speaker, I would not intervene from this position just behind my Front Bench, but I am trying to keep up with the hon. Member for Epsom and Ewell (Chris Grayling). The hon. Gentleman talks about spreading wealth, so will the vouchers be regarded as taxable income? Will poorer families receive vouchers that are worth more, and will that money be taken away from richer families?

Mr. Collins: I can genuinely say to the hon. Gentleman that I have no idea what he is talking about. Of course there is no question that the voucher would be taxable. That proposition is truly absurd. What is very clear is that the hon. Gentleman is frightened that parents throughout the state system will be allowed to have control over the resources made available to support their children. The Government do not like that idea: they have pretended to throw aside their control freakery, but they have not done so for real.

Yesterday the Chancellor rattled off statistics to try to prove that everything in the nation's garden is rosy. Of course, some things are better than they were in 1997. My right hon. Friend the shadow Chancellor has congratulated the Chancellor on giving the Bank of England control over interest rates. It has taken far more sensible decisions on these matters than any Labour Chancellor ever has or ever could. The Chancellor was right to say that Britain was enjoying its longest period of economic growth in many years, but that is true only because the period in question commenced not in 1997 but in 1992. It started because the Conservative party ignored Labour's advice to stay in the exchange rate mechanism, and it continues only because the Chancellor ignores the Prime Minister's advice to join the euro.

What about some of the statistics that the Chancellor forgot to mention yesterday, and which I suspect the Secretary of State will omit today? The savings ratio—worse than in 1997; manufacturing output—worse than in 1997; business investment growth—worse than in 1997; productivity growth—worse than in 1997; the lowest level of manufacturing employment since records began; the biggest trade deficit in three centuries, and the highest levels of personal debt ever. And in education, teacher vacancies are up, attacks on teachers are up, truancy is up and we have the highest level of pupil drug usage ever.

These problems are not the fault of the teachers and governors any more than the economic setbacks are the fault of businesses. They are the responsibility of a Government who always claim credit when things get better but blame someone else when they get worse. These problems are real and serious, and growing by the day. That is why there is a real difference between the parties over education when the nation comes to vote. Those differences will not be the ones that Labour would have liked. The Labour party would like to be able to say that it would spend more than the Conservatives, but now it cannot. It would like to be able to say that the Conservatives would divert state money for education to subsidise fee-paying schools, but now it cannot. It will have to debate the area in which its record is weakest—not how much money one spends, but how one spends it.

Seven years of socialist centralisation, waste, bureaucracy and interference cannot be wished away just by mass plagiarism of Conservative policy for the future. Labour Members know that we have won the arguments. Now they should get ready for us to win the next election.

1.42 pm

The Secretary of State for Education and Skills (Mr. Charles Clarke): What an extraordinary speech!

Earlier today, I made a written statement on the education implications of the Budget statement made yesterday by my right hon. Friend the Chancellor of the Exchequer. I confess that I am surprised that the hon. Member for South Suffolk (Mr. Yeo) has decided that it is beneath him to respond to the debate. He is the man in the shadow Cabinet who has to discuss with the shadow Chancellor the financial implications for education. I am candidly disappointed that he has not thought to give this subject the priority that most of the country will think that it deserves.

Mr. Tim Yeo (South Suffolk) (Con): That is an extraordinary statement by the Secretary of State. In the time that I have been looking after the education portfolio in the shadow Cabinet, the Government have come closer to being defeated on a major aspect of policy than at any time in the past seven years. I invite the Secretary of State to reverse his decision to absent himself from the National Union of Teachers annual conference and join me on Easter Sunday to debate the

issues that my hon. Friend the Member for Westmorland and Lonsdale (Mr. Collins) has raised in the past half-hour.

Mr. Clarke: I stand second to no one in paying tribute to the activities of the hon. Gentleman as the golfing correspondent of the *Financial Times*, but he has to choose whether he is dealing with education or health. The explicit choice that he has made not to consider the education debate, in this Budget of all Budgets, as the one on which he should focus his attention is genuinely extraordinary, and people should observe that fact.

Yesterday, my right hon. Friend the Chancellor set out measures to ensure stability for education, children's services and skills training and continued progress across the Department's agenda, which is crucial to the economic and social well-being of the country. He made it clear that education spending in England would grow by an average of 4.4 per cent. across the spending review period—that is, by 6 per cent. in 2005–06, by 3.6 per cent. in 2006–07 and by 3.5 per cent. in 2007–08. As a result of this settlement, education spending in the UK will be 5.6 per cent. of GDP in 2007–08, up from 5.4 per cent. in 2004–05. This major and stable advance at every level of education—a point to which I shall return—is based on experience and the advice that we are receiving from teachers in our wide national consultations.

More than 1.6 million children have benefited from free part-time nursery education for three and four-year-olds, and 400,000 children and their families in deprived areas have been helped by 524 Sure Start centres. As a result of the settlement that the Chancellor announced yesterday, the number of children's centres will rise to 1,700 by 2008, covering all 20 per cent. of the country's most disadvantaged wards.

In due course, we will announce the details of an expansion of child care places, family support services and extended schools, which bring together education, health, children's social services and child care. This settlement will provide the funding necessary to address the agenda set out in our Green Paper "Every Child Matters" and, even more important, it offers us a once-in-a-lifetime opportunity to reverse the vicious cycle of decline that has kept people from the poorest parts of this country away from aspiration and hope for the future.

At the level of schools, as a result of the Government's class-size pledge, 350,000 five, six and seven-year-olds are no longer in classes of 31 or more. In 1997, half of all 11-year-olds went to secondary school unable to read, write or count at the necessary level. Now that figure has been reduced to a quarter. It is still too high, but it is a massive reduction from the position that we inherited. The settlement that my right hon. Friend announced yesterday will enable primary schools and teachers to continue to raise standards of literacy and numeracy, supported by work force reform and the recruitment of more teaching assistants.

In 1997, just 45.1 per cent. of pupils got five good grades at GCSE. Last year, that had increased to 52.9 per cent. and, most encouraging of all, the biggest increases were in the toughest areas. Pupils in excellence in cities areas are improving at more than twice the rate of pupils elsewhere in the country. Half of all secondary pupils are now taught in specialist schools. I was honoured to visit such a school two or three years ago in the constituency of the hon. Member for Westmorland and Lonsdale. They are getting better results—56.7 per cent. of pupils in specialist schools get five good grades at GCSE.

Chris Grayling: Does the Secretary of State agree that many of the improvements that he talks about took place in the early years of the Labour Government? Many young people, and even today's GCSE pupils, went through much of their education under the last Conservative Government, so will he pay tribute to that Government for their contribution to the development of those young people and the improvements in their performance to which he has just referred?

Mr. Clarke: I do not wish to appear churlish, but I will not because the facts are at odds with what the hon. Gentleman has just said. The facts are that, with specialist schools and the GCSE statistics that I was giving in particular, the improvements have accelerated recently. That is the progress that has been made. It is a fact, and it is a big issue for the whole of the education service, that there has been a massive backlog of under-investment amounting to billions of pounds at all levels of education from which we have had to claw our way out. We have not done so as fast as all of us would have liked, I am sure, but we are continuing to make steady progress. I do not wish to appear churlish, but I cannot answer him in the way that he would wish. We have had a sea change in policy both in commitment and in resources, which is taking us forward in a substantial way.

Mr. Collins: The Secretary of State has just said—it is a perfectly reasonable position—that the longer the Government have been responsible for these matters, the greater share they wish to take of both the credit and the blame for what is working and what is not. Can he explain why progress towards literacy and numeracy at key stage 2 advanced up to 2000 and halted thereafter?

Mr. Clarke: I am certainly prepared to take both credit and blame. As the hon. Gentleman rightly says, the more time goes on, the more can be stated in that way. I am prepared to acknowledge to the House, as I have before, that the flattening—particularly in literacy, but also in numeracy—in the past two or three years has been a serious problem. We are addressing it seriously, and I believe that the results this year will again show a continued improvement. I have to remind him that, in 1997, half of children were leaving primary school without achieving level 4 of key stage 2 whereas now only a quarter do. There has been a fantastic improvement, but he is right that there is a fantastic lot more to do. That is the point about the settlement that my right hon. Friend the Chancellor announced yesterday.

The settlement will continue the drive to achieve excellence and to narrow the gaps in attainment between schools. It will make a reality of our commitment that every school that meets the standard will have the opportunity to gain specialist status and allow continued expansion in the number of city academies.

[Mr. Clarke]

Over the spending review period, total departmental capital spending will rise from £3.85 billion in 2004–05 to £6.78 billion in 2007–08—a massive increase. That will ensure that, by 2015, through our "building schools for the future" programme, every secondary school in the country can be refurbished or rebuilt, with world-class technology in every school and the best state-of-the-art learning in every classroom. To accompany that new investment, we shall develop a new relationship with schools to help deliver personalised learning tailored to the talents and needs of every pupil, underpinned by a strengthened accountability framework, a simplified school improvement process and improved information and data management.

In higher education, publicly planned funding has risen dramatically under the Labour Government. Expenditure on science and research—a major theme in the Chancellor's announcement yesterday—will have increased in 2005–06 by £1.25 billion a year compared with 2002–03, which is about 30 per cent. in real terms. The settlement will allow investment in the sector to continue to grow in real terms and enable the Government to maintain real-terms student funding per head and to progress towards our target of 50 per cent. participation in higher education. It will also provide the resources needed to deliver the reforms set out in our White Paper, "The Future of Higher Education".

On lifelong learning, 255,000 young people were in modern apprenticeships in December 2003, compared with only 75,800 in 1997. It is worth noting that the Conservatives may talk about vocational education but they made no commitment—as we did—to more than treble the number of people on modern apprenticeships over that period. In 1985, 10.5 million people of working age in England had no qualifications, but in 2003, the number was 4.6 million—a massive reduction. Between 2001 and 2002, more than 300,000 adults were helped to raise their numeracy and literacy skills.

My right hon. Friend's Budget settlement will provide for new measures, through the new deal for skills, to tackle the large number of adults in the UK work force who have low skills. In jobcentres, a one-stop skills service will be offered for the employed as well as the unemployed, with access to personal skills advisers and training. By 2007, 1.5 million adults will have improved their basic skills as part of our longer-term aim of ensuring that, by 2010, the number of adults in the work force who lack NVQ2 or equivalent qualifications is reduced by at least 40 per cent.

We shall take forward the measures set out in our skills strategy to meet the needs of employers, employees and individual learners, including a key role for the new sector skills councils.

Chris Grayling: Given the Secretary of State's remarks about expanding learning opportunities, can he comment on the problems in further education colleges? Because of the Government's focus on basic skills, colleges struggle to find finance for many level 3 courses, thus inevitably weakening the opportunity for certain people to move on to higher education. Can he give college principals an assurance that that situation will change in the current funding round?

Mr. Clarke: I can and I have, when speaking to the Association of Colleges. However, the hon. Gentleman raises important issues and I shall comment on them in a second. The role of further education is central to the whole of our programme and we are utterly committed to it.

Our agenda is ambitious. As the Chancellor said yesterday, the long-term future of our country depends on investment in education, science and enterprise, so commitment must be long term. Labour is making that long-term commitment and the debate offers us the chance to clarify the alternatives set out by the Conservatives. In that spirit, I was glad that the hon. Member for Westmorland and Lonsdale mentioned some of his party's policies, to which I shall now turn.

Mr. Mark Field (Cities of London and Westminster) (Con): In connection with the point on further education made by my hon. Friend the Member for Epsom and Ewell (Chris Grayling), many of us are concerned not only about the understandable need to increase basic literacy and numeracy but to ensure that people in their 40s and 50s are constantly reskilling, especially given all the outsourcing that is going on. Is not the Secretary of State concerned that too much attention is being paid to ensuring that a cohort of 40 or 50 per cent. of youngsters go to university? Does he agree that much more attention should be paid to the next quartile down—people who may not go to university, but who require constant retraining and reskilling if they are to have a long-term career in the marketplace?

Mr. Clarke: I agree, but we give massive priority to the other 50 per cent., if I can describe them thus. Our policy and programme have been powerful in that respect. Our development of modern apprenticeships, on which I have already given the figures, has been impressive and will be even more impressive. Opposition Members criticised our higher education White Paper by saying that we should focus more on vocational education. When the White Paper was published, the Opposition promised that we would hear their policies on those matters but, so far, we have not heard a squeak—a point to which I shall return.

Earlier this year, when the Leader of the Opposition spoke immediately before me at the CBI conference, he said that his intention in leading his party was to have policies that were "clear, costed and credible". I have to say that the policies are neither clear, nor costed, nor credible and I shall clearly set out why.

Spending on education is at the core of the Budget. Under the Conservative education proposals outlined by the shadow Chancellor in February, expenditure on education, apart from schools but including further education, would be frozen in cash terms for two years. His speech was explicit. He said:

"I have agreed with my Shadow Cabinet colleagues"—

perhaps that is why the hon. Member for South Suffolk is not prepared to speak in this debate—

"that the baseline for spending across all of these departmental budgets"—

outside the national health service and schools—

"will be 0 per cent. growth for the first two years".

That means real-terms cuts. That clear pledge means massive real-terms cuts in the field that we are debating, namely all non-school budgets. It will mean cuts to Sure Start, to children's services generally, to skills and further education and to higher education. A cuts policy has been set out by the shadow Chancellor.

Perhaps it is not surprising that the right hon. Gentleman's Front-Bench colleagues are unwilling to accept that state of affairs and are in a state of denial, or even non-participation, in relation to those matters. To be generous to him, I shall offer only one example. Less than two weeks after he published his plans, the hon. Member for East Worthing and Shoreham (Tim Loughton) argued at the Dispatch Box that

"Children's services would not be affected, so let us not hear any more nonsense."—[*Official Report*, 3 March 2004; Vol. 418, c. 973.]

That was untrue.

Mr. Yeo: The Secretary of State has just gone through some arithmetical calculations. As my hon. Friend the Member for Westmorland and Lonsdale (Mr. Collins) pointed out when he opened the debate, the total departmental spending envelope proposed by my right hon. Friend the shadow Chancellor is precisely the same as that proposed yesterday by the Chancellor of the Exchequer. The Secretary of State has probably worked out—perhaps that is why he is not participating in the NUT annual conference on Easter Sunday—that, under the Government's policy, he is proposing to spend less on schools than the Conservative party.

Mr. Clarke: That is the most incredible nonsense, but I am grateful to the hon. Gentleman for joining in the discussion, because we need clarity. We need to know exactly what the situation is. Indeed, it was in that spirit that, after the comments of the hon. Member for East Worthing and Shoreham, I wrote to the shadow Chancellor to ask,

"Would expenditure on non-school . . . services be frozen in cash terms for 2 years?

I asked him to confirm the effect of that on spending on non-school services. I further asked,

"Are you yet in a position to indicate the budget lines which you would cut to achieve these targets?"

The right hon. Gentleman did not respond to that set of questions, which I had hoped would inform public debate on those matters, until this morning, when I was extremely excited to receive a missive from him, in which he clearly confirms the position. He said:

"whilst DEL spending remains within the overall expenditure total identified by the Medium Term Expenditure Strategy",

the Opposition would do what they can

"to ensure that all important front-line services are maintained".

That position is not sustainable. The whole point of the shadow Chancellor's speech in February was that hard choices had to be made and that certain things would have to go. He said that the NHS and schools would not be included, but that everything else would. I am asking about everything else. *[Interruption.]* The hon. Member for South Suffolk says, "Not go", but everything else would be cut in real terms and frozen in cash terms for two years. That was the clear statement, which, I am glad to say, has been confirmed again today.

How do those spending plans compare? As I have said, the Government have made a firm commitment to an average 4.4 per cent. increase per year in the period 2005 to 2008. Tory freeze policies could mean cuts by 2007–08 of around £900 million in spending on children's services, £1.1 billion on higher education and £131 million on modern apprenticeships. The hon. Member for Epsom and Ewell (Chris Grayling) raised modern apprenticeships, and over that two-year period such cuts would mean 48,000 fewer modern apprenticeships than under our proposals. It is okay for the Conservative party to have such a policy, but not to have such a policy and then proclaim a commitment to education and vocational training for people who leave school. It should come clean about what it is doing.

Chris Grayling: Given that all three political parties have identified substantial potential to remove unnecessary bureaucracy and waste from across Government, can the Secretary of State explain why, when the Government take that approach, it is a prudent reduction in central administration costs, but when the Opposition propose to do the same it magically turns into savage cuts to front-line services?

Mr. Clarke: That is completely wrong. The cuts that we make in administration are necessary and right for a wide variety of different reasons. One of those reasons is the contribution such cuts make to Front-Bench services.

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson): Front-line services.

Mr. Clarke: A mis-statement on my part. Perhaps those on the Conservative Benches could have a ballot to find out who wants to be on the Front Bench—four of them are on the Front Bench and two are on the Back Benches.

A cut in administration is not enough to deliver what we have to do. We have a whole set of measures, such as our stable management of the economy and reduction of the billions of pounds wasted on debt repayment and the costs of unemployment, which the Conservative party would return to by, for example, scrapping the new deal.

Some people say that the shadow Chancellor has not only two brains but three brains.

Mr. Stephen O'Brien: At least three brains.

Mr. Clarke: Each thinking a different thing. Those three magisterial brains came together, and the shadow Chancellor made a major keynote speech about the choice that the Conservative party is making about where he is going. That choice means cutting non-school spending. Does it mean cutting 48,000 modern apprenticeships? Does it mean 36,000 fewer social workers working with the most vulnerable children? Does it mean 1,200 fewer Sure Start centres, which would rob 1,000 of the poorest children of the right to

[Mr. Clarke]

life? Does it mean 24,000 fewer lecturers in higher education, which would deny university places to 220,000 students who have the ability to take them up?

The Conservative party should make its policy choices and come clean about them so that the whole country can debate them. The Government's position is that we want better public services; the Tories' position is to call public spending a waste. They say that less money means cuts to budgets and cuts in opportunities.

I shall turn to the famous passport policy. *[Interruption.]* I am not moving off the question of budget cuts. I am sorry to disappoint Conservative Front Benchers, but I and the whole of the Government will ask the Conservatives at every juncture in relation to every aspect of non-NHS, non-schools expenditure, "Where are the cuts falling? What will you do? How will you deal with it?" We have only to examine the debates in other non-educational fields such as police and defence to see how powerful the issues are. Conservative Members must consider carefully whether the shadow Chancellor has taken the most intelligent course given their party's political strategy.

Mr. Yeo: Why are the Labour Government so opposed to spending as much as we propose on schools? Do they want fewer teachers, fewer classroom assistants, less capital spending on schools or lower salaries for teachers? Is that the reason why the Secretary of State will not participate in the NUT annual conference on Easter Sunday?

Mr. Clarke: I shall be doing better things on Easter Sunday. I must confess that I have not yet decided what better things I shall be doing, but I am sure that they will be better than attending the NUT conference. I greatly admire the hon. Gentleman's courage in spending his Easter in that way.

There has been a to and fro on the serious questions about passporting. On 22 February, the shadow Chancellor stated that the money could be used for "cheap private schools" and that parents could top it up. On 6 March, the Conservative party website confirmed his statement on passporting. On 7 March, it said that the statement on 6 March was an error and that parents could not make up the difference. On 8 March, it stated that parents could use the money to move their child to another state school. On 9 March, the shadow Chancellor once again said that parents could top up for "cheap private schools". On 10 March, there was a victory for the hon. Member for South Suffolk: "Yeo knocks back Letwin" by saying that no parent would be allowed to top up the value of the passport. On 11 March, the shadow Chancellor ruled out using the passport at a fee-paying school and on 16 March, the hon. Member for South Suffolk said that parents could spend the passport in fee-paying schools. Passporting is all over the shop.

I have listened to the hon. Members for South Suffolk and for Westmorland and Lonsdale today, but I wonder what the policy will be tomorrow and what the shadow Chancellor will say tomorrow. Perhaps I can help. I shall ask one or two questions about passporting that the hon. Member for Westmorland and Lonsdale must face up to directly. *[Interruption.]* I prepared the questions earlier because it is important for the country to try to understand the Conservative party's policies, and a bit of preparation might have served Conservative Members better in this process.

I am sure that the hon. Member for Westmorland and Lonsdale can answer these questions. It is obvious that schools in London and the south-east cost more than those elsewhere. Will the voucher be less valuable in Manchester than in London and the south-east? I look forward to the answer. Will the parents of children with special educational needs or learning difficulties, who can be more expensive to educate, be entitled to a higher value voucher to account for those circumstances? Will parents of children for whom English is a second language be entitled to a higher value voucher? As was asked in an earlier intervention, will the voucher be treated as taxable income so that better-off families can be taxed on its value? Could independent schools refuse to accept a voucher as payment? If any child can take their money to any school, does that mean that admissions policies for schools would be abolished? Will there be open enrolment, however the scheme operates? If every child in an area wants to go to one particular school, how will it house the additional pupils? Will the most popular schools have to use portakabins? Perhaps the hon. Member for Westmorland and Lonsdale will clarify his party's position.

Mr. Collins: To put the matter in context, the Secretary of State went through a long list of discussions, and what I said earlier is the definitive, agreed position. If he really wants to get into a debate about consistency, education policy is not the right area to choose because the Government campaigned on a manifesto pledge not to introduce top-up fees, but they are legislating to do the opposite of what they promised.

I replied to the earlier intervention about children with special educational needs, which is an example that makes our point, not the Secretary of State's. Children who have a statement of special educational needs—the most vulnerable, disadvantaged and needy children in our society—already effectively have a statement with a value that entitles them to resources. In other words, if it is good enough for the most vulnerable children and it works for them, let us extend the same philosophical approach to all parents and all schools. Why are he and his colleagues afraid of giving parents choice?

Mr. Clarke: A staggering intervention. If the hon. Gentleman had had a chance to read our White Paper on special education, which we published two or three weeks ago, he would have seen a detailed analysis of the many children who have special educational needs and learning difficulties, only a relatively small proportion of whom have statements. They are, as the hon. Gentleman rightly says, usually those who have the most serious learning difficulties, although not always. The implication of what he says is that all those children with a wide range of special educational needs should have a statement with money attached to it that follows them. That is an amazing development of policy and would go

against everything that Members on both sides of the House are trying to achieve, in a bipartisan way, on special educational needs.

Chris Grayling: Given the fact that the Secretary of State is a member of a Government who will introduce a system of patient choice in health care that will allow patients to carry a block of money around the health service with them to use at a location of their choice, why is he opposed to extending the same principles to the education system?

Mr. Clarke: We are not at all opposed to the principle that parents should choose their schools—[HON. MEMBERS: "Oh!"] No, the overwhelming majority of parents get their first choice school now, and that is right. However, an important principle behind what we do—and I would hope that the Conservatives were ready to commit to it—is the provision of excellent extended schools, with children's centres, in every community and neighbourhood in Britain. That is the way forward.

We have had some partisan exchanges, but I wish to make it clear that through the settlement that my right hon. Friend the Chancellor announced yesterday, the Government will make a profound, long-term commitment to developing education from the cradle to the grave. That is what we are about—for children, for schools, for skills, for further education, for higher education—in the deep belief that that is the way towards economic strength for our country. We have major differences with the Conservatives, but the biggest difference is the complete lack of clarity with which they address the issue except on one point—they will not make the commitment to investment that this Government will make. That will be the choice facing the electorate at the general election. I am certain that at the general election we will be in a position to gain the support of the people of this country for the long-term investment that we all so strongly need.

2.12 pm

Mr. David Rendel (Newbury) (LD): It has been a fascinating debate so far. We have had a speech from the Conservative spokesman in which he was determined to prove that the Labour Government's policies were now identical to Conservative policies, followed by a speech from the Secretary of State in which he was determined to prove that those policies were rubbish. That leads to an interesting logical conclusion about the Government's policies and their view of them, but I shall move on.

I apologise sincerely on behalf of my hon. Friend the Member for Harrogate and Knaresborough (Mr. Willis), who is sorry not to be here this afternoon. He would have liked to make the points that I shall make in due course, but those who attended Education and Skills questions will have realised that his voice has again almost disappeared. He sounds like a ghost, and I have had to act as his nursemaid and send him back to Harrogate to try to recover as quickly as he can.

This year's Budget statement as it affects education is unusual in that it has received a cautious but supportive response from almost all education commentators, with the exception of Conservative Front Benchers who, I assume, are deeply worried about how much additional cash they will have to find to give all students in private schools a £5,500 voucher. Indeed, I wonder how they intend to find the £2 billion extra to fund their free tuition policy in higher education—

Mr. McCabe: On a point of order, Madam Deputy Speaker. I apologise to the hon. Member for Newbury (Mr. Rendel) for interrupting him, but I wish to clarify a point with you. I noticed that when hon. Members rose to catch your eye, the hon. Member for Epsom and Ewell (Chris Grayling) also rose. My understanding is that he is the shadow higher education spokesman, as he certainly was when he and I took part in a debate the other evening. Is it in order for the Conservatives to use the shadow higher education spokesman in that way in this debate?

Madam Deputy Speaker: As I understand it, the hon. Gentleman is eligible to speak in this debate, if he catches my eye.

Mr. Sheerman: Further to that point of order, Madam Deputy Speaker. In the years that I have been in the House, I have never seen a performance like it by the Opposition. They have so few Members in the Chamber that they subject the House to the absurdity of people running, as if they were in a Feydeau farce, from Front to Back Benches. Conservative Front Benchers receive a large amount of Short money to pay for their private office. Is Short money now going to Back Benchers? If so, I would like some. *[Interruption.]*

Madam Deputy Speaker: Order. I am responding to that point of order. I have already said that anyone who catches my eye will be eligible to speak in this debate.

Mr. Rendel: If that carries on, this will be one of the longest speeches I have made, but I hope that we will have fewer interruptions from now on.

As I was saying, I would be interested to know how the Conservative party intends to fund the extra £2 billion that it will need for its free tuition policy. We have, of course, explained how we would do that. The Conservatives also need an extra £1 billion to provide the skills training for the army of plumbers that they regularly promise us.

Let us get back to reality. The Liberal Democrats cautiously welcome what, on the surface, appears to be a good deal for the majority of the UK's education system. My hon. Friend made that point earlier. Certainly, the global figures showing a rise in total spending from £59 billion this year to £77 billion in 2007–08 are impressive, but what most sectors want to hear from the Secretary of State is how the resources will be allocated and what strings will be attached to spending. In the past, the strings have caused all the difficulty, especially for schools.

It is also important that alongside the seemingly dramatic reduction in the Department's staff—some 30 per cent. by 2008—we see a commensurate reduction in the targets, initiatives and ministerial interference that have bedevilled our education system since 1997. It would be a good start if the Secretary of State were to cancel his plans for the Office for Fair Access before they got off the ground. That is one expense that the HE sector could well do without.

[Mr. Rendel]

The Liberal Democrats welcome the continued real-terms investment in education and broadly agree with the Government's priorities. The extension of pre-school education and the roll-out of children's centres to the 20 per cent. most deprived wards by 2008 are welcome, but 80 per cent. of the nation will still be without a centre. In particular, rural areas will be largely ignored. Indeed, given the high-profile speeches by the Prime Minister and the Secretary of State at last year's Labour party conference about the need to put early years education before further investment in higher education, the response in the Budget appears to lack the resources to match the rhetoric. We should compare the additional £669 million to be spent on early years education with the extravagant and ill-targeted funding of the children's trust fund. Scrapping that fund, as the Liberal Democrats would do, would save the £1 billion to be spent on the Chancellor's gimmick between now and 2008. How many more children's centres could be established for that money, and how much greater would be the impact on our most vulnerable children, for whom we should care the most?

Talking of vulnerable children, where is the commitment in the Budget to support the outcomes from the Children Bill? Successive crises in child protection have pointed to severe resource deprivation, the failure to train and retain staff and the inability of local authorities to make appropriate physical support available when it is most needed. Child protection must not be compromised, as care for the elderly has been, by the fluctuation of local authority budgets. The scale of change envisaged by the Children Bill requires not one-off resources but secure funding from the Government in the longer term. Perhaps when he sums up, the Minister might say whether he envisages that the local safeguarding children boards proposed in the Bill will be funded directly through the Department for Education and Skills, like Ofsted, in order to give them independence and allow them to fulfil their scrutiny functions more effectively.

The Liberal Democrats welcome the continued investment in our schools. It would be unfair to ignore the considerable additional resources that have been promised for the coming comprehensive spending review, but it has to be said that schools have been here before. The current CSR was expected to provide riches beyond belief but, rather like the emperor's new clothes, many schools found that the increases were illusionary. Last year, many of the new resources simply went to fund Treasury or Department-inspired inflationary increases. The changes to pensions, national insurance and the standards fund all took money from baseline budgets, making it increasingly difficult to manage change at an individual school level, as many schools found to their cost.

The Budget, however, again makes much of Government-initiated spending despite the claim of getting more money to schools. Another 1,000 specialist schools will require revenue support to the tune of £500 million, which, when added to the current programme, means considerably less to distribute to the remaining non-specialist schools. There is no mention of how much is to be earmarked for the new academies movement or of the impact that publicly funded independent schools will have on the secondary school sector. There is no reference to the moves by the Secretary of State to allow for-profit schools to enter the marketplace. In winding-up, perhaps the Minister will tell the House what discussions there have been with Sunny Varkey about his plans to provide for-profit, independent school education at the cost of average state-funded education. Perhaps the Minister will explain what the difference would be between such a policy and that proposed by the Tories for vouchers to spend in the independent sector.

At this point my notes, which were calmly passed on by my hon. Friend the Member for Harrogate and Knaresborough, say:

"Having spent much of my time as a head teacher bemoaning the state of school buildings".

Unfortunately, I have not spent any time as a head teacher, so I shall pass over that.

Mr. Sheerman: If the hon. Gentleman moves to the next paragraph—I know the hon. Member for Harrogate and Knaresborough—he will probably find that it says, "Now, you're on your own."

Mr. Rendel: Luckily, I have read through what my hon. Friend offered me, and I know that it does not say that. However, the hon. Gentleman may well have been right; it could have said that.

My hon. Friend said that, as a head teacher, he had often bemoaned the state of school buildings. He wanted to place on record—I echo this—his and our party's appreciation of the continued investment in refurbishment and in new school buildings. Many of us have seen that in our constituencies.

Mr. Paul Tyler (North Cornwall) (LD): Does my hon. Friend agree that an awful lot of the pilot projects under the school building improvement scheme are now being undertaken in urban areas and that there is no rural equivalent? That is extremely unfortunate, and echoes his earlier comment about the extent to which deprived areas and rural communities do not seem to receive the same support as the major cities.

Mr. Rendel: I assume that those on the Government Front Bench will have taken on board that remark with reference particularly to Cornwall. I have no doubt that it is true for a number of other rural areas.

Mr. Mark Todd (South Derbyshire) (Lab): It is fortunate that the hon. Gentleman allowed an intervention from his colleague, because I can disagree and say that rural schools in South Derbyshire have particularly benefited over the past few years. Does he accept that the considerable success that his colleague has prompted me to repeat was based on the new deal funding mechanism that the Liberal Democrats opposed?

Mr. Rendel: As I remember it, my party opposed not the new deal but the way in which it was funded, which was through a special tax at the time. We certainly supported the new deal itself. I could also answer the hon. Gentleman's intervention by pointing out to Ministers that it appears that there is now a serious

reason for moving some funding from South Derbyshire to Cornwall, which is clearly where the need now is. If Members from the south Derbyshire area feel that they have had plenty, perhaps some of the money could be moved to other areas. No doubt, that would be very welcome.

We continue to have reservations about the private finance initiative as the preferred and, sadly, often the only method of procurement. However, that should not diminish our support for the ambitious plans to rebuild or refurbish all our secondary schools by 2015. Our concerns, however, are that, by designing the schools of tomorrow to meet the needs of today, we may be in danger of building in obsolescence. The Tomlinson reforms, the 16-to-19 curriculum, the national skills strategy and the concept of lifelong learning should make us stop and ask, "What is the vision we are trying to accommodate?" We should not simply build on the basis of today's requirements. In 15 years' time, it will not be a case of removing surplus places; it will be a case of trying to decide what use redundant buildings locked into long-term PFI contracts can be put to. We will not be able simply to get rid of those buildings.

What surprised the Liberal Democrats about the Budget statement and the Secretary of State's comments today is the fact that our secondary schools continue to be viewed separately from the further education sector, the skills sector and the higher education sector. When Government policy is rightly demanding that all those come out of their silos and work together, why plan future secondary provision in isolation? When overall capital investment in education is to rise from £6 billion to £8.1 billion by 2008, why are we not seeking to look at investment in the FE sector alongside investment in secondary schools?

By 2008, some 200,000 14 to 16-year-olds will be using the training environment of our colleges as their classrooms, and those same facilities will be providing for the majority of the 16 to 18-year-olds in full-time or part-time education, as well as delivering the skills training for a significant proportion of the adult work force. How can the Secretary of State justify a capital investment programme in our schools that is 10 times more generous than that in our colleges? Surely the time has come to extend what some would describe as an "architectural adventure fund" from our schools to the FE colleges. Given that we are about to see a far closer interchange of staff between schools and the FE colleges teaching 14 to 19-year-olds, it is surely about time that the Secretary of State announced a timetable to close the unacceptable gap in funding between the sectors.

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Ivan Lewis): Will the hon. Gentleman clarify yet more spending commitments from the Liberal Democrats? He wants us not just to narrow but to close the funding gap between the pay of teachers in schools and the pay of teachers in colleges. He also wants us not only to invest significantly in capital for schools and colleges, but to go even further and dramatically expand the amount of capital spent on colleges. I thought that it was the whole basis of the position taken by the leader of the Liberal Democrats that they would make no additional spending commitments other than those that appear in the letters that he is exchanging with the Prime Minister. Can the hon. Gentleman clear up why the Liberal Democrats keep alluding to aspirations and pretending to people outside the House that they can deliver utopia?

Mr. Rendel: I do not think that I was promising utopia; I do not remember using that word. I was suggesting that there should be a fairer allocation of the funds available between the different sectors. The Government seem to be preparing to give all the money to the school sector. They are not prepared to treat all the sectors as one and as part of education as a whole.

Helen Jones *rose—*

Mr. Sheerman *rose—*

Mr. Rendel: I have answered that point. I now want to make a bit of progress.

Mr. Sheerman: I am genuinely trying to assist.

Mr. Rendel: It is kind of the hon. Gentleman to offer, but I have dealt with that point.

We know that there has been an historic battle between the Department for Education and Skills and the Chancellor over who should deliver the new skills strategy. We welcome the extension of the employer training pilots, but surely the role of colleges also warrants a proper mention. After all, that sector educates or trains 4 million people each year, and more 16 to 18-year-olds study in it than in our schools. It provides 200 million training days to industry each year and, while helping 300,000 adults to gain basic literacy and numeracy skills, provides our universities with 43 per cent. of their higher education students. Therefore we have to ask why, compared with schools, it has been ignored in the Budget.

The Secretary of State is, of course, right to point to the new deal for skills announced in the Budget and the commitment to provide level 2 training to any adult in or out of work. However, that is an old promise, which the FE sector could deliver now, but is being prevented from doing so by Government restrictions. The Association of Colleges, which is hardly at the forefront of educational militancy, warned in November that 70,000 courses would have to go this year and that thousands of people would be denied the training and education that they needed and deserved. If the new deal for skills is to work, it must be backed by a cast-iron guarantee of resources. When the Secretary of State reveals the content of the Department for Education and Skills resource budget, I hope that the FE sector will receive that commitment.

It would be difficult for me to conclude my remarks without referring to the current problems being created by the Government in higher education. Given the huge investment in the education system and the £20 billion-worth of savings expected by 2008 through manpower reductions in Government Departments, why on earth are the Secretary of State and the Government still determined to push through their HE funding reforms? The amount needed is pitiful in comparison with the amount being spread around in the Budget. Of course I welcome the extra funding for higher education and the commitment that fee income will be genuinely

[Mr. Rendel]

additional; I only hope that the Government manage to stick to that, because that did not happen after tuition fees were introduced. Are we as a nation saying that we are so desperate for what will be less than £500 million of net additional income that it is worth plunging the whole sector into a divisive marketplace in which there will be few winners and possibly a great many losers? The variable fees that are expected to be introduced are guaranteed to make it more difficult for those from poorer backgrounds to go to the most prestigious universities—it will not be worthwhile for them to do that.

Are the Secretary of State and the Chancellor so consumed with their new market dogma that they are ignoring all the problems associated with the policy? The Secretary of State's advisers have warned him that fear of debt will deter students from entering higher education. He knows as well as I do that this year's figures for applicants already show that there are fewer applicants to university than would be expected in that cohort, even given the current level of fees.

The Secretary of State appears not to have calculated the impact on wider society of the actual debt that graduates will bear when they enter the workplace. I readily concede that the annual repayment of student debt—even at the income level of £21,000 that was conceded by the Minister for Lifelong Learning, Further and Higher Education—will be income contingent. It will be income contingent in terms of annual payments, but not in terms of what must be paid in the long run, of course. However, the total tax and national insurance take for even modest salaries in the low £20,000s will still be 42 per cent. The figure will climb to 50 per cent. for incomes over £35,000, despite the fact that the Government tell us that it would be irresponsible and unacceptable for such a rate to apply to incomes over £100,000.

Those same graduates will be attempting to enter the housing market, which, according to a recent International Monetary Fund report, is currently overvalued by between 30 and 35 per cent. Graduates represent the vast majority of first-time buyers, and they are entering the housing market some five years later than they did a decade ago. The only way in which teachers, nurses and other public sector graduates can purchase a home is by taking on mortgages that are several times greater than their annual salary. Given their disposable income, how does the Secretary of State expect the majority of graduates, especially those who live in the south-east, to purchase a home at all? Traditionally, they form the largest part of the first-time buyer market and recently, the number of first-time buyers has fallen rapidly. Last week, I asked the Prime Minister what effect he thought that would have on the housing market, but he did not even attempt to answer my question. When the Paymaster General winds up the debate, will she tell us what effect the fall in first-time buyers, which is caused by a change to the amount that they may borrow, will have on the housing market? There is a significant chance that a collapse in the housing market might begin in the next few years and that that will be caused by a rapid reduction in the number of first-time buyers.

There is a great deal for education in this week's Budget, and Liberal Democrats applaud the Government for ignoring the calls of other parties to abandon steady, prolonged investment in education. My party does not denigrate what is on offer, but we want better use of the resources available. We look forward to engaging in the debate when the comprehensive spending review is announced in the summer.

2.34 pm

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): The debate has been interesting so far. One or two things have been said that touch on my role as Chairman of the Select Committee on Education and Skills—I had to say this during the previous debate on education in which Conservative Members raised the matter. I know of nothing in the Standing Orders, procedures or traditions of the House that suggests that an hon. Member should become a political neuter when taking over the chairmanship of a Select Committee. I take unkindly and badly to Opposition Members saying that I should not be partisan in my remarks about where former Ministers and shadow Ministers send their children for their education.

I have never believed that a Select Committee Chairman should be neutral. My job is to scrutinise the Executive and, with my Committee, to do a sound job of calling the Government to account. If anyone wants to scrutinise my role as a Select Committee Chairman or examine evidence such as the kind of questioning that Ministers get or the reports that my Committee makes, I hope that they will read the reports and then, perhaps, apologise. I apologise to no one in the House for having a strong opinion on this.

Mr. Mark Field: When the Select Committee conducts further analysis of the Higher Education Bill, I hope that its Chairman will make it plain that the Government should have absolutely no truck with the idea of discriminating against university students on the basis of which school they attended.

Madam Deputy Speaker: Order. The debate is on the Budget, not the Higher Education Bill.

Mr. Sheerman: I shall come to that point a little later. If the hon. Gentleman reads the Select Committee's commentary on the White Paper on higher education, he will find strong criticisms of the Government's policy—not on top-up fees, but on their focus on investment in research at too few institutions. Will he please read the report before drawing conclusions?

Mr. Greg Knight (East Yorkshire) (Con): Knowing the hon. Gentleman as I do, I would not suggest for one moment that he be non-partisan, but will he at least be fair? He made reference earlier to the number of Conservative Members in the Chamber. Is it not the case that he is currently the only Labour Back Bencher in the Chamber?

Mr. Sheerman: I believe that to be so. I think back to the wonderful debate that we had on top-up fees when the Chamber was absolutely packed and the atmosphere was electric. I wish that my colleagues and the right hon.

Gentleman's colleagues were here. I must say in passing that the opening part of the debate looked rather like a Feydeau farce: people who were sitting on the Opposition Front Bench suddenly moved to the Back Benches; people were running about; and people who I have never seen on the Opposition Front Bench suddenly appeared there, meaning that my speech must be littered with congratulations to such people as the hon. Member for Lichfield (Michael Fabricant) on their appointments. I agree with the right hon. Member for East Yorkshire (Mr. Knight) that we want more people to be present, on both sides of the Chamber.

May I get on with the main part of my speech? I have never made any criticism of the Government's passion for education and their commitment to that as a priority. This is the first time in the history of this country that we have a Government who ran on such a clear and simple manifesto: education three times. *[Interruption.]* It gets more interesting, Madam Deputy Speaker.

Madam Deputy Speaker: Order. Perhaps we can return to the substance of the debate.

Mr. Sheerman: Shall we all start again, Madam Deputy Speaker?

Never in my time in the House has there been a Government with such a clear commitment to education as their highest priority over a four-year term. They repeated in 2001 that education was their highest priority. *[Interruption.]* I must say that I was very happy—*[Laughter.]* I was very happy yesterday when I heard the Chancellor's—

Mr. Julian Brazier (Canterbury) (Con): I think that the hon. Gentleman has had a good lunch.

Mr. Sheerman: Madam Deputy Speaker, I must have an apology.

Madam Deputy Speaker: Order. Perhaps the hon. Member for Canterbury (Mr. Brazier) would like to make an apology.

Mr. Brazier: The remark was made in the same spirit of jest as that which we have had for several minutes since the start of the hon. Gentleman's speech.

Madam Deputy Speaker: Order. Will the hon. Gentleman confirm that he is withdrawing the comment?

Mr. Brazier: Yes, the comment was made in a spirit of jest, hence I withdraw it.

Mr. Sheerman: We have a Government committed to education and it was good to hear in the Chancellor's Budget speech yesterday that science, education and enterprise will have priority in future Government spending.

I, like one or two other hon. Members, was at a recent seminar at the London School of Economics addressed by Larry Summers, a former Treasury Secretary in the previous American Administration, now the president of Harvard university. He was asked whether there was any particular ingredient in the relationship between the developed economies, such as Britain, France, Germany and the United States, and their future economic success in a world of great economic competition, which would allow us to maintain the creation of wealth and the lifestyle of our people. We were discussing the fact that the economies of China, India, Brazil and Mexico were growing much faster than we had thought, and world competition was much greater than ever before. Larry Summers' response was that all the research points to such success depending on the number of people who are educated and skilled to a high level and retained in the economy in appropriate clusters. Hon. Members should be conscious of those words. The decisions that we make in these few years will determine how qualified and expert our people are in meeting that international competition and creating the wealth that we need to create.

Chris Grayling: The hon. Gentleman makes an extremely serious point, but does he agree that on tertiary education, the Department's own figures show that Britain has a higher level of both participation and graduation in higher education than any other G7 country, but in the case of vocational skills and further education we fall down, and therefore the balance of resource and effort should go into strengthening that part of our education system rather than necessarily pushing for the 50 per cent. participation rate that the Government are pursuing?

Mr. Sheerman: Yes and no, and I shall come to that in a moment.

We have had some great education successes. The Government's expenditure during the past seven or eight years speaks for itself. There has been a massive investment in education at every level. I was surprised that in his opening speech the hon. Member for Westmorland and Lonsdale (Mr. Collins) made no reference at all to early years education. Most Labour Members believe that the greatest injustice to our people historically has been the inability to give people from poorer backgrounds a fair chance of obtaining the education that their potential deserves. During more than 150 years of public education in Britain, such people have had less chance of a decent education and less opportunity to push their potential to the full. That is the reason for the anger and the passion—which we feel in equal measure—that motivates us. Some Opposition Members will share that feeling too. However, the fact is that many British citizens have never had the opportunity of an education and the acquisition of proper skills to make the most of their lives and their talents. That is usually what is at the heart of what the Labour Government believe in.

If we believe in research-driven policy, as most of the time the Government do, research shows that to break that cycle of underachievement and poverty the earlier we invest the better. Those who have visited the Sure Start programme, as members of the Select Committee and others have done, know what a difference that makes. We know what a good investment it is in terms of the national treasure. Billions of pounds are being focused on where it matters—getting through to the woman who is pregnant and her partner; getting

[Mr. Sheerman]

through to people at an early age; and teaching people that stimulation in the first weeks and months of life is vital to the development of a child's potential.

Helen Jones: Does my hon. Friend agree that investment in early years education is not only vital for the individual, but saves money in the school system, because many of the problems that we see later in the education system, particularly in secondary school, can be traced back to lack of intervention in the early years?

Mr. Sheerman: My hon. Friend is right. Any sensible person knows that a pound invested early on is much the best investment. Much more money has to be spent later on trying to make up for the deficiencies of the system. My hon. Friend serves on the Education and Skills Committee and she knows of the interesting seminar that we held on prison education only last week when that became startlingly clear. Prisons pick up the worst cases of those who have lost out on education and skills and the development of their potential. The evidence was that it costs £37,000 a year to keep someone in prison, which I believe is even more than the fees at Eton. Investment early on is crucial. Therefore, I was rather worried that the Opposition spokesman never mentioned early years education.

The Select Committee's first inquiry under my chairmanship was into early years education—nought to eight. All the evidence that we took showed that that was the area that deserved the most investment, and that is what we recommended. That is the area that has had the most investment, and that has to be applauded. That does not mean to say that everything in early years education has been right. It does not mean that everything that we have considered has been the best expenditure possible.

I would query the roll-out of the Sure Start programme only in the 20 per cent. of poorest wards in the country. That is not a sufficiently sophisticated way of identifying where poverty occurs. Poverty is not so simply tracked down. There can be deep pockets of poverty in wards that otherwise do not show in the national statistics, and the Government have dragged their feet in coming to terms with that challenge. That is one part of my disappointment in some of the reactions that they had to the recommendations in the Select Committee's report—but let us put that on hold for the moment. Early years education is a good investment. I would be churlish not to welcome the news that there will be children's centres in the 20 per cent. poorest wards, but I would still reiterate my plea to refine that identification of where poverty is at its worst.

I have something of a reputation for teasing, in a light-hearted way, Ministers who come before my Committee, and I sometimes refer to their headquarters, the education nerve centre, as the Eden project, so when I am told that there will be a 31 per cent. reduction in headquarters' staff by 2008, I am pleased. I believe that there can be slimming down. However, in all fairness I meet a wide range of civil servants from the Department and I am extremely impressed by their quality. Most people who have been in the House for some time and who deal with many departmental civil servants know that the quality does vary, but the quality of staff in the Department for Education and Skills usually impresses me.

At the time when I was a university teacher, a previous Conservative Administration who wanted to reduce the numbers of university teachers gave out generous redundancy payments in order to slim down their number. That was seen as an opportunity to weed out the weaker brethren. However, the result was that some of the brightest and the best in the academic community queued up for retirement at 50 and went off to become professors in the United States, highly paid consultants, or visiting professors going hither and thither, while some of its weakest members hung on to their jobs like grim death. It is all very well to suggest that 31 per cent. should go, but we must ensure that it is the right 31 per cent. and that good civil servants who have served this country well are redeployed in a positive way that enhances their live and professional contributions.

I want to say a few words about school buildings. On the whole, I agree with the hon. Member for Newbury (Mr. Rendel), who worries that too much money is flowing into school rebuilding and refurbishment and wonders whether some of it could go into the further education sector. However, he did not mention the substantial increase—I think it is 19 per cent.—in its funding. By and large, those of us who care very much about the FE sector will be happy about yesterday's announcements and this afternoon's speech by the Secretary of State.

Although it is nice to hear that every school in the country can be refurbished or rebuilt, I am concerned that a recent Audit Commission report says that the standard of design of some new-build schools is not what it should be. I have a long-standing interest in design and good architecture, as well as a great interest in the environment. As we rebuild our nation's schools and hospitals, we should take this opportunity to do it well—to ensure that they are sustainable and of high quality. How many of us who live in this damp and rainy climate of ours have visited schools with flat roofs through which, usually about five years after they are built, water starts to pour? That makes one ask a number of questions. Who is the architect who built it? Which local education authority commissioned it? Why was it not built with a proper roof? Why was it not built sustainably so that it did not use up too much energy?

In that context, I recommend the work of the Sorrell Foundation. John Sorrell and his wife are doing a great deal of work on joined-up design by trying to involve children and staff in designing their own schools. The Select Committee recently visited several schools, not only in England but in Northern Ireland and the Irish Republic, where it was evident that early involvement of staff and students in the design process results in a much better design than one gets from leaving it all to some architect who takes it off the shelf as a standard, or slightly modified, design.

I urge the Minister to be conscious, at this period in our history, that when schools are being rebuilt they need to last for a long time. I am pleased that we will have schools that are fit for the 21st century and in which people can learn in a decent environment. We have waited a long time for that, so let us do it properly by emphasising good design and good build. As the

Economic Secretary is in his place, I point out to him that the Audit Commission criticised public-private partnership design as being marginally worse than traditional public sector education authority build. We must learn from that and ensure that that problem is remedied.

The Government promise 1,000 specialist schools. The Select Committee's report on diversity and specialist schools, which was published about a year ago, was rather critical in that respect. We asked where, given that the Government are supposed to believe in evidence-based policy, was the evidence that specialist schools deliver higher achievement and better standards; we noted that all our research suggested that there was no such evidence, and that it was too early to tell whether there was a convincing case that specialism alone produces better results; and we asked the Government to look carefully at whether that was the case.

As the hon. Member for Westmorland and Lonsdale said, the policy has a history. It can be tracked through to the present day from the city technology colleges that were introduced by Kenneth Baker, now Lord Baker, when he was Education Secretary. There is nothing wrong in principle with cross-party agreement, which can often be achieved on education policy, in particular. We thought that we had all-party agreement, even from the Liberal Democrats, when we signed up to the recommendations of the Dearing committee, which we believed to be good news for the future of higher education. Later on, the Liberal Democrats changed their tune. I respect their position, although I disagree with it, but the change of view by the Conservatives revealed the bankruptcy of their higher education policy.

Having visited schools that have won specialist status—there are now many of them—the atmosphere seems to have improved in general, but there are more problems with some specialisms than others. I sometimes worry whether the Department is keeping a close enough eye on the mix in any given local education area. It is no good a large number of schools going for the same specialism. When the Select Committee visited Birmingham, we saw examples of collegiate schools that co-operate with each other. That system was the idea of Tim Brighouse, an adviser to the Department on schools in London. I hope that someone in the Department is ensuring that schools in, for example, a commuting area, or around some geographical focus, complement each other. We do not want them all to specialise in sports, IT or languages—they should offer a range of specialisms that give local students a much better choice.

I have some concerns about academies. I know that they are the Prime Minister's favourite thing. Of all the toys in the box, the little model of the academy is his favourite. He takes it out regularly and polishes it because he likes it so much. What worries me about academies—the Committee has not looked at them in depth, so this is a personal view—is the degree of public accountability that goes with them. As far as I can see, there is massive public expenditure on an academy, which is a school in the public sector but independent of the local education authority. At the same time, although that school has in the main been created with public money, the generous benefactor who perhaps puts in £3 million or £4 million of a total budget of £35 million has enormous influence on it. I am therefore concerned about the public accountability of academies, and I can tell my hon. Friend the Under-Secretary of State for Education and Skills and my hon. Friend the Economic Secretary to the Treasury that the Select Committee will return to that matter and scrutinise it.

That is not to say that some of the academies that I have seen, or that have been proposed, might not be marvellous agents of the regeneration of deprived communities. I am willing to be convinced that academies are the answer in certain situations and areas where other initiatives have failed, and I am happy to consider them.

To return to my opening remarks, a Select Committee Chairman, although not politically neutral, has with the Committee a responsibility to evaluate evidence fairly, objectively and pragmatically. I hope that I have given a fair impression of our work on specialist schools and academies, and we will keep a careful brief on them.

Turning to 16 to 18-year-olds, two matters have made me feel cheerful about education this week. One was yesterday's Budget statement, and the other was the Prime Minister's speech to the Labour party conference in Manchester, because I have been for a long time a one-person lobby for a real school leaving age of 18. It is a disgrace in Britain in the 21st century that children—I count 16-year-olds as children—are allowed to go to work in rotten, menial jobs with no training, education or guarantee of any further career development. In this day, that is a scandal. I have believed for a long time that the real school leaving age should be 18, although that is not to say that I want every child to be in a conventional school until they are 18.

I welcome what the Chancellor and the Prime Minister have said about a real school leaving age of 18. However, I have read the words of yesterday's statement carefully and they say that young people will be offered the opportunity to have education or training through to 18. I hope that we can push the Government to say that it will be against the law to employ any child aged 16 to 18 in this country without education or training being bound into the contract of employment. That is not wishing for too much. In a modern civilised society, in which we believe that the future lies in the education of our people, a Labour Government should give that guarantee to every child in the country. No more children should enter the labour market at 16 without a guarantee of further education and training. I am absolutely convinced that that is the right thing for the future. If the Ministers will go one step further on that, they will make me even happier than I have been during the past few days.

I want to finish by commenting on skills, and I shall tell the House a little story. I have said that there were very few people in the Chamber at the start of this debate, and that it would be lovely to have the numbers here that we had during our exciting debate on top-up fees. Was it not wonderful, however, that education—higher education, indeed—was at that time on the front page of every newspaper and the lead item on the news? As Chairman of the Education and Skills Committee, I thought that it was wonderful that we were having an intelligent debate on what higher education meant for our country and what Government and Opposition proposals would mean for the future of education in our

[Mr. Sheerman]

country. I have never, during my time in the House or in politics, seen an education debate have such prominence, and it gladdened my heart.

However, things are different now that the Select Committee is having a major inquiry into skills. At every debate, discussion and interview session that we held during our higher education inquiry, the television was there, the Press Gallery was full, and after we had finished the journalists were waiting outside in the Committee Corridor. As soon as we turn to skills, however, there is no television and very often no radio present, and there is hardly a journalist to be seen. I know that my hon. Friend the Under-Secretary believes, as do I, that it is in skills that we are most deficient. I agree with the Liberal Democrat point on that. By and large, we have seen nice, steady progress in higher education, with more and more people entering it. We have seen some progress in skills, but not nearly enough. Too many people are still underskilled or unskilled, and it is appalling that they do not have the appropriate skills to survive in this country in the 21st century.

I shall give the House an example that I have given many times. We all get carried away with the idea of 50 per cent. of people entering higher education, but in the average constituency today, only 16 per cent. go into higher education. That leaves 84 per cent. to be other things: not only plumbers and electricians, but all the highly sophisticated technicians who run our local government and hospitals, right across the board, as well as our private sector industries. We need those people to be highly educated and trained, although not necessarily to degree level. That is where we have been lacking.

There have been some Government initiatives in that field, such as sector skills councils, and I can now see something positive shaping up in the Learning and Skills Council, after some disappointments in the early years. I hope that its new chairman will be as good as the outgoing one—I have a lot of time for what Bryan Sanderson did in the LSC in its early years. However, the fact of the matter is that it is in skills that we have a real challenge, because we have not done as well as we could.

The Select Committee is conducting a major inquiry into skills, and we are uncovering an enormous muddle, even today. I recently went with the Engineering Construction Industry Training Board to Thomas Broadbent, a 150-year-old small-to-medium engineering company in my constituency, to meet a group of other employers. They said that they found the complexity of our training and skills system in the Yorkshire and Humber region so complex that they did not want anything to do with it. That involves not only sector skills councils, which those employers have not yet come to terms with and do not really understand, but the regional development agency, which is involved in a whole number of working parties and working groups; the regional assembly, which already has two or three cross-cutting bodies working on skills; and the Government office for the region. There are so many groups with cross-cutting meetings that the representative from the training board said that if he went to half of the meetings that he was supposed to go to he would never do anything else, such as talk to the employers in the engineering industry—an important industry that, let us not forget, still employs 1.7 million people in our country.

When we really get our hooks into skills delivery in a region—I hope that I can persuade my colleagues that that region will be Yorkshire and Humber—we will have good evidence to give to Ministers on how to cut through some of that complex system, which does no one any good. I hope that the present proposals can be pared down so that everyone can understand just where we are going on skills.

Michael Fabricant (Lichfield) (Con): Does the hon. Gentleman agree that there is a real problem getting young people to enter engineering and science? One of the great difficulties is motivating people to explore education in those fields. Will he join me in paying tribute to the Engineering and Technology Board, and will he invite it to give evidence to the Select Committee on its work in trying to persuade young people to enter engineering and science, and to become technicians, whom he also mentioned earlier?

Mr. Sheerman: I should be very happy to invite members of the board to give evidence.

I have spoken for some time, and I should like to conclude by making one more appeal to the Government. I am going to end on a high note by saying "thank you very much" for a proposal that I first saw emerging as a recommendation, and which I have seen being extensively evaluated because it is expensive. I am referring to the educational maintenance allowances. The Government have made the decision to spend the money where it counts: on pre-school, and on big increases right through infant, junior and secondary schools. They have made the hard decision that although they are going to expand higher education, it will not get as much as the earlier years provision. We know that 90 per cent. of those who get to the age of 18 and get their qualifications will go into higher education. It is too late then. Good research evidence shows that most kids from poorer backgrounds drop out between the ages of 16 and 18. Educational maintenance allowances have been properly evaluated and they are wonderful, but they are only available in one third of the country. I want them to be available in 100 per cent. of the country. As soon as we have an announcement that EMAs will be rolled out right across the country, I shall be delighted.

Mr. Ivan Lewis: They will be.

Mr. Sheerman: Well, I hear that that might be the case. Will my hon. Friend give the House a copper-bottomed guarantee of that?

Mr. Lewis: I am more than delighted to make the announcement today that we will be rolling out educational maintenance allowances for 16-year-olds from September and to 17 and 18-year-olds the following year. They will be available universally for young people from low-income families.

Mr. Sheerman: Well, there is nothing more copper-bottomed than that.

I have had a real opportunity today to range around some of the subjects that the Select Committee has looked at. There are issues on which we agree with the Government and others on which we disagree. I think that we have fairly pointed out the Government's deficiencies, and commented on the positive elements of their policies. In the true tradition of a Select Committee, we have tried to ensure that we scrutinise the Executive and hold them to account. That is our job, and it is a great pleasure for me to be doing that in the Education and Skills Committee during this Government.

3.12 pm

Sir Michael Spicer (West Worcestershire) (Con): Mention has been made today of the paucity of attendance on both sides of the House. In that context, I cannot resist putting it on record that the Liberal Democrats have had absolutely nobody on their Back Benches throughout the whole of our second debate on the Budget. I suppose that that is because making figures add up nationally is not their special interest.

Mr. Rendel: I am not sure whether the hon. Gentleman was here when I started my speech, but I did point out that, unfortunately, our Front-Bench spokesperson was ill today and was therefore unable to be here.

Sir Michael Spicer: I was here all the time. I was talking about the Liberals' Back Benches, which have been green and empty throughout. The hon. Gentleman has sat there like a palm tree in a desert for the whole debate.

Mr. Rendel: I am not on the Back Bench.

Sir Michael Spicer: No, the hon. Gentleman is on the Front Bench. But the fact is that there has been absolutely nobody from the Liberal party here to support him, which is very sad for him.

I want to make most of my remarks on the economy in general, and on the Chancellor's speech yesterday. Before I do that, however, as we are focusing on education, perhaps I could make a couple of points on education finance. I am amazed that the Government have not used the opportunity of the Budget to readjust the area cost adjustment formula, which provides money to local education authorities. This argument has carried on for many years. We were debating the issue even when I was at the then Department of the Environment. It is not new. Every time I have gone to see Ministers about it, I have said that it is a subjective formula. Attempts are sometimes made to attach some kind of spurious science to it, but it is subjective. That is why we get comparable authorities having very different area cost adjustments. That is particularly unfair in the case of Worcestershire, where we come out of it very badly. I would like to use this opportunity to make a plea to Finance and Education Ministers to think again. I know that they have been doing so, but nothing ever seems to come out of the thinking-again machine. As a matter of fairness, I would ask them really to address the issue this time and to examine the logic involved in the way in which the Government provide money to local education authorities.

The Conservative Front-Bench spokesman has spelled out our excellent position on parents' passports. One of the good things about that proposal which has not yet quite reached the public domain is that by giving money directly to people we are bypassing the bureaucracy of the local education authorities. In so doing, we would be addressing about 70 per cent. of the cost of local expenditure, and could, if we thought it through, therefore address the enormous rise in the burden of council tax and all its associated problems. This might possibly provide a way through the vexed question of council tax, to which I shall refer later.

A number of speakers in this short debate have said that, on the surface, the economy feels—to most people—as though it is in good shape. Interest rates are relatively low, though rising. Inflation is also low, though probably also rising—certainly above the Chancellor's projected 1.7 per cent. for next year. Both are rising because of significant increases in, and the hardening of, world commodity prices, and also because of lax domestic monetary and fiscal policies. Unemployment is low because public sector—not private sector—jobs are plentiful; jobs in manufacturing are falling.

Beneath this apparently calm surface, however, there are signs that the British economy is in an almost identical position to the United States economy's just before the dollar went into decline. This raises the question of whether pressure on sterling is around the corner. Certainly, sterling fell 4 cents to the dollar in one day last week, following the news of an appalling £4.6 billion trade deficit in January. People might be wise not to delay their buying sprees in the United States for too long.

As was the case with the United States, Britain is no longer paying her way in the world. For several years, she has been running a vast and growing balance of payments deficit, especially with the European Union. This fact was neatly skated over in the Red Book and went totally unmentioned in the Chancellor's speech yesterday. Britain is buying around £30 billion more goods and services abroad each year than she is selling. The value of Britain's visible and invisible exports actually fell between 2001 and 2002 by 5 per cent., which is a very large figure. During that year, as in previous ones, Britain made a surplus on her sales to the United States, but sadly, these did not make up for the vast losses that she made on her trade with continental Europe.

As was also the case in America before the dollar fell, this very significant trade gap has in the past been balanced by a heavy inflow of foreign funds, both in the form of direct investment and through the purchase by people abroad of UK Government bonds and securities. As was the case in America when the dollar began its plunge, the inflow of funds to the United Kingdom, which peaked in 2000, is drying up. In the American case, the result was a fall in the requirement for foreigners to hold dollars. There is absolutely no reason why the same principle should not apply to the willingness of foreigners to hold sterling if the present trend in both the balance of payments and the compensatory capital flows into the United Kingdom is maintained. The foreign account is therefore the first reason why pressure on sterling must be mounting.

[Sir Michael Spicer]

The second, related, similarity with the American economy before the dollar went into its slide is the growing financial deficit in the United Kingdom—the continuing gap between public spending and the revenue raised to cover it. According to the Chancellor himself, that is running at an annual rate of well over £30 billion a year—currently about £40 billion—despite massive tax rises. On past form, the £37 billion he promised for the current year will be exceeded.

That financial gap has been caused, essentially, by a vast rise in public spending, set to reach well over £500 billion, or 42 per cent. of gross domestic product. All that must require one of two things: either a massive rise in tax rates or the Government substantially increasing their borrowing. In the context of what I am arguing today, the question then arises as to how successful the Government will be in raising the necessary loans, especially at current rates of interest.

It is arguable that, as with America, the appetite for British Government stock will begin to wane as more of it begins to flood the market. Again as in America, that will not only put pressure on long-term interest rates, but add to the vulnerability of the currency as foreigners begin to fear an interest rate rise and a fall in the value of Government stocks. I am saying that, contrary to the impression left yesterday by the Chancellor, the Government are dangerously gambling with the future of our country's economy and with its currency, the backing for which has been greatly weakened since the bulk of our gold reserves was sold.

What has caused those two major deficits in our trade and our finances? On the trade account, it is quite clear that since the Government took office the competitiveness of the British economy, relative to others, has declined. Productivity rates have fallen virtually continuously since Labour came to power. That is presumably why the Government no longer publish productivity rate tables in their general reports on productivity.

The reason for that decline in the competitiveness of the British economy is that from being one of the least restricted, lowest taxed western economies in the 1980s and 1990s, it has returned to being one of the highest taxed and most regulated. According to the Office for National Statistics, a further contributory factor to the decline in productivity has been the remarkable growth in non-productive public sector jobs. Whereas, for instance, the number of full-time teachers rose between 2000 and 2003 by 6.8 per cent., the number of full-time education administrators rose by 26 per cent. in the same period. A comparison between full-time nurses and administrators provides figures of 7.3 and 15 per cent. respectively.

In that context, it is of course to be welcomed that the Government have introduced a proposal in the Budget to amalgamate the Inland Revenue and Customs and Excise. I suppose I am bound to be enthusiastic about that, because I chaired the Treasury Committee that twice made such a recommendation. The amalgamation will undoubtedly create administrative savings.

The effect of the decline in the productivity rate has combined in our country with a switch from growth markets in north America and the far east to the sluggish markets of Europe. Far from benefiting the balance of payments, trade with the European Union has been to its detriment. It used to be said of the Germans and the French that the EU had an economic price for a political benefit, whereas Britain paid a political price for an economic benefit. For our trade account, the economic benefits are highly questionable.

As for the deficit in the financial account, this raises one of the central dilemmas facing British Governments of all political complexions: how to recreate for ourselves public services on a par with those of comparable countries while keeping taxes down to a level at which people are willing to invest and to work.

The problem is aggravated by the fact that certain taxes have begun to hit their ceiling in terms of public acceptance. Council taxes and much VAT are the most recent example of high taxes hitting the relatively poor hardest and becoming unacceptable. The resentment against local taxes is unlikely to be reduced by changing their form or name. People simply want to pay less tax, whether it is called council tax, local income tax, property tax or, for that matter, poll tax.

The answer to the conundrum of getting better public services and keeping taxes down is to pursue the path on which this Prime Minister's Government claimed to have set out under the label "new Labour": revitalising public services through a mixture of public and private money and management. Labour's attempt to do that failed in the starting blocks with, effectively, the dismissal of the right hon. Member for Birkenhead (Mr. Field).

A good place to start the whole process would have been state pensions. Launching a properly funded, actuarially based pension scheme to which state funds were applied where premiums were beyond the reach of contributors, and paying pensions properly related to previous earnings, would have been an excellent start. That should have been followed by radical reforms to the management of the health and education system, on which we are basing today's debate.

It has become a proven fact that when patients, for instance, are given financial power to make their own choices, as in the case of most European countries, not only have more resources become available, but the whole system begins to respond with much greater effect and efficiency. In this country, it remains a privilege to visit a doctor and to receive treatment in hospital. When the patient is financially in charge of his own destiny, it becomes a right and an obligation on the health provider to give him or her the best possible service.

Mr. Sheerman: Will the hon. Gentleman answer one question? He knows a great deal about the health sector, but the US spends 15 per cent. of GDP on the health service while we spend 7.5 per cent. The figure for France is very high indeed. France delivers a good health service, but it is enormously expensive, as is America's, which is also very poor. Which example does he suggest we follow?

Sir Michael Spicer: I am saying that, particularly in the health service, we need a mixture of private and public funds. We cannot do everything off the taxpayers' back for the reasons that, in a sense, are implicit in the hon. Gentleman's question. At 7.5 per

cent., we are already straining taxpayers, so there has to be new thinking and a radical approach. I thought that new Labour, in the first instance, was about exactly that mixture of public sector management and finance combined with private sector management and finance.

That is what new Labour was to bring to the pot, if I may put it that way, but it has not happened. Ever since the right hon. Member for Birkenhead was thrown to the dogs, the momentum has gone out of that particular philosophy and that approach to government, which was an interesting one. I believe that it should be taken forward, because under such a system waiting lists become a thing of the past, but not because of Government edict.

Mr. Andrew Love (Edmonton) (Lab/Co-op): The hon. Gentleman is painting a gloomy picture, but to pick up the point about the mixture of public and private funding for the health service, he says that it is a privilege to be able to go to a GP or to hospital. Under private financing of the kind that he is talking about, would not that become even more of a privilege and one based on the amount of money that someone could bring to bear to access the health service?

Sir Michael Spicer: All I can do is give the hon. Gentleman an example. Because of France's largely state-funded insurance scheme, immediately people become ill, they get a fistful of what used to be francs but, unfortunately for the French, are now euros. They wander around the high street looking for a doctor. The doctors come out of their doors very rapidly, because those people have money in their hands. Suddenly, the boot is on the other foot and the whole emphasis shifts from subservience or dependence on the system, as the patient has the power and the ability to buy services. The attitude and approach of the provider would change overnight. That is exactly what has happened in France; I am not talking speculatively.

Mr. Love *rose—*

Mr. Todd *rose—*

Sir Michael Spicer: I shall give way.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I do not know whether the hon. Gentleman wishes to make the adjudication between the two, or whether he would like to leave it to the Chair.

Sir Michael Spicer: I thought that I would allow the hon. Member for Edmonton (Mr. Love) to follow on.

Mr. Love: I thank the hon. Gentleman for giving way a second time. In the case of France, the French are already looking at the gateway system operated by GPs to restrain the cost of the health system. The French health system is paid for through a tax on employment. How would he seek to pay for the private sector contribution?

Sir Michael Spicer: The way the system is funded is, of course, an issue. In this country, funding is from taxpayers generally, and there is no reason why that should not continue. The issue is what happens to the money once it is raised, and how it is combined with other money, which the French have done very well. I totally accept the hon. Gentleman's point about the need for cost control, which is, of course, right. Were I a Frenchman, I would want much tighter controls in many ways on cost.

Mr. Todd: May I suggest to the hon. Gentleman that his earlier remarks about the number of bureaucrats and administrators within the NHS—it depends on how one counts them—could be applied to the French system, in which vast numbers of accountants and pen pushers shift around the various financial transactions generated by the high street shopper to whom he refers? Surely he recognises that there is a linkage between that and the overall cost of the system.

Sir Michael Spicer: But surely the hon. Gentleman will recognise that the French system provides a far better health service than ours. [HON. MEMBERS: "Oh."] Well, I would not have thought that anyone disputes that. Certainly, as I said, were I a French taxpayer I would be in the business of trying to control some of the expenditure. I do not intend to deny that at all. Basically, however, an effectively state-run insurance system has worked extraordinarily well in France and in other countries.

Sir John Butterfill (Bournemouth, West) (Con): Spain.

Sir Michael Spicer: As my hon. Friend rightly says, Spain is one of those countries. The idea that our health system is a good system compared with other countries' systems is a figment of the Government's imagination.

Michael Fabricant: Is my hon. Friend aware that as a proportion of GDP, about as much money is spent on health in Scotland as in Germany, and yet the biggest killer for men is prostate cancer? In the United Kingdom, the chance of being cured of prostate cancer is roughly 50:50, whereas in Germany it is 76 per cent. Does not that show that we have no room for complacency?

Sir Michael Spicer: My hon. Friend makes a good point. An even better point—his point was good enough—would be provided by the example of Wales, where, I understand, the per capita expenditure is in some respects higher than in many other European countries, and yet the waiting lists are far longer than in England. It is a perfect example of how the system of delivery and the system of financing count. The Government used to believe that, when the right hon. Member for Birkenhead was in charge of thinking in the Labour party, but they have given up on it. The situation with this Government is now hopeless. In fact, they have been exhausted on these matters by their own Back Benchers, and the original objective has been destroyed. What remains is increasingly marginal though bitter in-fighting within the Labour party over a rump of policies on hospitals and further education. New Labour has lost its point.

Britain's twin deficits are serious. They have at their root the Government's failure to produce a truly competitive economy. They are bound in the end to

[Sir Michael Spicer]

create pressures on our currency, and instability for its future. Whether that turns eventually into a full-blown sterling crisis, or, as in the American example, results in a gradual but persistent slide in the value of the pound, is anyone's guess. One day, as always, a Conservative Government will have to pick up the pieces.

3.34 pm

Helen Jones (Warrington, North) (Lab): Let me say at the outset that the doom and gloom of the hon. Member for West Worcestershire (Sir Michael Spicer) does not reflect what is happening in the real world outside. I hope to say a little about the positive effect of the Budget on constituencies such as mine.

In his Budget, the Chancellor set out policies that would maintain a strong economy and allow our public services to grow and develop. It is interesting that the Opposition always present those two things as alternatives. That is nonsense in a modern economy. Good public services that support individual effort, provide the infrastructure that the economy needs and ensure that we create a cohesive society in which people are enabled to innovate and take risks are essential for the development of our economy. Public services have a moral function, but they also have an economic function. The twin track that the Government have pursued has borne, and continues to bear, fruit in areas such as the one that I represent.

It is worth reminding ourselves of the situation that we faced in 1997. We have heard a lot from the Opposition today about manufacturing industry. I must remind the House that, under the Conservatives, nearly 20 per cent. of the manufacturing industry in my area was wiped out. There were families in the middle of my constituency who, by 1997, were almost in their third generation of unemployment, and children who had never seen anyone in their house going out to work. The situation in my area has been transformed. The unemployment rate in Warrington is 1.7 per cent., which is below the 3 per cent. figure that Beveridge used to define full employment. Far from that being dependent entirely on public sector jobs, new businesses are being created every week in my area. It is a north-west success story. The reason for that, and the reason why the policies that the Chancellor is pursuing are right, is that Warrington has developed precisely because of that mixture of public sector innovation and private enterprise that has borne fruit. I will give way to the hon. Member for Epsom and Ewell (Chris Grayling), because the voters of Warrington, South, resoundingly rejected him.

Chris Grayling: The hon. Lady is right that I was a candidate in Warrington, South at the 1997 general election. I simply ask her to reflect on the circumstances in Warrington in 1995 and 1996: by all measures, it was a boom town. Development and new businesses were appearing everywhere and there were huge pressures on infrastructure. Her memory and mine of the environment in Warrington at that time are very different. Warrington was doing pretty well under the Conservatives.

Helen Jones: The hon. Gentleman' intervention is almost entirely wrong, because Warrington was not doing well. Large parts of Warrington had very high unemployment under the Conservatives. If he will permit me, I will give him the figures and the reasons why we managed to tackle that.

First, because Warrington was a new town—the hon. Gentleman may well have a point on this—it was fortunate enough to be at the heart of a very good motorway network. That was public infrastructure provided by public money. Warrington was also fortunate enough to have a council that actively promoted economic development and provided sites for new businesses in the town—a Labour council, looking forward.

The council was able to take advantage of the improvement of the economy under this Government because of many of the schemes that the Government introduced, such as the new deal, which the Tories opposed consistently, and modern apprenticeships. We hear a great deal of discussion about those, and the Tories try to talk them down, but they are providing good training for a number of young people in my constituency. The results can be seen very clearly. Long-term unemployment in Warrington has fallen by 83 per cent. since 1997, and long-term youth unemployment has fallen by 79 per cent. I can tell the hon. Gentleman in very simple terms what difference the Government have made in Warrington. They got people back to work, and everything else has followed from that.

I do not deny that there is much more to be done. There are still serious inequalities in the borough, and I represent many of the most deprived wards. We have surmounted the first challenge, which was to return people to work; the challenge for us now is to improve their skills and give them long-term careers in which they can develop those skills and earn a good living. I welcome the new deal for skills that was announced in the Budget statement, which I expect to benefit many of the people whom I represent. It must, however, be accompanied by ways of helping people to move on after gaining those skills.

If, as the debate suggests, we all agree that vocational skills are undervalued, we must ensure that the acquisition of such skills can lead to other things—further and higher education, for instance, according to how people want to develop. We cannot do that if we cap the number of people who can move on. That is why I am so worried about the Conservatives' refusal to tell us how many people they want to put into higher education. Talk is all very well, but if an artificial cap is imposed on numbers, those who suffer will be the very people who have been traditionally under-represented in higher education throughout history.

The Conservatives talk of making sure that people who are capable of undergoing higher education can do so, but that has never happened in this country. Only those who believe that ability is distributed according to income—which is complete nonsense—could imagine that it had. Working-class pupils are always, and have always been, under-represented in higher education. It is people from poorer families whom we must help to grow and develop.

My constituency needs that above all, because we hope to benefit from the recently proposed northern corridor. We are ideally placed to benefit from it. On the M62, we have Omega, the largest industrial

development site in the north-west. I want—and I know that the local council wants—to attract high-tech, science-based jobs to the area. I hope that we shall be able to use both the new deal for skills and the investment in science and innovation that the Chancellor announced to attract such jobs to regions such as mine—not just the golden triangle of the south-east—so that we can turn the ideas developed in our north-western universities into employment opportunities. That is the way to enable our economy to prosper in the future.

Chris Grayling: The hon. Lady speaks of the need to give more opportunities to young people from less well-off backgrounds in her constituency. Following the passage of the Higher Education Bill, even given the new grants that it will provide, those young people will leave university £10,000 in debt. Does she support the Government's policy on introducing fees, and will she vote for the Bill's Third Reading?

Helen Jones: My constituents and the hon. Gentleman know my views on the Bill, but let me say this. The Opposition's policies would benefit none of the people whom I represent, because they would prevent them from going to university at all. I will take no lectures from him on opportunities for members of lower-paid families.

Mr. Sheerman: Does my hon. Friend agree that the Budget statement said that the expansion of UK universities would be funded, and that the amount received by each student during that expansion would be maintained, whereas critics had said that the £1 billion from fees would be compensated for by the taking away of public money? Is that not a great relief for most of us?

Helen Jones: I agree. It is also proper for the Government to tackle the scandalous underinvestment in universities that has continued for far too long.

If my constituency is to benefit from future development in the north, investment is needed in public transport as well as in skills and science. The corridor cannot be developed simply by blocking up the M62. The Government have already made some advances, with investment in buses, bus exchange and traffic management in my constituency. The upgrading of the west coast main line will bring particular benefits to my constituents but more needs to be done. Bank Quay station in Warrington is an absolute disgrace for a mainline railway station. The rail corridor from Liverpool to Manchester needs considerable work to upgrade local stations such as Birch Wood and Glazebrook, to ensure that more trains stop at smaller stations and that bus services link up, so that public transport can be used to get to work.

It a long-cherished wish of my hon. Friend the Member for Eccles (Ian Stewart) and myself that before long the Manchester tram system will be extended to Cadishead in his constituency and to the Birch Wood industrial area in mine. That is a long-term project but it has been a failure of Governments over time not to think long term about infrastructure and its contribution to developing the economy. I hope that the present economic stability will allow the planning of such projects in future.

If my constituency is to benefit from the Budget, projects are needed that tackle disadvantage in the most deprived areas and allow all to benefit. There is only one Sure Start project in my constituency—for a new children's centre at St. Stephen's. Although it provides the best possible start for youngsters in that area and spreads best practice elsewhere, more projects are needed. I am pleased about the Budget proposal to extend children's centres to the most deprived wards and then to every community.

Sure Start is one of the Government's most forward-thinking and innovative initiatives. I hope that it will be combined with improvements to child care. Warrington has more than 4,000 nursery education places for three and four-year-olds, which is a great improvement, but they are part-time places. Parents in work often find it a struggle to find appropriate child care. The new tax credits have helped, but parents on low incomes in particular have difficulty finding the nursery places that they need. Investment in child care fulfils all the criteria for good public services. It supports individual effort, looks after the most vulnerable, tackles disadvantage and ultimately saves money. As an ex-secondary school teacher, I believe that early-years investment ultimately saves the schools system a great deal of money because it prevents problems developing later.

Sir John Butterfill: I agree with the hon. Lady's comments about Sure Start. Does she agree that one of the great benefits of that scheme is not simply that it provides child care but that it assists young mothers to acquire parenting skills?

Helen Jones: The hon. Gentleman is right. The other advantage of Sure Start is that it is a universal service, so no stigma attaches to anyone in using it. That, too, is important in trying to tackle disadvantage.

We also need further investment in community policing. My constituency is lucky in that we have community action teams in various areas and 11 community support officers. The Budget was right to make it clear that there will be no cuts in policing. If we are to create a confident society in which people feel at ease, it is important to ensure that they feel safe and secure on our streets and in other public spaces.

The key for any politician is how we maintain support for investment in public services and how we tailor them to people's needs. The Opposition propose the parent's passport and vouchers. Such an approach has the merit, I suppose, of being simple, but it has the demerit of being absolutely wrong. Under the mantle of choice, it would actually deny choice to most people. We heard about the Opposition's school proposals—we can never be sure exactly what they are as they seem to change from day to day—but we need only to look at their proposals for the health service to see how misguided they are. Apparently, a patient would receive 60 per cent. of the NHS cost of an operation, but let us consider the example of an old lady waiting for a hip operation. Unless she could raise the rest of the money, she would have no choice whatsoever, while at the same time her local hospital would be being starved of funds. That is a classic example of "To them that have shall be given."

I see no merit in considering people's relationship with public services solely through the consumer model; the situation is much more complicated than that. It is

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right to say that people want public services to meet their needs quickly, but a consumer has no responsibility except to herself. She buys or does not buy, turns up or does not turn up, as she wishes. People think about public services in a way very different from that. They recognise a whole network of complex obligations that entail meeting not only their own needs, but the needs of others. The key for us is how we meet those needs and spread best practice in public services.

We need to define what people want when they talk about choice in public services. It is easy to do that when they talk about wanting to see a doctor near their home or place of work, or about wanting to book their hospital appointment at a time convenient to them. But much of what we hear about choice depends on improving access. I see no evidence to suggest that many people want to rush off to hospital at the other end of the country—unless they need a particular specialist service—or that they want to be able to change their child's school or child care arrangements in the same way as they switch between supermarkets. They have a much longer, two-way relationship with such services. What they want is for us to ensure that the service provided by their local hospital, school or child care facilities is as good as that found anywhere else.

In looking at funding, the question for us is how we spread best practice. A model that we should think seriously about is the one that was used for beacon schools. Best practice in schools was recognised and rewarded, but in a way that required schools to spread that best practice elsewhere. We need to do much more of that in public services and to find many more such models. My fear is that if we fragment our services too much, we will lose the chance to operate the virtuous circles that spread best practice. That is why I have some reservations about how we devolve services locally. It is true that many communities, particularly poorer ones, are not consulted enough about the services provided for them and that they are not involved in those services. Things are often done to them, rather than with them, so we must build funding mechanisms that involve people on the ground.

I enter a note of caution, however, about devolving ownership too far down, because two problems often follow. The first is that there is no evidence of loads of people wanting to go out and run the services. The experience of most Members in respect of finding school governors would confirm that. Even as governors have been accorded more and more powers, it has proved more and more difficult to find people who want to become governors.

Mr. Sheerman: Does it gladden my hon. Friend's heart to hear that 40,000 people have signed up to be involved in the Birmingham foundation proposal?

Helen Jones: It would gladden my heart if I thought that it would be repeated elsewhere, but sadly the evidence suggests that it will not.

The second problem is about funding. If we move towards a model in which local communities own their local park or library, for example, we face the danger of losing the current cross-subsidies. We try to allocate funding, through whatever mechanism, on the basis of need. We may disagree about which are the greatest needs, but we all try to operate on that basis. If, however, I part own my local library or park, why would I want any of my funding to be moved elsewhere in the borough? I suspect that it would not be long before wealthier communities were pressing to keep their local council tax—or whatever mechanism is used—in their own area rather than see it transferred elsewhere. That might lead to improved services in wealthier areas and a decline in services in others. We should be very wary of that.

Accountability is still another problem. If services are devolved to the locality, they would presumably have to be run by different boards, but how is it possible to be accountable if a body spends money without raising it? Conversely, how can a Government or local council be accountable for something that they do not control or own?

Those are the sorts of problems that need to be resolved, but it is encouraging that we can now discuss them on the basis that our local services are properly funded and improving. We are no longer firefighting, as we were throughout most of my career in the public services, but discussing ways of improving them. That is the real message of the Budget. It is an encouraging one for my constituents and for the country as a whole. In future years, I hope that we will continue to build on the progress that we have made in the last few years.

3.58 pm

Chris Grayling (Epsom and Ewell) (Con): I wish to deal with several aspects of the Budget. Before your arrival, Mr. Deputy Speaker, there was great excitement among Government Members at the idea that a shadow education spokesman was going to participate in a debate about education. The fact that our debate is about much more than education is evinced by the presence on the Government Front Bench of two Treasury Ministers but only one education Minister.

We are debating a Budget that was, in my view, something of a nothing Budget. Had the Chancellor stood up and said that he had no speech to make this year, it would have passed by unremarked. Frankly, in respect of its content, his speech offered not a lot more than that. There was rather too much party politics and not enough substance. It did, however, have a pronounced sting in the tail about public borrowing—it emerged from the Chancellor in his usual way of speeding so fast over bad news that it is difficult to catch his words. The trend is alarming, to say the least, and certainly much worse than the picture that the Chancellor portrayed to the House 12, 24 and 36 months ago. Every year, the Government's borrowing position seems to get worse.

Beyond that, however, it was very much a nothing Budget. There was no mention of income tax or national insurance. Although there was a lot of party politics, there was no real analysis of the challenges that the nation faces. The Chancellor missed out some fundamental matters that are crucial to our international competitiveness and our ability to deliver high-quality, efficient public services.

I shall begin by talking about international competitiveness and our economy's efficiency and productivity. Those factors are crucial to our future

success as a nation. The Chancellor continued his bombast about his successes of recent years. To his credit, there have been economic successes recently, although they have been achieved at serious cost to the public finances. However, my profound concern is that growing storm clouds overshadow the Chancellor's good headlines on our economy, on the success of enterprise and on our ability to compete in the world. I am alarmed at how little yesterday's Budget had to say about those matters.

We face an enormously challenging world in which manufacturing industry is moving at a rate of knots from the developed world to the developing world. In addition, different enterprises in the service sector are making the same move.

Eighteen months ago, when I was a member of the Select Committee on Transport, I took part in a visit to Japan and Hong Kong. The proprietors of a container port in Hong Kong told us that, whereas 10 years previously they would have bought their new cantilever crane from Japan, they now bought such items from China, where the quality was the same but the cost was massively lower. Countries in the west, and those such as Japan, will be unable to compete effectively with the bulk manufacturing capability of countries such as China.

Mr. Todd: I am following the hon. Gentleman's argument with care. One of the trends established under this Government has been a rising share of trade with the high-growth Asian economies such as China. That is a critical factor, and we must get to grips with it. Trade may have shifted to China, but does not the hon. Gentleman agree that the key is how well we support that country's infrastructure through trade from these shores?

Chris Grayling: I agree, and if the hon. Gentleman bears with me, I shall explain my concerns in that area.

Many of the traditional foundations of western economies are shifting because the cost differences—such as those that I described in connection with the cranes in Hong Kong—are fundamental, pronounced and unavoidable. In future, western economies will not be centres for mass manufacturing. Increasingly, the bulk service sector, which includes back-office operations, will move out of this country to other parts of the world.

To survive, compete effectively and flourish in the future, Britain must be a specialist, dynamic, innovative and entrepreneurial economy. We must offer a deregulated and competitive environment, so that companies will want to keep their business here. We must foster new business, attract international investment and offer the specialist components, products and innovations that will ensure the continuation of the flow of trade to which the hon. Member for South Derbyshire (Mr. Todd) referred.

Why am I so concerned? For all that the Chancellor painted a picture of unblemished blue skies, I believe that the trends and indicators in this country—the warning signals coming from industry—show that, step by step, the deregulated, lower-tax environment that we have had for the past 10 years, which enabled businesses to flourish and helped the economy to perform well, is being eroded on every front.

Mr. Todd: Is the hon. Gentleman therefore puzzled by the apparent support of both the Institute of Directors and the Confederation of British Industry for the approach taken in the Budget? It sounds as if those organisations do not share the hon. Gentleman's deep-seated concerns.

Chris Grayling: The hon. Gentleman is doing well in anticipating me. Let me pray in aid those very organisations and the concerns that they have raised. I suppose one could say that the fact that the Chancellor did not come up with another swathe of business regulations that would have caused even more problems for those running enterprises in this country is a positive step, but he did nothing to address the already substantial competitiveness issue that Britain faces—the burden of regulation.

There is a major storm cloud ahead, not just for individuals but for business. In the unfortunate and increasingly unlikely event—given the Government's performance—that Labour remains in office after the next election, the Chancellor's figures will, by every independent estimate, require substantial tax increases in the next Parliament. If that happens, given the Government's track record in the past seven or eight years, part of the burden will fall on business and make it even more difficult for our companies to compete.

The hon. Member for South Derbyshire talked about the CBI, which has specifically said that red tape and extra taxes are making the UK a less attractive place to do business. The hon. Gentlemen may be aware of a survey conducted by MORI for the CBI last November of 250 senior figures in industry. Some good points came out of it: 78 per cent. of business leaders said that they believe that the UK remains an attractive place to invest. But two thirds of respondents believed that the Government place a low priority on delivering a favourable business climate. Seventy five per cent. said that the Government were less business friendly, and 68 per cent. expected the situation to worsen. Sixty per cent. of those captains of industry—this is the key point; we are talking not about today, but about the future—expected the climate for investment in Britain to get worse in the next five years. That is the issue and the real challenge. Although things may be fine today, business leaders expect that, step by step, the regulatory environment and the growing burden of taxation will make life more problematic for them. As time goes by, our competitive position will be eroded.

Mr. Bellingham: Does my hon. Friend recall that in that same survey, 6 per cent. of those FTSE 100 chief executives said that they were thinking of moving part of their operation offshore in the next four years?

Chris Grayling: My hon. Friend is right. That is the concern. The Chancellor's speech was very much about the here and now. What happens in the future? What about the trends that are becoming alarming and a genuine cause for concern? In the context of the increasingly difficult international climate, with real competition from parts of the world from which we have

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not faced competition before, business leaders are beginning to consider moving services offshore and talk about the climate in Britain becoming worse. If we are complacent and do not wise up to the challenge that we face, there will be a significant threat to our enterprise and competitiveness.

I pray in aid the director general of the CBI, who said last November:

"when top company decision makers start giving the kind of signals contained in our survey the government must sit up, listen and take action. There is widespread concern about the UK's declining competitiveness and this is starting to feed through to investment decisions. There is no room for any complacency by anyone anywhere."

That is a pretty stark message.

In search of a real drive to deal with those issues, I turned to the section of the Red Book marked "Enterprise culture" on page 54. I looked for the steps that the Government might be taking to address the problem. In January 2004, the Chancellor hosted a conference in London called "Advancing Enterprise: Britain in a Global Economy." We also have the Davies review of economy and enterprise in education and the Tomlinson review of the 14–19 curriculum. Then we have enterprise week in November. We have the £1 million enterprise promotion fund, the launch of a new competition to identify European centres of enterprise and an online summit of experts from the United Kingdom, the United States and Canada to be held in April. We have a new council for graduate entrepreneurship, a working group and a pilot programme of

"devolved RDA-led Business Link services in the North West, East Midlands and West Midlands".

The problem is simple and stark: those are not the issues that the Government should be addressing. The Government should be going step by step—the steps should be big—towards a more deregulated and more competitive environment, with lower taxes for businesses, which will encourage enterprise in this country to grow and develop.

The Paymaster General (Dawn Primarolo): The hon. Gentleman used some rather outdated quotes. I wonder if he has seen the comments made yesterday by George Cox, of the Institute of Directors, who said:

"We are delighted to see the red tape agenda is now being taken very seriously. It's been a genuine impediment to British growth . . . the Government is now taking that forward."

The Federation of Small Businesses said:

"The Chancellor's announcements on red tape and tax administration are timely and welcomed"?

I shall not read out all the comments but, for example, William Sargent, chairman of the Small Business Council and joint chief executive of Framestore CFC, said:

"The ideas are exactly what I have been looking for and I look forward to them being effective."

Do not such statements address the point that the hon. Gentleman is making? The Government are taking the agenda forward and business welcomes that, which is more than his Government—

Mr. Deputy Speaker: Order. The right hon. Lady is meant to be making an intervention, not a speech. She may hope to catch my eye later.

Chris Grayling: The Paymaster General prays in aid post-Budget comments, but she has been in power for seven or eight years and the comments about the need to improve our nation's competitiveness and to reverse some of the regulatory steps that have been taken are not new—they have been around for years and the Government have done precious little about them. Furthermore, the Government have quite a record for making announcements on dealing with competitiveness issues. For example, yesterday we heard announcements about the housing market. The Chancellor made yet another announcement about the need to take the brakes off development to allow massive expansion of housing across the south-east.

I have been a Member for nearly three years and have heard that announcement at least four or five times before. It seems to be seasonal, like the first cuckoo of spring; we reach a certain point of the year and the Chancellor makes yet another pronouncement about the need to improve the productivity of the nation by building lots of new houses. Shortly afterwards, the Deputy Prime Minister announces the building of lots of new houses. We wait another year and the same thing happens again. I shall believe the Government's commitment to remove red tape when we see in this place motions to repeal regulations rather than to add new ones to the statute book.

In reality, that repeal is not happening—nor will it happen. We have only to consider the changes in employment law that are due to come into force on 6 April. They include the right to request flexible working for parents with children aged under 6; an increase in paid ordinary maternity leave from 18 to 26 weeks; an increase in maternity pay for ordinary maternity leave from £75 to £100 a week; the right to an additional 26 weeks of unpaid maternity leave; the right to two weeks of paid paternity leave; the right to adoption leave; the right to 13 weeks of unpaid parental leave and the right to request information on equal pay. All those changes will be made on 6 April— and that is just in one year.

Helen Jones: Will the hon. Gentleman give way?

Chris Grayling: If the hon. Lady will bear with me for a moment, I may anticipate her point. No doubt she is about to ask me whether I am bitterly opposed to all those changes in employment law. It is difficult to argue that many of those changes, taken individually, are a bad thing; the point is that when we add them up for business, time after time and change after change, we are ultimately piling straws on a camel's back. Labour Members may be sincere in their belief that such things are necessary but they miss the point: if we have no wealth generators in future because we have over-

regulated and been too ambitious about what we expect them to deliver, we shall all suffer. The hon. Lady's constituents who struggle in life will suffer, too.

Helen Jones: The hon. Gentleman says that there are too many regulations and they are cumulative. I disagree, but can he tell us which ones he would get rid of: flexible working, leave for adoptive parents, enhanced maternity provision?

Chris Grayling: In due course, my hon. Friend the Member for Eddisbury (Mr. O'Brien) will publish a wide range of such regulations. The hon. Lady asks for a specific example of a regulation that will come into force this year and have a profound effect. Last week, I visited a retailer in a small village near Lewes in Sussex. The retailer is basically a herbalist who manufactures a small range of her own products, which she sells from a shelf in her shop. The hon. Lady will know that the traditional herbal and medicinal products directive is currently going through the European Parliament and the Commission in Brussels, and that it will ultimately be put before this House. As the directive is currently set out, the herbalist, who enjoys what she does but probably does not make a lot of money, must batch-test every single box of five or six products that she mixes up and puts on the shelf. Theoretically speaking, every one of those products must be registered—at a cost. That is one example of a regulation that the Government will enact and that will have a severely detrimental effect on a small business.

Mr. Love: I have listened carefully to the hon. Gentleman's contribution. The last Conservative Government set up the Deregulation Committee, and this Government have reformed it to improve its powers—it is now the Deregulation and Regulatory Reform Committee. Can he explain why Conservative members of that Committee never turn up? Is it not another case of all talk and no delivery from the Opposition?

Chris Grayling: If I respond to that intervention, you will rule me out of order, Mr. Deputy Speaker, and I do not intend to be drawn down that path.

The hon. Member for Warrington, North (Helen Jones) asked me for an example of a regulation that will have a severely damaging effect on a small business. If the example that I gave were isolated, it would not be a problem, but such regulations occur in sector after sector across our economy, which means that individual small businesses must take on extra administrators and work late nights doing paperwork. Many business men and women have decided that enough is enough; they are stopping employing people and are becoming sole practitioners.

Ultimately, the regulation that I described will make us uncompetitive and provide a disincentive to our entrepreneurs, and the economy will suffer. If we do not have the innovators and entrepreneurs of the future—people who invent and market things, set up and build businesses and allow our economy to compete effectively—we will not succeed and will sink into decline in the face of overwhelming competition from parts of the world where the cost base is cheaper. Yesterday's Budget was worrying because I heard nothing from the Chancellor about that challenge and no long-term strategy to reduce the regulatory burden.

I listened to what the Paymaster General said, but I shall start to take her remarks seriously when I see motions before the House to scrap regulations. As far as I can see, that has not happened yet. I shall stand corrected when I see those motions come through, but I have not seen them yet and do not believe that they are coming soon. Unless they start to come and unless we start to rationalise our regulations and think about creating a more flexible entrepreneurial environment for our people to operate in, the consequence for our competitive position in the world in the future will be extremely serious. We face an economic challenge of a kind that the developed world has not faced in 200 years. Unless we respond to it effectively, we will not flourish and survive in the future and will not be able to deliver the service improvements that we want for all our people. I listened in vain to yesterday's Budget for a clear strategy to deal with that problem.

4.19 pm

Mr. Mark Todd (South Derbyshire) (Lab): I shall confine my remarks to three areas of the Budget. First, I shall talk about education, the subject of today's debate. I especially welcome the commitment to increase capital investment in schools, which should mean that the building schools for the future programme, which is intended to replace secondary schools that require replacement by 2015, will be completed in that time scale. Specifically, of course, I hope to ensure that the bids submitted by Derbyshire and Derby City local education authorities commend themselves to the Department when next it considers bids for that programme. Derbyshire LEA was disappointed not to feature in the list of local authorities selected in the first round, but it will have the opportunity in the near future to explain its concerns and to listen to any critique there might be of its bid, so that it can improve its efforts when it submits its next bid.

I shall briefly comment on the merits of the bids. The Derby City bid was an expression of interest in the scheme. One of the key features was the integration of special schools with the secondary school sector. The LEA makes a powerful point about the built environment of the small group of special schools in the city and the need for new facilities within the mainstream educational environment. The proposal has much to commend it.

Derbyshire LEA submitted a bid that focused on the former coalfield areas in the county, including the south Derbyshire coalfield, and the three excellent secondary schools that serve the town of Swadlincote and the immediate surrounding villages. The heads have met and put together a challenging approach to improving the school buildings in the town, and I hope that it will commend itself to the Department when it next considers the proposals. Derbyshire has an excellent track record. It is an excellent council, and is one of the small group of councils that already commands that badge. It has set high standards in developing its education services in the past few years. Among the exciting aspects of its proposal is the extension of online

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courses in secondary education. I hope very much that its bid will be successful in the future and I shall do my best to ensure that it is.

The other aspect of the Derbyshire bid that is especially strong is the proposal for cluster working. I mentioned that the three secondary schools in the Swadlincote area were working together, but it would be easy to find neighbouring schools that do not agree with each other on the future provision of secondary education in a town, especially if they include—as in this case—a former grant-maintained school. It is to the credit of the leadership of the three schools that they have been able to work together on an agreed solution.

The Budget will consolidate the track record of solid educational capital spending over the past six years. I sometimes feel like a market trader when I talk about the increase in capital spending in schools in south Derbyshire. I say, "Well, it's not double, it's not three times, not four times, but something like six times greater than the equivalent period under a Conservative Government." The result of that spending on the buildings in my community is now noticeable.

Mr. John Horam (Orpington) (Con): While we all welcome the extra expenditure on secondary education, does the hon. Gentleman agree that it is a pity that similar largesse has not been extended to colleges of further education, in Derbyshire and elsewhere? Those colleges produce results at approximately two thirds of the cost of secondary schools and could provide the improvement in vocational education that we desperately need.

Mr. Todd: I respond to that with some degree of agreement. There is no further education college in my constituency, so my views are second-hand, although many young people from the area travel to FE colleges in Burton, Coalville or Derby. The point is well made, but it is now being addressed by the Government. However, the hon. Gentleman's fair criticism could be directed at past choices.

The track record has been excellent. Only a month ago, in two separate announcements, John Port school in my constituency—it is one of the largest secondary schools in the country and one of the most successful in Derbyshire—received in two wedges £4.7 million for new buildings. The money will extend places for pupils, replace redundant temporary buildings and provide new buildings. I have referred to the excellent track record, and the Budget gave me confidence that we will continue to see that level of funding and, if anything, an acceleration in it in the future. Despite my intervention on the hon. Member for Newbury (Mr. Rendel), my expression of enthusiasm for what we have had in south Derbyshire was not meant to suggest that I wished that funding to be transferred to another part of the country.

I very much welcome the announcement on early years, to which much the largest increase in expenditure has been committed. I endorse all the points made by earlier speakers about the importance of early years provision. South Derbyshire is now a relatively prosperous area, so it has not benefited from Sure Start. It has one mini Sure Start, which is a slightly different programme, and exciting ideas about the development of children centre services. That will require innovation as the area is dispersed and has one smallish town and many villages. The provision of one building to run a service might not be as appropriate a model as it would be in a larger urban environment.

My right hon. Friend the Minister for Children met representatives from Derbyshire only recently. We discussed those issues and other funding matters, and I am sure that she must share my delight at the Chancellor's announcement, which indicated that we could confidently project future growth in this sector, which would benefit my constituency as well. That is excellent news.

I wish to make one other remark on education. We need to focus much more on skills retention and on raising the skills of existing workers. The focus has rightly been on the low-skill capabilities of school leavers and those joining the work force, but one of my critical concerns is the loss of high skills in companies such as Rolls-Royce, Toyota and other manufacturing businesses that operate in the Derby area. Those skills are sometimes lost when such companies go through the strategic change that is necessary to compete in the modern world. It is a tragedy if high-quality engineering skills are lost when people learn how to run a pub, become a taxi driver or teach people how to drive. We say goodbye to long-entrenched skills at our peril. We need to look harder at models that will allow us to retain them within the local economy where they are relevant.

I come now to an issue in which I have long taken an interest, but which is pretty dry. I refer to organisational change. I was delighted to see the emphasis that the Chancellor put on the need to transform aspects of our public services. I say that because I have made many comments in the Chamber on how that might be achieved and I have urged more radical approaches in the past. I am pleased to see the Gershon review, which indicates the scope for dramatic change, and the O'Donnell review on the Inland Revenue and Customs and Excise producing concrete proposals for change. I also welcome the fact that the Department for Education and Skills is looking hard at its core office functions and the way in which those skills may be utilised better.

I want to express some cautionary words while strongly endorsing what has been said. First, in projects of such scale and complexity, specific things must be got right from the very start. For example, there needs to be clear accountable leadership of any project of such a scale. Both political leadership and managerial leadership of the specific services are required. We have all learned from civil service change that is it often extremely difficult to achieve that key aspect. It is easy to justify confused agendas and complex accountabilities, but if one goes down that route in a project of such a scale, the result is inevitably failure. It is absolutely critical to establish the principle that when we set up a change programme of such a scale, one person should be in charge, and that person should be given a great deal of flexibility and freedom to act.

Secondly, we need a clear definition and quantification of the goals of the change process and the outcome that we want at the end of it. Thirdly—this is another key aspect associated with failure—we need clarity of communication with stakeholders and

constant external reference so that we look outside at other experiences and learn from other people. After reading the O'Donnell review—I shall refer to some of the remarks in the appendix later—I was delighted by the quality of comments made about that process by external advisers.

Fourthly, we need an ongoing risk analysis. The projects are likely to be extremely high risk, and they will require constant awareness of their impact on ongoing service provision. One could not talk about a higher risk project than one involving the Inland Revenue and Customs and Excise, because if things go wrong there, the impact on the Government's cash flow would cause major difficulties in a short time. It is thus vital to work to ensure that there is continuity with legacy systems and processes while we engineer change.

Fifthly, beyond the leadership of a project, we must ensure that we have skilled technicians in project leadership who have considerable freedom. It is critical that politicians do not attempt to pre-empt a large number of answers. We must give people who are challenged in such a way a great deal of freedom to think out of the box and produce their own solutions to the problems that they face.

The final requirement is perhaps not quite as transparent as the others, given the way in which the Chancellor made his announcement yesterday. Clear financial provision is required. The process represents investment to save, rather than the idea of making immediate savings or saving in the short term. There are substantial additional costs during the first year or two of changing large organisations. Incidentally, I think that it is perfectly legitimate to borrow against such costs because they represent an investment to save that can be demonstrated. Nevertheless, I would want to ensure that such spending was provided for cautiously and prudently in our expectations.

I would like to draw attention to comments made by external advisers to the O'Donnell process. John Coombe, the chief financial officer of GlaxoSmithKline, identified the need for both a chair and chief executive. The Government have not endorsed that in their organisational approach, although they make a powerful argument for clarity and accountability over the critical mass of project leadership, which is suggested by John Coombe. Nevertheless, he emphasises that "top level action people" are required in the project, which has been my experience of projects in the private sector. He says that a

"big investment in taking a number of the very best people out of normal business activity"

is needed if one is to achieve the change required.

Information systems will clearly be central to achievement and, to take another comment, Martin Taylor, one of the other advisers to the report, emphasised that this would require a very highly qualified chief information officer, and that the post would be one of the most important chief information officer jobs in the country. That is a substantial understatement. This is a post next to that of the chief information officer, as I would regard him, for the NHS, who has been recruited in the last year at a substantial salary, but still fairly modest in private sector terms. This is a critical post that I cannot imagine will be recruited from within the public sector. There are some large challenges within the project, and I give notice that I will certainly be watching its progress with considerable interest and some concern.

The last point that I want to dwell on is the importance of flexibility, which comes back to the speech made by the hon. Member for Epsom and Ewell (Chris Grayling). The Government produced some interesting reading as part of the Budget pack this year, and I want to refer to two of the documents—first the discussion paper on the stability and growth pact, and secondly the paper on flexibility in the UK economy, which drew out some reinforcement of the Chancellor's reference to the British model of economic success. I think that he was quite deliberately drawing a distinction between the British and the European model, as many of us would understand it, and the United States model.

The key thrust of the document on the stability and growth pact was the importance of flexibility in economic management. For example, it highlights the inflexibility of the 3 per cent. GDP deficit and admits the need to take account of overall debt levels. The hon. Gentleman did not refer to the fact that the Government have been extremely successful overall in bringing down Government debt. The document notes the continuing high debt levels of many existing eurozone member states and highlights the challenges of maintaining long-term public investment if short-term limits are set instead. It points to the challenge of the absorption of the new member states, which have very different economies from the core group of eurozone members. For example, they have much lower public debt levels, but substantial infrastructure deficiencies that would suggest long-term investment requirements needing to be funded by debt. It highlights the modest progress made in addressing the challenges of an ageing population in states within the eurozone, and it notes the challenges in responding to business cycles and the evidence to date of the use of inappropriate fiscal policies within the eurozone core states.

I read the document as a warning of the need for significant reform, both in the way in which the stability and growth pact operates, and within the economies of the core eurozone countries if we are safely to enter into closer economic union with them. I have long been an enthusiast for that, but I take the view, based on hard analysis of the benefits, that a significant amount of listening is required by our European partners to some of the successful experiences in Britain of how to manage an economy—

Chris Grayling: I very much agree with the hon. Gentleman's last comments, but does he share my concern that all too often the process of harmonisation is not about deregulation, but about regulation that brings standards into line, and, in reality, in far too many areas of our economy we are moving in the direction of what he describes as the wrong model, rather than the other way?

Mr. Todd: I think that the evidence on that is mixed. There has been some well-founded resistance to some elements of European regulation that we believe are unhelpful to a competitive economy. There has also been misinformed consideration of some of the sectors—for example, health food and herbal

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remedies—in which convergence is taking place. As regards the small business cited by the hon. Member for Epsom and Ewell, the lady involved may well have more difficulty in running her business in that environment. However, I would pray in aid Peter Black Healthcare Ltd. in Swadlincote—a large company that is barred from much of the European marketplace by the rule sets that prevent certain members states from importing particular kinds of non-traditional remedies, whether alternative medicines, dietary supplements or various kinds of herbal remedies. We have to balance the advantages of the larger European market that we are prevented from breaching against the disadvantages experienced by the smaller consumer sectors. There is some misunderstanding of the balance between disadvantage and advantage in adopting single European market rules.

The paper on the stability and growth pact is essentially about the need for flexibility in economic management. The paper on flexibility in the UK economy re-emphasises the importance of regulatory reform. I am delighted that my right hon. Friend the Paymaster General was able to set out in some detail the Institute of Directors' support for the Chancellor's statement. The Government clearly recognise the need for ongoing regulatory reform. Several of the major European economies need to make progress on revised labour market policies. They could also usefully learn from our reforms of the tax and benefits system to improve work rewards and investment in skills.

It is increasingly clear that a UK economic model is emerging. I shall explain my definition of that. It combines the advantages of a broadly liberal regulatory framework—I accept that there is some disagreement about that, but it is hard to argue against if one measures it against those of other European economies—with a recognition that the cost of social provision should be shared between citizens and society at large. Wholly socialised or wholly privatised models carry major inefficiencies. The hon. Member for West Worcestershire (Sir Michael Spicer) talked about health care models. Although there are failings in our NHS—no one would claim that it is perfect—we tend to forget that the cost of public provision is offset by our private contributions. Most of us pay substantial sums for prescriptions, dentistry, opticians and other elements of health provision. That mix is rather more efficient than a decentralised system whereby the state provides support for insurance or a system of claiming after treatment, which carries huge administrative costs. There is plenty of evidence for the strengths of our system.

The UK model also embodies a simple framework to protect workers and to ensure that the value of work is consistently rewarded; a commitment to liberalised markets while recognising the social costs of raw market mechanisms; an emphasis on raising skill levels; and an emphasis on strengthening the infrastructure of innovation and increasing rewards for entrepreneurs.

Yesterday, the Chancellor set out the major tasks that lie ahead before we can participate in closer financial union with other European states. He drew an encouraging picture of growth and prosperity in this country, although we must always have some caution about the competitive environment in which our country and our businesses have to work. However, I was filled with substantial confidence that we have a strategy that should work—and that is working—much better than the European model or even, to some extent, the United States model, about which Opposition Members have made some negative comments.

4.45 pm

Mr. Mark Field (Cities of London and Westminster) (Con): Let us face facts: this is a rather dull Budget, although I hope that the Front-Bench spokesmen will agree that this debate has not been quite as dull. I shall touch on one or two education points later, but would first like to address other issues.

Among many economics experts, this will not go down as the most exciting or innovative Budget that there has ever been, although in many ways that might be regarded as a compliment to the Chancellor of the Exchequer. Certainly, there have never been so many post-Budget briefings, breakfasts or brunches prepared in vain, and never was there so little on which commentators could report.

What is there to say, then, from this side of the House? As I am very much on-message, I should refer to the third-term Labour tax rises that are on their way, or the

"credit-card Budget from a credit-card Chancellor".—[*Official Report*, 17 March 2004; Vol. 419, c. 337.]

I hope that that shows that, some 72 hours after leaving the Whips Office—I see that my Deputy Chief Whip is here—I am still very much on-message, at least so far as the Budget is concerned.

Let us make no mistake: this is a political Budget, and a Budget that is very much on hold. It is fair to say that the Chancellor and the Treasury Front-Bench team will be saying a silent little prayer that the economy remain in much the same state as it is in now for the next 14 or 15 months. It is with that in mind that so little has been done in the Budget to change the economic outlook. The key question, now that the Chancellor has reaffirmed his growth projections and they have been proved correct during past year—although many in my party had their doubts 12 months ago—is why there has been such a gap in his revenue. That augurs badly, not, I suspect, for the period this side of a general election, but for the medium term.

As a Member representing a capital city constituency, I shall focus on one or two issues close to the hearts of Londoners, especially the proposals to spend more public money on countering terrorism, which have important implications, and the much broader issue of housing here in the capital city. I suspect that that will be the subject of a much longer future debate, but it was made clear from the introduction of Kate Barker's paper on housing on the day of the Budget that it contained some pointers for the future of public finances.

If the Chancellor's words are to be believed, as I suspect that they are in this instance, this is a self-styled Budget for education, science and enterprise. I am tempted to suggest that the Government were, to a certain extent, making that up as they went along, because in their last manifesto, if that was to be believed, they claimed that Labour had legislated against the introduction of top-up fees. We all know what is likely

to happen on that, if they are successful in getting their Higher Education Bill on to the statute book in the months ahead.

It is right for the Government to identify education and science as key. However, some complacency has been shown in a continued comparison of the UK's economic performance with that of the other G7 nations. The reality is that the world has moved on. This side of an election, there is little doubt that our economic performance will tower above that of France and Germany, as it has done since the mid-1990s. Surely, however, we should be aiming higher and more extensively. I was interested to hear the eloquent contribution of the hon. Member for South Derbyshire (Mr. Todd). He made constant reference to the European and north American models, but economic models seem to me to go well beyond the region this side and just the other side of the Atlantic. I look far beyond Paris, Frankfurt and New York for the great competition.

For those of my age group—I am still, by a few months, in my 30s, as I am sure the Paymaster-General is. She certainly looks as though she is in that age group. I hope that I shall now get a good reception in Bristol, South the next time I am there—and for younger people entering the world of work, there is a realisation that the real economic capitals of the world will not just be those that we already know. They will also be places such as Shanghai and Bombay. Perhaps it is unfair to compare growth rates in those fast-growing young capitalist economies with those in the UK, but those economies are now the relevant competition. The growth rate in China is roughly 9 per cent.

The great debate that is taking place on outsourcing presupposes to a great extent that we have much to lose from our competitive relationships with India and China. It strikes me, however, that nothing could be further from the truth. These are our traditional longstanding trading partners, as they have been for many centuries. I represent the City of London, which has been the heart of our global trading arrangements, and I believe that we should be proud of continuing to foster those links with China and India, which will be the great economic powers of the second half of this century.

When I look at the strength of the United States of America, I feel that Europe is rapidly going downhill in the league table. I do not say that from a wildly Eurosceptic viewpoint, not least as I have European blood running through my very veins, but we as a nation must be proud to foster our longstanding links with China and India, and I hope that we shall continue to do so in the decades ahead. The relevant comparisons should not just be with the G7 nations; they must be with these other important global trading nations.

There is a paucity of ambition at the core of the Budget. The Chancellor's idea of enterprise seems all too often to be an academic exercise, rather than a practical one. Let us face it, compared with many G7 nations, our economy is in a good state. There seem to be few direct problems on the horizon, at least this side of May 2005.

What do businessmen in small or growing enterprises want? I was in that position before I entered the House less than three years ago. I was a businessman in an enterprise that I had set up from scratch in the mid-1990s and built up to a £2 million turnover and a dozen staff. That is a standard size for a small business. I personally have to thank the electoral deluge of 1997 for delaying my entry to this place. Had that not happened, I would not have had the benefit of seeing a business growing in that way. Let us be honest, a lot of the changes that have been introduced, particularly in regard to capital gains tax for owner-managers, are greatly to be welcomed. I admit that I personally benefited from those changes, as have many businessmen across the UK.

There are real problems ahead, however. There is more and more regulation and red tape. I know that that is a fanciful thing to say, and that we have to look at the specifics. I was a smallish businessman—as I have said, we had a dozen staff—and my co-director and I bore much of the burden on a day-to-day basis. We did not have a large human resources department or a payroll department. We had a lot of very young employees, many of whom had had graduate loans and therefore came within the scope of our payroll arrangements. I remember getting on a daily basis from the local authority all kinds of literature which had to be filled in. We also had bits of paper from the Office for National Statistics. There were more and more burdens. Obviously, the filling in of a VAT return filled our hearts with great gloom, not just because of the sums of money that we had to pay but because of the sheer logistics of filling in the return during the last week of every quarter.

There are more and more burdens, and if we are going to rely on smaller businesses getting larger—realistically, they have to be the vehicle for employment growth—there needs to be a lighter touch. I have a great fear that the Government, in following what the hon. Member for South Derbyshire might describe as the European model, have succeeded at times only in placing more burdens on small businessmen.

There seems little doubt that we will see and hear a lot more about the notion of light-touch regulation, and I think all of us were in the Chamber only a week or so ago when the Penrose report was introduced by the Financial Secretary. At least, we had her spin on the conclusions of that report in relation to the near collapse of Equitable Life, which was that an over-light regulatory regime before 1999 was responsible for some of its travails.

I suspect that the story is even more complicated than the one that I am presenting at this juncture, but we could learn some wrong lessons and I fear that, in the run-up to the next general election, we will hear much more from Conservative Members about too much red tape and too much regulation, while Lord Penrose's report on Equitable Life will be cited in opposition to that notion. Indeed, we are perhaps already starting that debate.

It is fair to say that the Chancellor has been a significant political figure in view not only of his longevity, but of how he has managed the economy. Many Conservative Members had great fears immediately after the 1997 election that have not come to pass, but I fear for the economy in the medium term and there are problems that will probably be for us to fix when we are in government. Above all, there seems to be

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little sign of the end of the great borrowing. Today's borrowing is, almost inevitably, tomorrow's taxes. That augers ill for the future.

There has been a particular rise in personal borrowing, whether it is to do with housing equity release or credit cards, and even the Chancellor accepts in the Red Book that the savings ratio cannot be expected to rise over the next year or two, so one has to ask just how sustainable the borrowing is, especially if interest rates go up.

My great fear is for my younger constituents—people in their 20s or 30s—many of whom are relatively well paid. Some work in financial services in the City of London, but very few see any value in investing for the future, at least in a pension. Many will perhaps invest in property, which might help only to ratchet up a property boom, especially in London and the south-east. There has to be a great fear that that will end in tears.

If consumer and Government-led consumption are the only means to continue the expansion of the economy, which seems to be suggested by many of the figures that we see, there is a real risk of overheating, not least, as has rightly been pointed out, because we have near full employment. If we rely on the rapid raising of interest rates to prevent that from happening, there will be worrying problems ahead.

I also have a concern, which a number of my hon. Friends have expressed and I guess will continue to express during our debates over the next few days, about the vast growth in public sector employment over the last two years. It is always rather invidious for those of us who have spent our working lives in the private sector suddenly to berate the public sector in such a way when we enter it. However, there are great concerns that much of the job growth of the last two years, even if not necessarily of the last six or seven, has been in the public rather than the private sector.

I also want to make a small but important point on the tax issue. Funnily enough, this is one of those opportune moments, as one of my constituents got in touch on the morning of the debate while I was sketching out a few notes. My constituent lives in Mayfair, which is not quite the untrammelled and affluent area that many might assume. It has a mix of accommodation. She complained that she finds herself in a higher tax band, although she works in the public sector. Of course, the number of people paying higher rate tax has increased massively over the last seven or eight years, especially here in London and the south-east, as tax bands have not risen in accordance with the relatively large increases in average pay.

That is a particular problem in London, although I accept that it is difficult to have entirely localised rules. The Chancellor, to this limited extent, should at least be congratulated in relation to the benefits system and on recognising the particular difficulties of the capital. As a result, there have been London-based allowances. In relation to much of public sector pay, I hope that there will be a more meaningful London weighting, which, I guess, will also have to apply to other hot spots in the south-east.

I want to make a couple of comments on the London issue as a whole. First and foremost, on the terrorist threat, all of us, particularly after the events exactly a week ago today in Madrid, have at the back of our minds a fear of a terrorist attack. It is important that life should go on, and as there are a number of other London Members present, let me say that we all know that we must try to instil a sense of confidence and optimism in our constituents about going about their everyday life. In many ways, failure to do so is almost allowing the terrorists to win their battle. But it is urgent that proper provision be made.

The Government have a clear understanding of the problem at stake, which has been at stake in London for the past two and a half years. Coupled with that is a clear understanding that more powers have been required. I, for one, have spoken up often in criticism of some of what appear to be the quite draconian powers introduced by the Home Office. None the less, it has recognised the threat—in my view, perhaps overstated it—and we have those powers on the statute book.

It seems to me that we need a proper civil contingency protection force in the capital city, and significantly more resource needs to be associated with that if we are to protect all our fellow citizens. For example, there are only 7,000 people in such a protection force in the UK as a whole, and London's is woefully short of what is required and heavily reliant on Territorial Army reservists. As far as London is concerned, the great problem with the TA is that our main London regiment finds itself stationed in Iraq. Were there to be a major incident, perhaps of a far more violent nature even than that in Madrid last week, it is difficult to see how our civil contingency force would be able to cope with that.

I therefore welcome the notion from the Chancellor that he is putting more money into this area, and I hope that it will be directed urgently towards some of the key targets in the capital city. It is a depressing state of affairs when both the Mayor of London and the chief of police, Sir John Stevens, refer, as they did earlier this week, to the inevitability of a London attack. If it is so inevitable, we must act urgently.

On the issue of housing, which will be subject to much broader debate in the months ahead, Miss Barker's watchwords seems to me to be "dictate and provide". If implemented, that has a worrying implication for much of this country. In London, however, the problem may be the converse, because the delivery of affordable housing targets in the Mayor's recently published London plan depends on grant being made available under planning agreements by private developers under section 106. The current policy of the Housing Corporation, however, is that such section 106 agreements should be self-funding and the grants would be available only in exceptional circumstances. It seems to me that London, under this Government, has failed to meet its obligations on new homes since 1997. Certainly, the new build rate is considerably lower than it was during the first half of the 1990s. I hope that Miss Barker's paper, although it offers little hope for London, will at least be the starting point of a debate on this important issue, which will obviously have an impact on the public finances.

The economy is likely to be in a relatively steady state this side of a general election. One of the difficulties about being in opposition is that often things need to go

wrong for great advantages to flow towards one's party for purely electoral purposes. Certainly, as I represent the Cities of London and Westminster, the last thing on earth I want to see is a sustained downturn, and in so far as there was a slowdown in the last two years there are distinct signs from the City of London that the corner has been turned. Some major mid-term problems are mounting for this Government. They will have to arrest large-scale borrowing, both public and private, and if steps are not taken to arrest that problem this side of a general election, there is potential for a much more precipitate increase in interest rates in the second half of 2005 and the risk of much higher taxes to be paid.

I look forward to hearing what the Paymaster General has to say when she winds up the debate later. No doubt we will continue to debate these issues—me with my London hat on, and more specifically, representing the City of London—in the months ahead.

5.5 pm

Sir John Butterfill (Bournemouth, West) (Con): Yesterday, the Chancellor spoke of the need to smooth out the economy with Government intervention. I think that we all agree that it is important for a Chancellor to smooth out the variations and the stops and goes to which economies are prone by means of some form of intervention, from time to time.

I well remember when we were in the grip of the last world recession, at the time of the last Conservative Government. We borrowed extensively to cover the difficulties that the recession had caused our economy. As a result, the recession in the United Kingdom was both shorter and shallower than in any other part of the western world. What I consider a new departure is the Chancellor saying that a time when our economy is growing faster than most of its competitors is appropriate to increase borrowing at a faster, almost unprecedented rate. That strikes me as the reverse of the normally accepted discipline.

The Chancellor says that he is following his golden rule. He says that, in terms of percentage of gross domestic product, we are still within reasonable parameters. However, a large proportion of the growth in our GDP has been caused by public expenditure and public projects—what the Chancellor is keen to call investment in the public services, although he defines investment rather differently from most of us. Most of us see investment as capital expenditure on things that will produce benefit for the future. The Chancellor seems to apply the term to any payment for the public services, including the payment of current running expenditure. That is really rather different, and may not produce a yield for the future.

We put ourselves in great danger by extending public expenditure in that way, through borrowing, when it is not underpinned by tax revenues from the private sector. We are in danger of running into all sorts of trouble in the not-too-distant future. This is not just my view, but that of the Organisation for Economic Co-operation and Development and the International Monetary Fund. We should heed the warning given by my hon. Friend the Member for West Worcestershire (Sir Michael Spicer) that trouble could be around the corner. At the very least, substantial tax increases could be around the corner if the Chancellor continues down his unusual chosen path.

Industrial performance in this country is not particularly good, and our international competitiveness is declining. All that suggests the need for much more caution than the Chancellor seems to have shown. His present borrowings will have to be repaid some time, and they will have to be repaid from taxation. They cannot be repaid from more borrowings: that process cannot continue indefinitely.

The Government's record for making savings, on which the Chancellor placed some emphasis, is not particularly good. In fact, it is not good at all. The Government have not made savings in the public services—or, at any rate, when it has been possible to make them, they have been very marginal. The idea that the Chancellor will be able to make savings of the scale required to meet the strategy upon which he has embarked is worrying. He seems to believe that he can make savings by tinkering with the number of people employed in Government Departments, which admittedly has grown out of all proportion. Making the real savings necessary requires substantial deregulation and restructuring of the way that public services are delivered. I heard nothing in his speech yesterday to indicate that he has fundamental restructuring in mind.

Education is a good example of the need for restructuring. Although the number of teachers has increased, there has been a much larger increase in the number of civil servants who supervise them. Surely it would be much better to give devolution to the providers of education and allow them to decide priorities, rather than have teachers permanently accountable to armies of local authority officials and civil servants who soak up a disproportionate share of the education budget.

The hon. Member for Warrington, North (Helen Jones) made an articulate speech and I am sorry that she is not in her place. She asked to whom schools would be accountable in the circumstances that I have described. They would be accountable to some degree to the state and to the local authorities providing funding but fundamentally they should be accountable to their customers—parents and pupils. Unfortunately, the Government are still locked in a public sector mindset, believing that schools should be accountable only to ever-growing central Government. Going down that road will not achieve the savings that the Chancellor hopes and needs to make if he is to enjoy any success with his long-term economic policies.

Pensions were not dealt with to the extent that I would have liked. I was pleased that the announcement about the lifetime limit made some recognition of the universal opinion among the actuarial profession and others that the previously proposed limit of £1.4 million was inadequate and did not correspond to the real cost of the previous annual limit converted to a lifetime limit. The figure of £1.5 million rising to £1.8 million probably more accurately reflects reality. Despite the fact that that range has been given the imprimatur of the National Audit Office report, it is still at the lower end of the scale considered necessary by the actuarial profession and the industry, who suggest a figure nearer £2 million.

I am never sure where the figure of £1.4 million originated. In a previous speech to the House, I had presumed that it had been calculated by staff at the

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Government Actuary's Department and said that they were the guilty men. The Government Actuary wrote a rather irate letter to me, stating that he had not even been consulted on that figure and certainly did not agree with it. He believed that figure had been calculated by a private sector actuary consulted by the Government, whose identity no one knows. It is odd that the Government's own actuary, who would normally be expected to calculate such a figure, was not involved.

I am disappointed that the Government have not so far published much information in their own publications or in notes provided by the Inland Revenue and Customs and Excise about what is to happen to legacy systems. I know that the new procedures are supposed to sweep them all away, but it is not clear how that will be achieved. I hope that Ministers will explain.

I am concerned about a number of matters, but one of the most important is what will happen to the retained benefits regime. If we are to have a lifetime limit, we will not need the retained benefits regime, which causes enormous problems for the trustees and administrators of pension schemes and creates a great deal of work for civil servants. Similarly, if we are to have a lifetime limit we will not need an annual limit. In such a situation, I see no reason why a restriction should be placed on the time at which the huge amount of money that a person might be fortunate enough to earn at a particular point in their career—as a sports star, for example—is injected into their pension pot. Again, it would be interesting to hear what the Government have to say about that.

I was pleased to note the Government's willingness to establish real estate investment trusts. They will prove valuable not merely in assisting in the provision of housing—a desirable objective in itself, about which the Government have spoken—but as a much more flexible and convenient arrangement for general investment by pension funds. One problem for pension funds is that, when a secure form of investment is needed that matches the requirements of payments to their pensioners, such funds are forced increasingly into bonds rather than equities. But the bond market is very restricted, is producing very low yields and is nothing like as desirable a vehicle as it used to be.

The use of real estate investment trusts would overcome the problem of illiquidity in investing in property. One problem for trustees investing in property is that they cannot always readily sell the asset at a time of their choosing. Through a REIT, they would be able to sell what effectively amount to shares in a building simply and quickly, and the element of illiquidity would disappear. The advantage of such a secure investment over bonds is even greater than it may initially appear. There have been a number of academic studies on the prospect for REITs and the yields and stability of property investment. Members may be interested to know that, on average, the aggregate yields on property have been double those on bonds in the past 10 to 30 years, yet the price stability of property has actually been better. There have been fewer fluctuations in property values than in the capital value of bonds.

For all those reasons, REITs could perform a very useful function by making trustees' investment in pension funds far more attractive to those who will benefit. That might help the Government with their own protection scheme, while creating an alternative vehicle to bonds through the formation of annuities. If annuities could be underwritten by REITs rather than bonds, the current problem of very low bond yields—resulting in annuities being worth only half what people were expecting on retirement—could be solved very quickly. I hope that the Government will actively and speedily pursue their idea of introducing REITs.

I also welcome the Government's proposals to clarify the tax treatment of immediate needs annuities. Their tax status was in some doubt and the clarification is extremely helpful, particularly for the increasing number of elderly people who are living longer in our society and will need long-term care. The ability to fund long-term care in a tax-efficient way is an interesting and important issue.

What will be the position on lump sum payments made to care home operators? It is common in the United States that people pay an upfront sum to provide lifetime care, but what will be the taxation position here of the notional value of the care thereby provided? Will it be dealt with in the same way as immediate needs annuities or will it be necessary to purchase a specific annuity from an insurance company? It may provide better value for the older person to make US-style lump sum payments rather than pay amounts to an insurance company to provide a traditional annuity.

I shall now deal with the Government's proposals to encourage investment. I am a little disappointed that they have not been able to go further than they have, although the new incentives for venture capital trusts are indeed welcome.

Dawn Primarolo *indicated assent.*

Sir John Butterfill: The Paymaster General nods. She knows of my long-term interest in that matter, but I no longer have any declarable interest in that sector. I believe that encouraging venture capital trusts is good for the UK economy.

There are still problems with enterprise investment schemes, and here I must declare an interest. If a young and growing company that benefits from an EIS needs to broaden its base by merging with another company—either taking over a company in the same sector or being absorbed in a reverse takeover—one problem is that the tax status is lost. Very often it is in the interest of a small emerging company to have a merger with a similarly small and emerging company, but the fact that the tax status will be lost if that happens is a matter to which the Treasury should give consideration. The risk to the original investors remains just as apparent.

In respect of other savings and what can be done to create help for the real economy, I am terribly disappointed. There is almost nothing in the Budget to encourage saving in general. There is nothing to encourage more saving in traditional pensions—indeed, at the moment, quite the reverse—and even the limited vehicles that the Government have provided, such as individual savings accounts, are having their limits reduced. The Government say that they want to encourage pensions, so why on earth are they reducing the limits in tax-assisted savings schemes such as ISAs? I find that puzzling.

It is as a result of the Government's general approach to savings in the economy that we now have possibly the lowest savings ratio, which has gone down from 10 per cent. to 5 per cent. That is incredibly sad, because without a vibrant savings regime, the long-term capital for British industry and commerce cannot be available. Everything cannot be done by public investment and I hope that the Government will reflect further on that matter.

I am pleased that the Government have increased the threshold for inheritance tax, though by far too little, given that most inheritance tax today is paid on the value of the property or the family home when people die. The increases in the threshold for inheritance tax have in no way kept up with increases in the value of property. That is true not just in London and the south-east. Of course, that rise is especially apparent in London and the south-east, and in the whole of the south of England. In my constituency of Bournemouth, and in Poole as well, property values are among the highest in the UK. People living in fairly ordinary properties are therefore caught by the inheritance tax regime, but I am not sure that that was the intention when the regime was introduced. It was intended to catch the really rich, who could afford to pay a proportion of their inheritance in tax—although the seriously rich always seem to find ways of avoiding that, and it is the modestly rich who tend to be the ones who have to pay.

I hope that the Government will consider the matter again. It has always seemed to me an anomaly that, once the threshold has been exceeded, inheritance tax is payable on the whole estate and not just on the excess. That seems to go against normal taxation procedures when a threshold is involved.

I turn now to the proposals for the planning gain supplement, about which I am puzzled. How will it interface with capital gains tax? A liability for CGT is normally created when planning permission is given for the development of a piece of land, be it a large acreage or just a small back-garden plot. I seek an assurance that the planning gain supplement will not be a double tax, on top of the CGT that will be payable.

The supplement is not new. I remember that, a long time ago, it was called development land tax and was introduced by Harold Wilson's Government. Its history was not auspicious, as one of its main effects was to discourage substantial landowners from getting planning consent to develop their properties. That was the opposite of what this Government intend, as they want to encourage more land to be developed.

The development land tax was so effective in persuading people not to develop their land that the whole idea was scrapped in the end. I warn the Government that the new proposal will go the same way if they do not structure the planning gain supplement so that it gives landowners the incentive to develop their properties. The development land tax was certainly not lamented, and a lot more land was made available for development after it was abolished.

What will the scope of the new tax be? Will it go right down to Mr. and Mrs. Bloggs when they sell a little piece off the side or back of their garden so that a single property can be built? If so, that would be a huge discouragement: not only would the value of their home be diminished because they had sold off part of their garden, but they might also have to pay both CGT and planning gain supplement. If that happened, I venture to suggest that most people would decide that the project would not be worth considering. That in turn might reduce the possibility that urban areas could be redeveloped to increase urban density, which is something that I think the Government wish to encourage. It may inhibit urban renewal as a whole. Perhaps the Government could think about introducing a de minimis rule for planning gain supplement to ensure that it does not create such a burden that people are discouraged from making land available for development.

I conclude by repeating that although the Budget contains some proposals that have merit, its overall economic strategy means that the Government are embarking on an extremely dangerous course. I therefore worry about the future of our economy, and in particular about the possibility that large and unforeseen tax increases will follow in the not-too-distant future.

5.29 pm

Chris Ruane (Vale of Clwyd) (Lab): I apologise, Mr. Deputy Speaker, for arriving late. I have been working on my Adjournment debate for six o'clock.

I should like to talk about the Budget's impact on Wales and specifically my constituency. The announcements made yesterday will help us to build on the achievements made in my constituency in the past seven years. The Chancellor was right to spend the first 20 minutes of his speech yesterday outlining what the Government have brought about in the past seven years. We have had the longest period of sustained growth for 200 years, the lowest interest rates for the past 40 years and the lowest unemployment for the past 30 years. In the early 1990s, there were 4,500 people unemployed in my constituency; now we are down to 900. Unemployment has almost disappeared in the 32 council wards of Denbighshire. It is concentrated in two wards—the south-west and the west ward of Rhyl—which account for 40 per cent. of the overall unemployment. The Chancellor is right to target funding on specific wards so that we can tackle unemployment and poverty in those wards that have not gained as much as others in the past seven years.

Some 270,000 households in Wales include pensioners over 70. In my constituency, 17,000 pensioners will benefit from the additional £100 to help with council tax rises. That builds on the £200 that we have already allocated for winter fuel payments—£300 for those over 80. That is in marked contrast to the attitude of the former Conservative Minister who, when there was a cold snap and pensioners froze to death in their own homes, recommended that pensioners go to the second-hand shop and buy some extra woollens to keep themselves warm through the winter. That shows the contrast between the philosophies of the two parties. The extra help comes on top of the help that we have given in the past: the free bus service for pensioners in Wales; free television licences for those over 75; and free eye tests, dental tests and prescriptions for pensioners.

I believe that the allocation for higher and further education in Wales for 2006–07 will be £99 million and for 2007–08 will be £219 million. Tomorrow at

[Chris Ruane]

10 o'clock, I shall have a meeting at Rhyl FE college in my constituency to discuss finance. Finance is tight, but we have built on our successes in the past seven years and established colleges in my constituency—Rhyl college was established in 1998 and Denbigh college was established in 2000. They are outposts of the main Llandrillo college, which has 23,000 students and is one of the biggest FE colleges in the UK.

The colleges provide courses for people without proper literacy and for young people on the skill build programme, women's enterprise courses and a range of apprenticeships, such as in gas fitting. They are extending the ladder of opportunity into geographical areas where it has never existed. People are being given opportunities to improve their skills and make the most of the colleges in their communities.

The £8.5 billion increase in the education budget is most welcome. I was a primary school teacher for 15 years, in which time I only once taught a class of fewer than 30; that was a class of 26. The largest number of pupils I taught was 39. One knows the difference between 26 and 39. The extra funding for education will allow us to build on the successes in reducing class sizes in infant and junior schools over the past seven years.

I am also pleased that an extra £650 million will go into Sure Start. I had an Adjournment debate six weeks ago on the importance of education from nought to three. I am pleased that the budget for that has increased from £198 million in 1998 to £500 million now—it was due to increase to £1.5 billion. With the £600 million in the Budget, it will increase even further. That is money well spent. Fifty per cent. of what a child learns is learned before the age of five, and virtually 100 per cent. of linguistic ability is developed before the age of three.

In a long-term study in America, children were taped talking with their parents for one hour a week over a three-year period. The study included children from both professional and working-class families, and from families on benefit. The children from professional families had 50 million words spoken to them over the three-year period, while the children from families on benefit had only 12 million words spoken to them. The children from professional families received 700,000 encouragements during that period, with only 120,000 negative comments. However, the figures for the children from families on benefits were 120,000 negatives and only 60,000 positives.

As children develop and become adults, such factors have a fantastic impact on their self-perception and their ability to learn. We need to expand Sure Start to give fragile families in our communities the support that they need. That will benefit them as individuals and families and it will benefit us as a society. The expansion of Sure Start is most welcome and we should build on it.

I am especially interested in research and development. Again, I can report success in my constituency: the St. Asaph business park lay empty for seven years while the previous Conservative Government were in office—although I have to give them credit for building that £11 million project—but now there are 2,500 jobs at the park. The pièce de résistance is the £15 million objective 1 project for a research and incubation centre: OpTIC—the Optronics Technology and Incubation Centre—will be opened in two months' time. There will be 24 units at the centre and it will work on our existing optoelectronics strength in north Wales, where there are 35 optoelectronic companies, with 2,500 workers. We shall create ties between those companies and universities around the UK and the world, so that anybody with a good idea—whether from a university or the workplace—can find support at the incubation centre. The ideas can be checked out and finance arranged, with help available for two years. Every two years, an extra 24 high-tech companies will contribute to the north Walian economy. The research and grants that we have made available will allow us to expand.

As well as OpTIC, we have CAST—the Centre for Advanced Software Technology—a software project in the Bangor area. I should like the Welsh Development Agency and companies in Wales to look into developing more such techniums—research and incubation centres. We could thus draw on our existing strengths in north Wales, in sectors such as aerospace—at Broughton, we have the biggest aerospace factory in Europe—renewable energy and packaging. Those are the ideas that I want to take back to the WDA. The Chancellor has given us the tools and we should finish the job.

I am pleased that there were no cuts in the policing budget and that we shall be allowed to build on our strengths. Since 1997, an extra 200 officers have been appointed to the North Wales police force; the number has increased from 1,300 to 1,500. One hundred of those officers were financed from grants and funding from the Government, and 100 were financed from internal savings. The North Wales force is one of the most efficient in the UK and its savings have gone into front-line policing.

Only six community support officers are currently based in north Wales, all in the west ward of Rhyl—the poorest ward in Wales. I should like the number of CSOs to be expanded and I hope that the available finance can be used to do that.

All in all, the Budget was excellent. It will help my constituency to build on its strengths and I look forward to the money being spent wisely to benefit individuals, families and society in north Wales.

5.38 pm

Mr. Stephen O'Brien (Eddisbury) (Con): We have had an interesting, informative and stimulating debate, although it has not been over-attended by Members from either side of the House, due to the nature of the parliamentary diary. The debate was opened expertly with a great speech from my hon. Friend the Member for Westmorland and Lonsdale (Mr. Collins). As the hon. Member for Vale of Clwyd (Chris Ruane) finished his speech slightly earlier than anticipated, my hon. Friend has not yet returned to the Chamber, but no doubt he will enjoy reading these comments.

My hon. Friend raised serious issues about education that had been left unanswered by the Budget. The enormous strengths of the approach and policies proposed by the Opposition were proved both by the list of our policies that my hon. Friend gave the House and by the fact that the Secretary of State for Education and Skills did not contest them. Indeed, the Government are adopting some of our policies, which, of course, we

welcome—even if half of them have been re-branded by the Government, who are particularly good at re-branding and spin.

The Secretary of State followed the excellent speech by my hon. Friend the Member for Westmorland and Lonsdale, and he has done me the courtesy of explaining that he cannot be here for the winding-up speeches. Speaking of notable absences, he will not be at the NUT conference on Easter Sunday, unlike the shadow Secretary of State for Public Services, Health and Education, my hon. Friend the Member for South Suffolk (Mr. Yeo), who will attend. As a result of the Secretary of State's response to my hon. Friend the Member for Westmorland and Lonsdale, my hon. Friend the Member for South Suffolk will have an opportunity to discuss Labour cuts to the schools budget, which became apparent during the debate, with the NUT. Those cuts contrast with the Conservative commitments detailed by my hon. Friend the Member for Westmorland and Lonsdale and, indeed, my right hon. Friend the shadow Chancellor.

When the Secretary of State was invited to attend the NUT conference, he said that he had something better to do on Easter Sunday, although he does not know what it is yet—when one digs a hole for oneself, how deep can one get? If that were not bad enough, he spent just seven minutes trying to justify his policies and 23 minutes discussing ours—proof, if proof were needed, that we are setting the education agenda with our policies to give control and choice to parents through pupil passports, which will give good schools the freedom and ability to expand. The Government want to choke off that choice and control.

The hon. Member for Newbury (Mr. Rendel) spoke for the Liberal Democrats. He stood in for the hon. Member for Harrogate and Knaresborough (Mr. Willis), who has unfortunately lost his voice. I am sure that all Labour and Conservative Members wish him well in recovering his voice, which, every time he uses it, tends to remind us why we are not Liberal Democrats.

We heard from the Chairman of the Education and Skills Committee, the hon. Member for Huddersfield (Mr. Sheerman), who is not in his place. He forcefully asserted his right as Chairman of the Committee to be political if he wants to be. His contribution was characteristically partisan—having served on that Committee under his chairmanship, I did not doubt that it would be.

My hon. Friend the Member for West Worcestershire (Sir Michael Spicer) made a clear speech on the genuine worry and concern within our economy about the severe decline in productivity rates since 1997. He also made an important point about the difficulty of holding the Government to account and of seeing a full picture of the economy when the Government will not publish the relevant tables of productivity rates.

Mr. Todd: Will the hon. Gentleman give way?

Mr. O'Brien: Given the time, I must decline. The hon. Gentleman had a lot longer than I have to make his contribution.

I dispute the claim by the hon. Member for Warrington, North (Helen Jones) that the whole world of Warrington began in 1997—I remember often being in Warrington, which is near where I live, before that year. However, I share her absolute determination that the west coast main line must be improved, because it is fundamental for both her constituents and mine up in the north-west.

In a characteristically well-crafted and wide-ranging speech, my hon. Friend the Member for Epsom and Ewell (Chris Grayling) discussed the genuine burden of cumulative regulation. When the Government are charged with over-regulating and imposing burdens on business, they often use the defence of asking which regulations should be repealed. Of course, there are several candidates, but given the precedent that the Government have set of waiting for our proposals and then rebranding and using our good ideas, I am sure that we will reveal our candidates sufficiently close to the date of the next election—whenever that is—so that the Government do not have time to do that. The Government should look at the cumulative effect, and we will continue to hold them to account on that issue.

The hon. Member for South Derbyshire (Mr. Todd) focused on early years education. I listened carefully to what I thought was a good speech about the culture of organisational change, an area in which we have both been involved. It was a helpful contribution, as was the speech from my hon. Friend the Member for Cities of London and Westminster (Mr. Field), who stood up ably for his constituents, especially those in the City of London. He was followed by my hon. Friend the Member for Bournemouth, West (Mr. Butterfill), whose authoritative survey enabled the hon. Member for Vale of Clwyd to refer to the particular interests of Wales.

It is all too easy to lapse into considering only the broad sweep of the Budget, and the Chancellor is especially keen on doing so. However, we have to look at the detail and how it affects people's daily lives. It is an essential doctrine of democracy that there should be no taxation without representation. However, the Government appear to think—and more and more people feel the effect—that everybody is a crook or potentially a crook and has a duty to pay tax unless they can demonstrate that they do not owe it. Indeed, the Paymaster General and I discussed that issue in proceedings on last year's Finance Bill. That has meant a change in the burden of proof in terms of the payment of tax, as a result of the Government's desperation to levy money from the populace. The Government have moved away from the old and proven position that they have to prove that an individual owes a tax before they can seek to collect it.

One example is the 33,000 van drivers who will face a huge increase in their tax liabilities if they use their vans out of work time. Basic rate taxpayers will suffer an increase from £100 to £600. Higher rate taxpayers will see an increase from £500 to £3,000. The Paymaster General will doubtless seek to justify that increase, but the big question is, who will police it? The Government have already asked accountants and lawyers to act as snoopers. Will they now ask schoolteachers and school bus drivers to report parents who take their children to school in a van? The increasing tendency towards a snooper society is a grave danger.

It is a similar situation for small companies. More than 100,000 of them will now pay 19 per cent. tax on distributed dividends. Those sole traders and micro-

[Mr. O'Brien]

businesses were encouraged by the Chancellor to incorporate, through his 2002 policy of nil rate corporation tax for the first £10,000 of profits. Thousands went to the expense and effort of doing just that. We debated the issue considerably in proceedings on the last Finance Bill and the year before, but the Government have decided to backtrack on their position. Those individuals and small businesses will have to pay for the Government's mistakes and miscalculations, and that should not be allowed to happen. There will be opportunities later in the debate on the Budget and in Committee for many of the details to be considered, but despite the rhetoric the Budget fails when it comes to small businesses.

The Government's borrowing is causing grave concern, not least because everybody recognises, with sheer common sense, that if the Government now put up the amount borrowed—effectively on each household's credit card—to £6,300, that has to be repaid. If the Government, in making any efficiency savings that they can deliver, then spend further on public services, that will have to come out of tax rises if there were to be a Labour third term. We have explained how that can be avoided without affecting the front-line public services that people deserve. I hope and very much wish that the Government will now listen to the much more sensible alternatives that would avoid Labour's third-term tax rises.

5.50 pm

The Paymaster General (Dawn Primarolo): We have now had two days of debate on the Budget and more than 25 Members on both sides have contributed. It has been an interesting debate and many interesting points have been raised, as they have been this afternoon.

The key themes of Budget 2004, as announced yesterday by my right hon. Friend the Chancellor, is to lock in the economic stability of this country to ensure that this stability endures and to enable Britain to rise to the challenges of the future global economy. The hon. Member for Cities of London and Westminster (Mr. Field) touched on that issue several times, as did other hon. Members, and I shall return to it.

We have to enable Britain to become a world economic leader in this new global age. We need to make the long-term commitments to invest in the drivers of future prosperity—education, science and enterprise. There is general agreement on both sides of the Chamber that that should be our objective. We are able to do this as a Government because of the existing strengths of our economy.

Since 1997, Britain has had sustained growth and, since 2000, our growth has outperformed the European Union area, Japan and even the United States. In the last year, the economy grew by 2.3 per cent., meeting all Treasury expectations and despite the reckoning of Opposition Members who are at it again today by trying to undermine those forecasts.

In addition, this sustained growth has been combined with the lowest inflation for 30 years. New employment figures show that, since 1997, more than 1.8 million jobs have been created, and the majority of them are in the private sector. Every working day, another 600 businesses start up. World trade is now strengthening and manufacturing—the industry worst hit by the global downturn—has grown for four successive quarters. The Treasury expects the British economy to continue to strengthen throughout 2004. It is fair to conclude that the United Kingdom has successfully weathered the global economic downturn. Now is the time to lock in this economic stability so that it endures and to focus on the priorities that will make the UK a global economic leader in the future.

The challenge is to combine that stability—and our new-found confidence in the future—with the resolve to make the right long-term choices and to initiate the reforms that will enable Britain to excel in education, science and enterprise. My right hon. Friend the Secretary of State for Education and Skills reinforced that point strongly in his opening remarks.

Yesterday, the Chancellor announced that we have met our fiscal rules. Debt this year is just 33 per cent. of national income, net borrowing is just 2.4 per cent. this year and our deficit is lower than that in all the major competitors of the industrialised world. Because of that, we are able to afford all our existing commitments abroad and at home and yet release extra resources for the nation's priorities in the years leading up to 2008.

Let me reiterate to the House those priorities. The first is to entrench the stability and growth that we have already achieved. The second is to ensure our security and to support our armed forces and police in these troubled times and to meet our commitments. The hon. Member for Cities of London and Westminster touched on that vital point. The third and most important, in the context of the debate opened by my right hon. Friend the Secretary of State for Education and Skills, is the need to invest in skills and education to enable the British population to meet the challenges of a science, education and enterprise-based economy. My hon. Friend the Member for Warrington, North (Helen Jones) graphically demonstrated that point in terms of the benefits achieved by her constituents, and those still to be achieved. The hon. Member for Cities of London and Westminster set the debate firmly in the dialogue of global challenges and emerging economies. We have to equip our citizens with the best of skills.

Several things that were said in the debate were simply not true, so let us make sure that we put those to one side. It was suggested that compared with other EU countries, the UK did not have a low-tax economy, but a high-tax economy. That is simply not true. Organisation for Economic Co-operation and Development figures show that the total tax take in Britain is lower than the European average, and lower than that in 10 member states.

The hon. Member for Epsom and Ewell (Chris Grayling) derided this country as a place to do business and said that the Government were not meeting the challenges required to take competitiveness forward. Let me give him two quotes. First, Digby Jones, the director general of the CBI, said:

> "I would much rather be doing business in Britain than anywhere else in Europe ... we are still the most successful economy in Europe."

Although I accept from Opposition Members that we should not be complacent, I will not take their persistent running down of the achievements of the British economy under this Government, who are undertaking the policies that their Government failed to implement.

Indeed, an International Monetary Fund article from March 2004 said:

"The UK economy has weathered the global slowdown well, supported by an appropriately countercyclical monetary policy and an expansionary fiscal stance ... Crucial to this performance, macroeconomic policies have been expansionary without undermining confidence—owing to well established and transparent monetary and fiscal policy frameworks with a distinct medium-term orientation."

Gregory Barker (Bexhill and Battle) (Con): Will the right hon. Lady give way?

Dawn Primarolo: I am afraid that the shortage of time means that I cannot give way to the hon. Gentleman, but I know that I will have many opportunities to discuss such matters with him.

The hon. Members for Bournemouth, West (Sir John Butterfill), for Cities of London and Westminster and for Newbury (Mr. Rendel) touched on housing reform and the way in which the Government need to take that forward following the Barker report. The hon. Member for Bournemouth, West also mentioned property investment funds and pointed out how successful they have been elsewhere. He said that it was important to consult on all such matters, including the Barker proposals, so that we get the right mix of development to release land.

My hon. Friend the Member for South Derbyshire (Mr. Todd) referred to the Gershon report and also the announced amalgamation of the Inland Revenue and Customs and Excise under the O'Donnell review. Like him, many hon. Members have commented on the formation of the new department over the past two days. It will be to the advantage of business to have one contact point, and it will be to the advantage of the Government to have one department so that we are able to achieve the very things that the hon. Member for Epsom and Ewell suggested on regulations. My hon. Friend the Member for South Derbyshire is absolutely right that we must have clear, accountable leadership rather than complex accountabilities that undermine where responsibility lies. We must ensure that the accountability is clear to Parliament. We need quantifiable goals, clarity of communication and ongoing analysis, and I believe that all those measures are in place.

As my right hon. Friend the Chancellor said yesterday,

"we cannot be a strong economy if we are weak in education and science."—[*Official Report*, 17 March 2004; Vol. 419, c. 333.]

Despite everything that Conservative Members said about education, my hon. Friend the Member for South Derbyshire highlighted the importance of child care, Sure Start, the development and expansion of nursery places and investment in our children to ensure that they make the best start.

I am unable to respond to many of the points made in the debate in my short winding-up speech. However, the Government intend to publish the Finance Bill on 8 April and that will clarify many of the issues that hon. Members raised, so we will then be able to move forward with our debates and ensure that Britain achieves economic excellence and leads the world in science and technology.

Debate adjourned.—*[Charlotte Atkins.]*

Debate to be resumed Monday 22 March.

PETITION

Sub-Post Office Closures

6 pm

Mr. Fabian Hamilton (Leeds, North-East) (Lab): I am grateful for the opportunity to present this petition from my constituents who object to the closure of two sub-post offices in my constituency.

This is the humble petition of Councillor Ronald Feldman and others of like disposition. They are concerned

"That proposals to close our local post offices., Alwoodley Park and Sandhill Parade, would cause a vital part of our community to break down; that these post offices provide a good postal service and social role in our community.

Wherefore your Petitioners pray that your honourable House shall urge the Post Office Ltd to reconsider its decision to close local branches and make sure that this vital link to the Community is not lost.

And your Petitioners, as in duty bound, will ever pray, etc."

To lie upon the Table.

Climate Change

Motion made, and Question proposed, That this House do now adjourn.—*[Charlotte Atkins.]*

6.1 pm

Chris Ruane (Vale of Clwyd): I should like to open my debate today by asking the Minister to consider the following scenario: in five years' time the populations of the Scandinavian countries flood south into northern Germany and the Netherlands, five years later those populations themselves are forced to flee further south to southern France, Italy and Spain, and by 2025, those populations flee to the north coast of Africa, the EU collapses and war breaks out.

Those are not the thoughts of an "end is nigh" board-carrying ranter. It is the scenario put together by Peter Schwarz and Doug Randell for the Pentagon in October 2003. The report was commissioned by Andrew Marshall, the founding director of the Pentagon office of net assessment. Marshall was asked by President Bush to lead the Pentagon military review, part of which involved an assessment of climate change. The report stated that

"the real threat to national security is from global warming triggering an abrupt climate change event".

The fact that Marshall, a trusted and discreet adviser to many Administrations, chose to speak out on such a sensitive issue in the US presidential election year, shows how seriously this loyal adviser took the threat.

The report was highlighted by *The Observer,* which managed to get hold of a copy, and it has been further highlighted by an "Horizon" programme in November 2003.

The main reason for the scenario that I have just outlined is the collapse of the Atlantic conveyer, or the north Atlantic drift, as it sometimes referred to. The Atlantic conveyor is a vast warm current with 16 times more volume than all of the rivers of the earth combined. The current carries the heat of a million power stations. It allows Britain to have a warm temperate climate, despite the fact that it is as far north as Alaska or Newfoundland, where polar bears live. Warm water is carried on the surface from the Caribbean up to the north Atlantic. When it reaches the north Atlantic it cools and becomes denser. It also increases in salinity, which helps the water to sink to the bottom of the ocean and then return on the final leg of the journey back to the Caribbean, thus creating a continuous conveyor belt effect.

The conveyor belt is in danger of being switched off because of global warming. There are two main reasons for that. One comes from the melting of the ice of the North Pole, which is 1,000 miles long, 400 miles wide and 2 miles thick at its centre. It is one of the biggest blocks of frozen water in the world, and if it were to melt completely, it would raise water levels by 6 to 7 m, drowning most of the major cities in the world.

Air surveys have been carried out over the Arctic at regular five-year intervals, and they show that warming is already taking place. Certain glaciers in Greenland have doubled their speed in recent years, sending massive amounts of frozen fresh water into the Arctic ocean, thereby altering its salinity. Much of that fresh water is heading for the sinking zone of the Atlantic conveyor.

The other sources of fresh water are the mighty rivers that straddle northern Russia—the Ob, Enesai and Elena—which are increasing in volume and disgorging huge volumes of fresh water into the Arctic ocean. It is predicted that global warming will lead to a much wetter world. The major northern Russian rivers already disgorge 20 times more fresh water into the sinking zone of the Arctic than comes from the glaciers of Greenland. Some scientists claim that there will be a 50 per cent. increase in discharge from those Russian rivers into the Arctic ocean in the next 100 years. The influx of that fresh water is altering the salinity of sea water in the north Atlantic, which is in turn is altering the ability of the water to sink to the bottom of the sea and may cause a breakdown of the Atlantic conveyor.

When many people in Britain think of global warming, they think of the UK reaching temperatures like those of the south of France; some even say that they look forward to it. However, that is not what will happen in the scenario envisaged by Schwarz and Randell. The pace of change could be very rapid. Within a decade, the Atlantic conveyor could be switched off, leading to the nightmare scenario that I outlined in my opening remarks. Temperatures could fall by as much as 20°F. Temperatures in London could be as low as those in Spitzbergen, which is 600 miles north of the Arctic circle.

The BBC's "Horizon" programme of November last year interviewed a number of eminent scientists about the effect of rapid climate change on the UK. Professor Bill McGuire said:

"I can only describe it as catastrophic. It's clearly going to influence every single one of us every day of our lives."

Dr. Richard Brook said:

"You could expect to see sea ice off the coast of South East England, probably several miles offshore."

In its worst case scenario, the Met Office says that ice storms will lead to a complete breakdown in the national grid as power lines collapse under the weight of frozen ice. Some people ask, "Could we not still exist if it is as cold as Alaska, Iceland and the Arctic circle, because people live in cities there?" The answer is yes, they do, but they have had 200 or 300 years to build up the necessary infrastructure. We are talking about change possibly taking place over 10 to 20 years. That could be the end of the British way of life as we know it.

The effects would not be limited to Europe. The Atlantic conveyor is just one part of a continuous loop of interconnected underwater currents that affect the climate patterns of the whole world. Those complex interconnected ocean currents transport heat and moisture around the planet. When the conveyor has altered direction and shut down in the past, that has caused global temperature changes within decades. Those past changes can be measured in ice cores, ocean bed sediments, pollen and seed deposits. Much more research needs to be conducted on those valuable sources of information. An understanding of the way in which climate patterns have worked in the past will help us to gain a greater understanding of present and future changes and dangers.

The problem of global warming is not one to be tackled by future Governments or populations, but must be tackled here and now. If we do not take action,

we risk the collapse of the whole fabric of our infrastructure. There is strong evidence that the first stirrings are making themselves felt. Around the Arctic circle, Inuit peoples have witnessed the retreat of ice fields. Animals that they rely on for food are migrating to other areas. In the late 1980s, a Russian nuclear-powered ice breaker became the first surface ship to reach the geographic north pole. Last year, India and France recorded their highest temperatures ever, and thousands of people died of heatstroke. Since 1995, there have been more than 35 hurricanes, and they are increasing in ferocity. A few years ago, hurricane Mitch killed 10,000 people in the Caribbean. In May 2003, there were 562 tornadoes in the United States.

Schwarz and Randell say that several actions should be taken immediately. They call for improved predictive climate change and for a deeper understanding of the relationship between ocean patterns and climate change.

Yesterday, I spoke to one of the top British scientists working on British research on ocean currents and climate change. The Government have invested £20m in research in this area. We must give them credit for that, because it is the biggest science research grant that has ever been given. The scientists will put in place 22 underwater buoys across the 26th parallel, from the west coast of Africa to Florida. Two of them will provide a satellite link, which will give continuous information for a four-year period, while the rest will store information to be examined on a yearly basis. That research is welcome, and the grant is one of the largest ever given; but is it enough?

What research is being conducted on the conveyor belt in other oceans? Is sufficient research being conducted into freshwater flows in the northern Russian rivers? In January this year, our chief scientific adviser agreed with the Pentagon assessment, saying:

"Climate change is the most severe problem that we are facing today, more serious than the threat from terrorism."

The total amount spent globally combating terrorism dwarfs the total amount spent globally monitoring climate change. I support the measures that our and other Governments have taken to combat terrorism, and their continued spending of resources on that, but I feel that the threat posed by rapid climate change warrants a huge increase in UK funding for research.

It is not just research on the monitoring of climate change that needs additional funding. A key aim should be research into renewable energies to allow the growth of CO_2 emissions to be curbed. Since the advent of privatisation of the utilities, the excellent research facilities of the Central Electricity Generating Board have been shut. That decline now needs to be reversed. We should be investing in research and development in respect of renewables in this country. We need to be leading the world on that.

Is there enough co-ordination between countries as regards that research? The United States and Norway are donating additional amounts of $7 million and €2.5 million to that project. What measures is the Minister's Department taking to co-ordinate and enhance international research to help us to understand the threat? Have the Government placed that item on the agenda of all multinational organisations that could have a bearing on research, such as the EU, the G8 and the United Nations? Are we pressing the case at the top table?

Our Government have done more than most to promote the issue of global climate change. The Deputy Prime Minister led the way in Kyoto, but have we done enough to maintain the momentum, especially in the light of the most recent information? It states that the UK and European countries could be the first to suffer from rapid climate change if the Atlantic conveyor were slowed or stopped.

Schwarz and Randell call for comprehensive predictive models of climate change impacts, to redress potential sources of conflict between and within countries where there is competition for limited food, water and energy supplies. To achieve that, detailed research on the potential ecological, economic, social and political impact would be needed. Certain countries that are homogeneous, and enjoy social cohesion, such as Japan, will fare better in attempts to change the behaviour of their population peacefully than other countries that already have racial, social and religious divisions, such as South Africa, Indonesia and India. Such countries will have difficulty maintaining order.

A matrix of vulnerability could be produced for those countries likely to suffer most. That would help to predict the impact of rapid climate change on agriculture, water and mineral resources, as well as the technical capability to adapt and change, and would include such issues as social cohesion and the adaptability of the population.

Schwarz and Randell suggest that adaptive response teams be established to address and prepare for events such as mass migration. That migration, even just in Europe, would be 100 or 200 times greater than the one seen at the time of the Irish potato famine. All such scenarios could be planned for in advance to mitigate their impact.

Particular attention should be paid to the areas of the world that supply food. The impact of drought and pests on those areas should be studied, and contingency plans drawn up in advance.

Ann Winterton (Congleton) (Ind Con): I am grateful to the hon. Gentleman for giving way in this very interesting debate. May I congratulate him on securing it and on the material that he has produced for it? Does he agree that changes in climate, affecting temperature and the salinity of seas, have been taking place for some time? He has just mentioned food, and those changes affect the location of fish. For example, we have seen cod leaving waters in Newfoundland because of the conveyor that he is discussing, and a change in the salinity of the water and the water temperature. All that must be taken into consideration in planning for the future.

Chris Ruane: I agree entirely with the hon. Lady. One scenario that Schwartz and Randell have outlined is the occurrence of wars over fishing rights, especially on the Iberian peninsula between Spain and Portugal—like the cod wars that we saw back in the '70s.

Schwarz and Randell also suggest research into geo-engineering—that is, the releasing of hydrofluorocarbons that will heat up the atmosphere

[Chris Ruane]

and compensate for the drop in temperatures. That needs to be approached very carefully, however, because there is no way of knowing exactly what impact such releases would have, and we could end up doing more harm than good.

The research that Schwarz and Randell undertook was for the Pentagon and the US Government, and was supposed to influence US strategy and thinking on climate change. I doubt that it will change the policies of the current US Administration. President Bush has shown his contempt for a number of international agreements and initiatives, including the Kyoto protocol. He has imposed steel sanctions that have hit steel communities in UK, and created subsidies to US farmers that undercut farmers in the developing world and allow for dumping. He has also refused to join the International Criminal Court.

President Bush's father, George Bush senior, commissioned the international panel on climate change. George Bush junior set up a panel of the National Academy of Sciences to study global warming. George Bush junior dismissed the findings of both. He has now called for additional research to prove what the vast majority of climate change scientists already know: that the earth is getting warmer. This was described in *The New York Times* as a

"redundant examination of issues that had largely been settled, bereft of vision, executable goals and timetables—in short little more than a cover up for inaction".

I mentioned earlier the brave efforts of Andrew Marshall to bring this issue to public attention. It is interesting to note that the journal he used was a business journal called *Fortune*. I hope that this issue becomes a live issue in the presidential election campaign. Three quarters of Americans believe that there should be mandatory controls on CO_2 emissions. In the run-up to the presidential elections, the interests of the coal, oil and automobile industries should be weighed against the damage that climate change is doing to the environment.

I summary, I call on the Minister dramatically to increase research budgets for research on the workings of the Atlantic conveyor, on developing renewable energy sources, and on improvements to developing cleaner fuels. I call on him to work collaboratively with other Departments to ensure that the UK is prepared for all eventualities, and I ask that the issue be raised at all international forums. I call upon the Minister, and indeed the Prime Minister, to do all that they can by making direct approaches to President Bush to end US inaction. I also urge the Minister and his colleagues to work in strong collaboration with Governments around the world to commission research on past and present climate change, and to draw up contingency plans for the rapid climate change that could end life as we know it in the UK and beyond.

6.17 pm

The Minister for the Environment (Mr. Elliot Morley): I congratulate my hon. Friend the Member for Vale of Clwyd (Chris Ruane) on securing this debate and on raising some very serious issues. He has demonstrated his clear knowledge of, and interest in, them and I listened to what he had to say with great interest. I agree with his points and acknowledge their seriousness. I shall certainly try to address them.

I saw the press coverage of the Pentagon report, and I read it with considerable interest. Like my hon. Friend, I saw the assessment of the implications for national security in the United States and for a range of other matters. I take encouragement from the fact that such reports have been commissioned, which demonstrates that the United States recognises that there is a serious issue in relation to climate change. I also found it interesting that the Pentagon report recognised that no country will escape the effects of climate change, whether it is rich, poor, large or small. The implications are severe for us all, and they are global. That places a responsibility on those of us from the developed world and the industrial countries, which have of course been the biggest contributors to climate change, to understand what is happening in relation to the research and the science and take measures to tackle the problem.

My hon. Friend rightly addressed the question of what could happen if the north Atlantic drift, or the gulf stream as it is commonly known in our country, switched off. That is a possibility, and the work that has been done on the subject means that there is no denying it. Our best scientific assessments tell us that we can expect a slow-down rather than a complete shut-off of the gulf stream over this century. Up to 2050 at least, there will still be a net warming over the UK, as the cooling effect of the gulf stream's slow-down will not cancel out the warming effect of climate change due to increasing atmospheric concentrations of greenhouse gases, although there will be an effect.

We know that the gulf stream has switched off in the past, so there is a sound basis for speculation about it slowing down or halting. We should be clear that further research and assessment are required. We also know that if it does switch off, scenarios of the kind that my hon. Friend painted are a possibility.

There are lessons there, particularly for that dwindling group of people who are sceptics on climate change. They are becoming increasingly isolated and clutch at straws, saying that there is no evidence for it. They are becoming the flat-earthers in the debate, given the overwhelming evidence being accumulated on what is happening.

My hon. Friend is right that the UK is a world leader in research on the issue. I refer in particular to research funded by my Department at the Hadley centre in Exeter, which is recognised as a world-leading institution in predicting the effects of climate change; the Centre for Environment, Fisheries and Aquaculture Science, which is based in Lowestoft; and the Natural Environment Research Council, which funded the rapid research programme to provide state-of-the-art analysis in simulation modelling and ocean monitoring. A great deal of work is going on and the UK will continue to lead on research on this important topic. We will use further evidence as it emerges in our ongoing planning for adaptation for climate change, as we have to consider the implications as well.

There have been some excellent presentations from the Hadley centre and the Tyndall centre, and I was privileged to present some of their findings to an international audience at the climate change conference

in Milan recently. They have made observations on weather patterns going back almost 1,000 years from what can be ascertained from ice core, peat and soil samples. Their research shows that there is a cycle of weather patterns over the centuries.

Temperatures vary within a range from decade to decade and century to century, but the latest figure, which is taken not from sampling but from the weather patterns that we have been able to observe for the last few hundred years, shows that the range—the curve—increases dramatically. That curve completely changes from the cycles we have seen over many centuries. Something distinctive, radical and worrying is happening to our climate, and we cannot ignore that.

As a matter of interest, yesterday I was at a maritime research exhibition to launch the WaveNet programme, which has been developed by CEFAS. It involves a series of remote buoys around our coast that take real-time temperature, current and wave height samples. That excellent project can be accessed on the internet, and people can click on to individual buoys around the coast and be given a real-time reading of temperature and wave patterns. It is a fantastic facility that is available internationally and globally. Anyone who has access to the internet can access that data, which is a real step forward in sharing information and in understanding our knowledge.

I also saw work involving a satellite programme, in collaboration with the Met Office, the Department for Environment, Food and Rural Affairs, the Ministry of Defence and a range of other institutions. Remote sensors are dropped internationally, all around the seas, and they sink, take temperature readings, resurface and transmit the data to the satellite, which transmits it back to our scientific research stations. That is world-class science at the cutting edge of our understanding.

We are keen to co-operate, and are working with a range of international bodies. I recently met American representatives to discuss climate monitoring, and they were keen to co-operate with us, as we are to work with them. The Hadley centre has developed a computer model based on its global predictions, which can apply to regions around the world. I have met Indian scientists who have taken the PRECIS—Providing Regional Climates for Impacts Studies—computer model and are applying it to the Indian subcontinent. The program predicts climate change implications, which are severe and include: flooding in Bangladesh and low-lying areas; drought, as my hon. Friend said; crop failure; and increase in disease, as disease-carrying mosquitoes spread into new areas because of changing temperatures. That is modelled by PRECIS, which is a useful tool and particularly helpful for developing countries that do not have the capacity to develop such sophisticated computer models themselves but can take computer programs and apply them. They are doing a great deal of invaluable scientific work in their regions in helping us understand what is happening.

I assure my hon. Friend that that work will continue. He will have heard the Chancellor's comments about the importance of science in his recent Budget announcement, and about how we need to continue the investment in our science and education base, because it is crucial. He will be aware of the Government's commitment to reducing CO_2 and greenhouse gas emissions. We are recognised as world leaders both in what we are doing and in relation to our energy White Paper, which made clear our strategy for achieving those reductions. We are also the first country in the European Union to publish the national allocation plan for the European emissions trading scheme. We are well advanced in dealing with this issue.

We have set up the climate change impact programme to examine the potential effect on this country and ways in which we need to prepare for that, not just in reducing CO_2 but through more research and development on environmental technologies, which includes renewable energy—as my hon. Friend said—clean transportation and clean fuel technology. All that work is ongoing, and we are collaborating with Japan, for example, on issues such as hydrogen fuel cell technology and transportation, and with many other countries.

I recently held a joint meeting with Sweden on environmental technologies, at which we called together a range of academics and companies to discuss how to develop new technologies for reducing energy and energy saving. We also set up REEEP—the renewable energy and energy efficiency programme—which is designed to be a global forum for sharing information on energy efficiency. The secretariat of REEEP, although it was set up by the UK, has now moved to Austria, where it is developing as an international organisation, with contributions from countries all over the world.

We have done a great deal on climate change, which is a real and serious threat to this country and all the countries of the world. Even if temperatures increase by the relatively small number of degrees projected, the impact will be considerable.

The hon. Member for Congleton (Ann Winterton) mentioned fish stocks. She is right that water temperature and the productivity of species such as cod are clearly linked. Although over-fishing has played a part in some declines, climate is certainly a factor.

This is a serious issue. My hon. Friend was right to raise it and has done the House a service. I hope that I have reassured him that we in the Government share his views and are prepared to act to combat what is one of the most serious global threats that we face.

Question put and agreed to.

Adjourned accordingly at half-past Six o'clock.

House of Commons

Monday 22 March 2004

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Bogus Traders

1. **Mr. Andrew Robathan** (Blaby) (Con): How many arrests have been made for *(a)* fraud and *(b)* intimidation by bogus traders in the last 12 months. [162518]

The Minister for Crime Reduction, Policing and Community Safety (Ms Hazel Blears): There is no specific offence of fraud or intimidation by bogus traders. However, the latest figures for fraud and forgery in 2002–03 show that 38,600 people were arrested, and 284,000 people were arrested for violence against the person.

Mr. Robathan: Is the Minister aware that people are particularly concerned about bogus traders who, for instance, offer to pave a drive, do a couple of hours' work and charge substantial sums—often of £5,000 or £6,000? Does she agree that that is in fact a form of criminal activity and has nothing to do with trading? People are making a criminal living out of bogus trading. Will she speak to her hon. Friend the Minister for Employment Relations, Competition and Consumers at the Department of Trade and Industry, who has said that the Government will introduce legislation to tackle such bogus trading, which currently allows criminals to prey on the most elderly and vulnerable people in our country?

Ms Blears: The hon. Gentleman is clearly aware of the extensive work that is being carried out by my colleagues in the DTI in response to the work of the Office of Fair Trading, which was itself a response to a super complaint by the National Association of Citizens Advice Bureaux. The OFT has set out a position paper that includes a number of options, ranging from creating a new offence of fraud—also recommended by the Law Commission—and a new offence of fraudulent trading to creating a criminal offence in the circumstances that the hon. Gentleman set out. I can certainly undertake that I and Ministers from the DTI will seriously consider those propositions. Clearly, we will need to consult stakeholders, but I assure him that not only are our officials in dialogue, but we intend to have inter-ministerial dialogue as well.

David Cairns (Greenock and Inverclyde) (Lab): Is my hon. Friend aware that among the worst offenders in this regard are those sales agents who go door to door, hoodwinking elderly and vulnerable people into changing their gas and electricity supply, based on an entirely bogus assessment of the benefits? Will she consider supporting my private Member's Bill, which would tighten the regulations and allow compensation for those, very often elderly, people who have been hoodwinked in that manner?

Ms Blears: I am, of course, very aware of the elderly and vulnerable people who have been taken advantage of in those circumstances. That is why I am delighted not only that my hon. Friend is promoting his Bill, but that many of the respectable energy companies now have schemes whereby callers have not only to prove their identity, but to show householders a telephone number that they can ring to confirm the caller's identity. Such schemes are excellent, and I want to promote them.

Asylum Seekers

2. **Sir Teddy Taylor** (Rochford and Southend, East) (Con): How many persons in the UK are awaiting decisions on asylum applications; and what the average waiting time was for such decisions in the last 12 months. [162520]

The Minister for Citizenship and Immigration (Beverley Hughes): At the end of December 2003, the number of asylum applications awaiting an initial decision had fallen to 24,500—the lowest level for a decade. Of those applications, 7,100 were normal work in progress cases, where the application had been outstanding for six months or less. We are determined to reduce the number of applications outstanding to normal work in progress levels and, at current intake and output levels, we expect to do so during the course of this year.

The average time between application and initial decision was 10 months for initial decisions made in 2003, reflecting the fact that we are now working through proportionately more of the longer-standing cases, but that still compares favourably with the average of 20 months in April 1997. Some 80 per cent. of asylum applications received in the period April to September 2003 had initial decisions reached and served within two months.

Sir Teddy Taylor: I thank the Minister for that detailed reply, but is she aware of the concern about the time taken to remove asylum seekers after all their appeals have been rejected? Can she give us any assurance that progress is being made in that direction?

Beverley Hughes: I thank the hon. Gentleman for his question because he is right to say that removing people at the end of the process is not only important in its own

right, but deters people from coming in and making unfounded applications. We saw that with the non-suspensive appeals process, which involved a dramatic reduction in intake as a result of being able to remove people very quickly. Removals are up this year at 17,000—an increase of 23 per cent. on the previous year—but we need to do more. We need to unlock some of the existing barriers, particularly around redocumentation and preventing people from delaying the final stage of the process with successive appeals. I hope that he will be able to persuade some of his Opposition colleagues to support the measures that we have included in the Asylum and Immigration (Treatment of Claimants, etc.) Bill because they are essential if we are to do what he rightly suggests, which is to remove those barriers and remove more people.

Mr. Gwyn Prosser (Dover) (Lab): Is it not the case that the pressure on decision making will reduce as the number of new applicants reduces? Is my right hon. Friend aware that the number of new applicants coming through Dover, for instance, and the south-east has reduced by two thirds or more in the past 12 months, to the extent that the asylum estate has reduced significantly just in the past month, but is she also aware that section 55 still causes some problems on the margin? Will she look again at that problem?

Beverley Hughes: I am pleased that my hon. Friend has seen the impact in Dover of the measures that we have successfully taken to reduce the number of unfounded claims. The monthly reduction in intake is now getting on for 60 per cent. That allows us to use the resources that previously had to be invested on large numbers of initial claims on taking decisions on long-standing claims and on dealing with other elements of the system.

I am aware of my hon. Friend's concern about section 55. He will know that, towards the end of last year, the Home Secretary announced a new approach to the section. As a result, the number of grants of support is increasing. However, it is also important that Members accept that we have to take a reasonably tough stance when we think that people are coming here and claiming asylum when they are not genuine refugees and that one of the reasons behind that is that they can be supported through the process.

Mr. David Cameron (Witney) (Con): Can the Minister tell us whether the BRACE procedures for clearing backlogs were applied to any areas other than people setting up businesses from the accession countries? If so, was the House of Commons informed on each and every occasion?

Beverley Hughes: I made it clear in my statement of 12 March that I have asked the investigating officer to widen his investigation to include any existing arrangements for clearing backlogs and any previous arrangements going back 10 years. The hon. Gentleman may wish to look at some of the arrangements that took place under the previous Conservative Government before he decides how he will respond to the findings of this report.

James Purnell (Stalybridge and Hyde) (Lab): Did my right hon. Friend really say that the average waiting time has fallen from 20 months to two months—a 10-times reduction? Can she tell me who the Home Secretary was in April 1997, and does she agree that everyone on both sides of the House who now supports fighting racist parties and the British National party should put the asylum debate in context and present a balanced case based on the evidence and information rather than scare stories and gimmicks?

Beverley Hughes: In reporting the average time now, I could not give total credence to the progress that we have made. In fact, last year when we were concentrating on newer cases, the average time was six months. It has gone up to 10 months this year because, as I said, we can now invest more resources in going through the longer-standing cases. Therefore, the average has risen temporarily. However, my hon. Friend is right. In April 1997, the number of outstanding cases was 54,500 compared with 24,500 now, and the average waiting time was 20 months, which is getting on for two years, for an initial decision. The Home Secretary at that time was the leader of the Conservative party, the right hon. and learned Member for Folkestone and Hythe (Mr. Howard).

Leaving aside the debate about such issues, my hon. Friend is right in his broader point. Unless we are able both within and between our parties to have a sensible debate about migration and unless political parties and politicians do not use this issue as a covert screen for racism and fuelling people's fear about foreign nationals, we will not be able to identify properly for people the enormous benefits that migrants bring to our economy and the social fabric of this society.

Mr. Humfrey Malins (Woking) (Con): Last week, Lord Falconer was forced to admit that, after seven years of this Labour Government, the average time lapse between a Home Office initial decision on asylum and an appeal hearing before an adjudicator is 17 weeks. Who is to blame for that extraordinary delay? Is it not one more example of this Government's sheer inefficiency in managing the asylum system?

Beverley Hughes: Although we want to go further, that 17 weeks has come down considerably from the time that it took under the Conservative Administration. In fact, we have put a great deal more resources into appeals. We can now send 3,500 asylum appeals, 3,000 entry clearance appeals and 600 non-asylum appeals to the adjudicators every single month. That is not only bringing down the number of outstanding cases that the adjudicators need to consider, but bringing down the waiting time, month on month. We will get to the point at which the whole process will take six months or less from the initial claim to the final outcome. That will happen if the Conservative party supports the Government in their efforts to reduce abuse of the appeal system and the way in which people can go back time after time after time to frustrate their removal.

Amphetamines

3. **John Mann** (Bassetlaw) (Lab): When his Department last recommended that the Advisory Council on the Misuse of Drugs consider the reclassification of amphetamines; and what plans he has to do so again. [162521]

The Parliamentary Under-Secretary of State for the Home Department (Caroline Flint): The Advisory Council on the Misuse of Drugs last reviewed the classification of amphetamines in 1995 when it agreed that class B was still the most appropriate class. There are no plans to request the ACMD to consider the classification of amphetamines, although it keeps the classification of all drugs under constant review.

John Mann: Since 1995, we have had a tenfold increase in the volume of police raids involving amphetamines. Australia and New Zealand have found in that time span that amphetamines have become their largest single drug problem. As the drug can be made in the back of a van—it is a home-produced synthetic drug—is it not time that we upgraded it to a class A drug in exactly the same way as Australia and New Zealand have had to do in the past few years?

Caroline Flint: There are different types of amphetamines: there is amphetamine, which is a class B drug, and methyl-amphetamine, which is also a class B drug. Methyl-amphetamine is especially a problem in the USA, the far east, Australia and New Zealand. Indeed, its use among the Maori tribes has led the New Zealand Government to consider reclassifying it as a class A drug. Estimates from the British crime survey for 2002–03 show that amphetamine use in the 16 to 59 age group has reduced by 50 per cent. since 1996. Of course we have to consider all drugs, but we also have to look at the families of drugs and at how they operate. I think that my hon. Friend is referring to methyl-amphetamine rather than amphetamine itself.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I am sure that my hon. Friend agrees that although the classification of drugs and the messages that we get across about them are important, there are nevertheless many other things that we need to do to convey effectively the fact that drug abuse is bad not only for individuals, but for our communities. Will she say something about the Department's priorities for clamping down on drug abuse?

Caroline Flint: My hon. Friend is right. It is about extending knowledge and information about the different harms of drugs and how they affect our communities. I am pleased that the powers in the Anti-social Behaviour Act 2003 to shut down crack houses—houses for the use and supply of class A drugs—are already beginning to take hold, and I commend that action to police forces throughout the country, working with local authorities. If a crack house takes root, it can have a devastating impact. We must consider the matter alongside better police enforcement and better use of intelligence to crack down on middle markets. With the serious organised crime agency, I hope that we will tackle the problem nationally and internationally even better than we are doing already.

Internal Security

4. **Mr. David Heath** (Somerton and Frome) (LD): What assessment he has made of the implications of events in Madrid for security arrangements in London and other major British cities. [162522]

The Secretary of State for the Home Department (Mr. David Blunkett): We have been on a heightened state of alert for some considerable time and remain so. A month ago, I confirmed that there was a substantial increase of 50 per cent. in the surveillance capacity of the Security Service. Last Friday, I announced £15 million extra for the special branch, £12 million of which is going into the counter-terrorism surveillance unit of the Met police. Last Friday, I attended the meeting of Justice and Home Affairs Ministers in Brussels and pressed hard for action rather than simply words and for genuine co-operation on the key areas with which we have been dealing domestically. I say to all those who are pronouncing publicly that, although it is understandable that people are raising issues that have been raised previously in the aftermath of the tragedy in Madrid—we all send our condolences personally and through our political parties to all those affected—it is absolutely crucial that people recognise that security and intelligence capacity and the work of special branch have not changed following the incident a week last Thursday. Although people are extremely worried, they need to know that every possible step is being taken to secure the interests of the United Kingdom.

Mr. Heath: I recognise the difficult job that the Home Secretary has to do, but he must be aware of people's concerns when they hear, for example, the head of the local government emergency planners saying that we are "very, very badly prepared" for a Madrid-scale attack. The head of the Fire Brigades Union says:

"As of now, we are not a lot better than we were on September 11th 2001".

The chief constable of the British Transport police says that the infrastructure of his force is "crumbling" due to a lack of funding. If those on whom we rely for our defence are not confident that they have the resources or officers required to do the job effectively, how can the public have that confidence?

Mr. Blunkett: On the British Transport police, the hon. Gentleman will be aware that that it is funded through the operators. It behoves not simply the Government, but all those engaged in maintaining the economic, social, political and humanitarian life of this country, to make a contribution. A substantial amount of the £330 million expansion in civil contingencies that we announced a year ago has been spent on things not affected by the particular society that the individual concerned chaired.

I understand the aggravation. Despite the 35 per cent. increase in the civil contingencies grant in 2001, it has been agreed and announced—although the Emergency Planning Society does not agree with this—that it would be integrated into the normal local-government grant system. There is an ongoing conflict, but it should not hide the fact that £56 million extra has been put into the fire service, £85 million has already been spent by the NHS, and there has been a massive expansion in the

training of police, fire and ambulance men, all of which has been spelt out to the House at least three times by me in statements over the past year. In addition, the massive expansion in the capacity of those who can use training suits and the exercises that we have undertaken, including the one last September, have all been designed to ensure that robust resilience is in place. I repeat, however, that it is not resilience in picking up the pieces after an attack that will save this country, but the security and intelligence to prevent an attack from occurring.

David Winnick (Walsall, North) (Lab): While recognising the importance of trying to protect all our people from international terrorism and that my right hon. Friend is doing precisely that, does he nevertheless accept that compulsory identity cards in Spain in no way stopped the terrible slaughter there? In view of some of the press reports that appeared yesterday and today, would he not be over-hasty in trying to bring the cards to this country? I do not believe that they are a deterrent to terrorism.

Mr. Blunkett: I am familiar with my hon. Friend's views on the subject. A question on identity cards has been tabled and, with your permission, Mr. Speaker, I shall answer further questions then. Suffice it to say that the system that we have in process is nothing like the Spanish ID card. I have spelt out to the House that I would not recommend a system on the European model. It is not based on biometrics and does not have a clean database, so it cannot prevent people from having multiple identities. The security services are clear—anyone who has watched television or read the papers over the past few days will be familiar with what has been said—that multiple identity is the stock in trade of international terrorism. Terrorists use it effectively and we have to take steps to stop them.

David Davis (Haltemprice and Howden) (Con): We should recognise that credit is due to MI5, MI6 and the police on their success so far in preventing and deterring the threat that we have faced from al-Qaeda in the past decade. Nevertheless, the comments of the Home Secretary, the Prime Minister, the head of MI5 and Sir John Stevens, the head of the Met, have led people to believe that an attack is inevitable in this country at some point. That makes the comments of Patrick Cunningham that the hon. Member for Somerton and Frome (Mr. Heath) raised very important. Mr. Cunningham was not just talking about resources. He went on to say that Britain was gripped by "a culture of complacency", and that local authority planners, who are supposed to play a vital role in the aftermath of disaster, are unlikely to be able to

"offer anything other than a token gesture of support".

He is the leader 500 emergency planners. Are they all completely wrong?

Mr. Blunkett: No, they are not all completely wrong, but I put out a challenge to the emergency planning officers and those who purport to speak on their behalf. If an emergency planning officer believes that something is inadequate, that he does not have the resources, that his local authority, which employs him in this case, is not doing its job and that the new regional structures that we have put in place and invested in, with back-up from the Ministry of Defence, are inadequate, why not do something about it? What is the point in being an emergency planning officer if one is not doing the job at local level? If those officers do not have the resources, they can raise the issue.

Has any Member of the House been approached by their local emergency planning officer? Has any of those officers written to me? Has any of them written to the Minister for the Cabinet Office, who is responsible for civil contingencies, or to the Minister for Local and Regional Government? How many of those officers have raised their concerns? We know of those concerns because we read them in the papers yesterday, we saw those people on the television and we heard them on the radio, and we will happily take them seriously when they propose their own plan and suggestions for improvement. That is what is called a civil society linking up with a political society, so that not everything is the responsibility of those sitting in Westminster.

David Davis: With the greatest respect to the right hon. Gentleman, he is the Home Secretary and has overall responsibility for this area. He has to pay attention to those people. They are, after all, the people in the front line who will carry out his work in the event of a disaster. However, it is not only the people in the front line who are critical of what he is doing. Britain's emergency preparations have been criticised by the Defence Committee, the National Audit Office and the Prime Minister's strategy unit, as well as the Emergency Planning Society. Are they all wrong too, or should they all do things for themselves as well?

Mr. Blunkett: No, all of them have made sensible, practical suggestions that we have taken on board. That includes suggestions made by members of the joint Home Affairs and Defence Committee, which I attended just two weeks ago. Those proceedings are on the record; they lasted two hours—that is called democracy.

When people have sensible, practical suggestions, we will implement them, but I repeat what the chairman of the Conservative party, the hon. Member for Woodspring (Dr. Fox), said last night on Radio 4 when asked where the resources are to come from: we will have to take them from some other area. That is the balance that we have to strike—judging how much money in the NHS goes towards emergency planning rather than towards normal treatment. The same is equally true of local government resources and of the allocation of resources from my own budget. Paying for training, decontamination, protective suits and the exercises that we have undertaken, as well as for the fire and ambulance services, which I have already mentioned, has to be put together with maintaining the basic service, which is, after all, the lifeblood that we are trying to protect.

Mr. Dennis Skinner (Bolsover) (Lab): Will my right hon. Friend confirm that money has been allocated for an extra 100 British Transport police on the London underground? Will he also confirm, as he has done previously, that there are now more police in Britain than there were even in 1984 during the miners' strike,

when the police were supplemented by the Army? Is he aware that there is no such thing as a perfect society in which we can control all those forces that are acting against the interests of the population? If there was a way to combat the suicide bombers and all the rest, my guess is that the answer would have been found in Israel, where they have suffered such problems for many years. The truth is that an answer is not on offer, but it makes an easy shot for the Tories, the Liberals, the media and the BBC, which is riddled with Gilligans.

Mr. Blunkett: I think that I will pass on the last point. Yes, British Transport police have been allocated on the underground as my hon. Friend described. Yes, there are 11,000 more police, compared with a drop of 1,100 that we inherited in 1997, and they are available to do the job.

Let me make it clear that there are two separate issues here. One is the resources allocated to security and intelligence and to protecting us from attack in the first place. I do not think that anyone can dispute that we have done the job there, and I welcome what the shadow Home Secretary said about MI5, which is doing a first-rate job, as is the counter-terrorism branch. The separate issue is how we deal with an incident when it occurs, and I just say to everybody that this is not new. There are Members on both sides of the House who remember the 30 years before the Good Friday agreement, when incidents took place. There have been civil incidents such as the terrible tragedy in 1989 at the Hillsborough football ground. I remember attending the hospital where all those who were injured and the 95 who died had been taken. We are familiar with dealing with both civil and military contingencies—we have dealt with them for years. We are stepping up that aspect of resilience, so that we will be even better at it should a tragedy occur, but our primary task is to prevent it from happening in the first place.

Stephen Lawrence Inquiry

5. **Ms Oona King** (Bethnal Green and Bow) (Lab): What progress the Government have made in implementing the recommendations of the Lawrence inquiry; and what further steps are being taken to promote race equality. [162523]

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): The Stephen Lawrence inquiry report was published on 24 February 1999 and made 70 recommendations. I am pleased to say that the vast majority of the recommendations have now been either completely or partially implemented. I have commissioned research by the London School of Economics to evaluate the overall impact of the recommendations on the police. That report is due in the summer. Following recommendation 11 of the Macpherson report, the Race Relations (Amendment) Act 2000 introduced a duty on specified public authorities to promote equality of opportunity and good relations between persons of different racial groups.

Ms King: I thank my hon. Friend for her reply. Does she agree that promoting community cohesion is one of the most important aspects of her Department's work? I hope that she is aware of the progress that Tower Hamlets has made and the national recognition that it has received for that. Will she argue for more resources to be devoted to community cohesion and promoting race equality? The issue affects all of us—as many white constituents come to see me following race attacks as black and Asian constituents. Although ethnic minorities face specific problems of institutionalised racism, which the Lawrence inquiry examined, I hope that the Government recognise that Britain must invest in promoting race equality for all the citizens of this country.

Fiona Mactaggart: My hon. Friend is right to draw the House's attention to the fact that delivering race equality and community cohesion is good for every citizen of this country, whether white or black. It is important that we all recognise that. She is also right to draw our attention to the excellent work on community cohesion being done in her constituency. Our ambition is to embed the lessons learned from the pathfinders on community cohesion in the mainstream operations of central and local government, because only by making that a normal part of doing business will we build genuinely cohesive communities throughout our country.

Mr. Mark Oaten (Winchester) (LD): While I support the need for the police to challenge suspicious behaviour, especially if it involves terrorism, will the Minister explain why there is no ethnic monitoring of stop-and-search operations conducted under Terrorism Act 2000 powers? Does she accept that that goes against the recommendations of the Macpherson report and is at odds with good community relations, which are especially important if we are to fight terrorism and gain intelligence from members of such groups?

Fiona Mactaggart: People who are stopped under anti-terrorism powers are not stopped because of their ethnicity but because there is a specific need for the investigating officer to ensure that we are safe and protected from terrorism. We are introducing into general stop-and-search procedures much more robust monitoring and connecting whether the initial stop leads to a justifying outcome. It is important to have that information, so that we can determine whether the disparity in our current stop-and-search arrangements is justified, or whether we must take robust action to end that disparity.

Mr. John Wilkinson (Ruislip-Northwood) (Con): Is it not the case that in many inner-London boroughs, a proactive, intelligence-led approach by the police is crucial to tackling endemic crime such as street crime and drug dealing? Without stop-and-search powers, would not the police be seriously handicapped in their work, to the severe detriment of Londoners in those areas?

Fiona Mactaggart: The answer to the hon. Gentleman is, of course, yes. We need to ensure that stop-and-search powers are intelligence-led and produce effective

results. Intelligence-led use of the powers has disrupted gun crime, for example, but we need evidence to ensure that stop-and-search powers are being used sensibly to reduce crime. Stop-and-search is an important tool when well used, but we need to ensure that it is always well used.

Reoffending Rates

6. **Mr. David Rendel** (Newbury) (LD): How he intends that the national offender management service will achieve lower rates of reconviction. [162524]

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): Reducing reoffending is the central objective of the national offender management service.

This will be achieved through more effective management of offenders as well as better targeting and co-ordination of custodial and community sentences.

Mr. Rendel: The Department's figures show that 55 per cent. of those who are imprisoned are reconvicted within two years, whereas only 45 per cent. of those who are given community sentences are reconvicted within the same period. If the national offender management service is to be evidence-based, should we not be giving preference wherever possible to community service sentences, particularly for non-violent offenders?

Paul Goggins: The thrust of the reforms under the NOMS system is to rebalance our correctional services so that those in prison are those who need and deserve to be there and from whom we need protection. Those who are non-dangerous and commit less serious offences should be dealt with effectively in the community. The reoffending rates of those who complete sentences in the community are encouraging. It is an important message that effective work and tough sentences can be carried out in the community where that is appropriate for particular offenders.

Mr. Keith Bradley (Manchester, Withington) (Lab): Will my hon. Friend tell the House when the national rehabilitation action plan will be published? When it is published, will it include the key recommendation of the social exclusion unit report on reducing reoffending—a going straight contract?

Paul Goggins: I cannot confirm the contents or the precise date of the national rehabilitation action plan. However, I can confirm that work continues apace to draw up that plan. In the Prison Service, much greater emphasis is being placed on housing advice, advice from Jobcentre Plus staff and advice on drug treatment and education. All those ingredients need to be joined together much more effectively with what happens in the community after release from prison. That will be the focus of the national rehabilitation action plan.

Andrew Selous (South-West Bedfordshire) (Con): Does the Minister accept that reconviction rates would be lower if the recommendations of the Carter report were agreed to, which would see prisoners placed in prisons nearer to their families?

Paul Goggins: One of the considerations of the Prison Service when allocating prisoners to prisons is closeness to home. It is somewhat regrettable that a third of all prisoners are more than 50 miles away from home. However, other considerations have to be taken into account. It is essential that contact is maintained with families throughout the prison sentence, and we do everything we can to encourage visits by families to prisoners, but the pressures on our prisons sometimes make it unavoidable that prisoners are further away from home than would ideally be the case.

Prison Overcrowding

7. **Mrs. Annette L. Brooke** (Mid Dorset and North Poole) (LD): What action he is taking to tackle prison overcrowding. [162525]

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): We are taking immediate action to increase the number of prison places, with an extra 2,500 places to be available by the end of 2004.

We will continue to press sentencers to use community sentences rather than short-term prison sentences for non-dangerous, less serious offenders.

Mrs. Brooke: The Minister will be aware that the Home Office projection suggests that it is highly likely that the prison population will reach 80,000 this year. Furthermore, the Carter report recommended that the population of those in custody should be stabilised at about 80,000. Does the Minister accept that recommendation? Will he set clear targets that will address slowing down and reversing the trend of an ever-increasing prison population?

Paul Goggins: Patrick Carter predicted in his report that if we did nothing to rebalance the correctional services, the prison population would be about 93,000 by the end of the decade. With the reforms that he recommended, it is possible to maintain a stable prison population at about 80,000, and that is what we intend to do. In the short term, we shall certainly make available the additional prison places that I mentioned in my initial reply—about 2,500 by the end of the year. It is important that the message goes out to sentencers that wherever possible community penalties should be used instead.

In his report, Patrick Carter emphasised the increasing severity of sentences. Someone is five times more likely now to be given a custodial sentence for shoplifting than was the case 10 years ago. That is hardly justifiable. Community sentences should be used wherever appropriate.

Vera Baird (Redcar) (Lab): My hon. Friend may be aware that the Fawcett commission on women and the criminal justice system, in which I have been involved, is about to report. One of its findings is that two thirds of women in prison, who are contributing to the overcrowding problem, are there for dishonesty. Does he agree that society pays a price if people are put into prison unnecessarily, as the result may be family break-up, home break-up and loss of jobs? Is it not time to evolve the principle that carers, whether male or female,

ought to be the last people to be put in prison, and that that principle should start to emerge in sentencing policy, unless, of course, those people are dangerous and violent?

Paul Goggins: As my hon. and learned Friend will recognise, the nature of the offence is crucial when sentence is passed, but she is quite right to point to the additional dimension for women who are put in custody—namely, their child care responsibilities. She will know that just over a week ago I published the women's offending reduction programme, which highlighted various actions that we are taking, such as improving bail information systems in prisons for women and improving mental health care for women offenders outside prison. I am also looking closely at our use of bail hostels to make sure that we are making maximum use of them as an alternative to prison. The issue of women in prison is high on my agenda, and I intend to continue pressing forward and making sure that wherever possible low-risk women offenders who have not committed particularly serious offences are dealt with outside prison.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): The Minister is incredibly complacent when he says that a couple of thousand prison places are coming on-stream at the end of the year, because we need prison places now. The operational capacity of our prisons has dropped this week from 75,191 to 75,073, so he has just eight places left before the system is completely and dangerously full. Does he agree with the general secretary of the Prisoner Governors Association, who said this morning that the Prison Service is now taking more chances with the prisoners that they are sending out of the system? What assurances can he give us that, despite the crisis that he has created, he will not permit the premature release of unsuitable prisoners?

Paul Goggins: I assure the House that I am not complacent about my responsibilities—nor do I hide away from the pressures. May I correct the hon. Lady's figure on the operational capacity of our prisons, which today stands at 75,291? It is important to put on record an accurate picture.

We have provided 14,700 additional prison places since 1997. Before the end of this year, we will add a further 2,500. We are not complacent, and will not release people into the community if there is a risk. However, if they are low-risk offenders and if it is appropriate to deal with them in court via a community sentence, that is what sentencers should be doing.

Rob Marris (Wolverhampton, South-West) (Lab): May I point out to my hon. Friend that one effect of overcrowding is an increased rate of recidivism? Young people in particular in the secure estate do not get the education that they deserve in prison, and have disproportionately high rates of illiteracy. That problem is not addressed properly in prison. Will my hon. Friend explain to the House why spending per capita in 2002 on education in the secure estate was only two thirds of the equivalent figure in secondary schools, when those are some of the most vulnerable people?

Paul Goggins: We continue to increase investment in education in our prisons. In the current year, we expect 50,000 basic skills qualifications to be gained in our prisons. If we are to tackle recidivism and create the opportunity for people to stay free from crime, it is essential that they are better educated and have a better chance of gaining employment. I assure my hon. Friend and the House that I regard that as a high priority.

Police Finance

8. **Mr. David Amess** (Southend, West) (Con): What meetings he has held with representatives of police authorities regarding the proposed 2004–05 funding settlement. [162526]

The Minister for Crime Reduction, Policing and Community Safety (Ms Hazel Blears): I met police authority representatives or Members of Parliament from six force areas during the consultation period about next year's settlement. Full account was also taken of 63 written representations covering 32 police authority areas, including those from Essex Members of Parliament. The funding settlement was finalised on 5 February.

Mr. Amess: May I note that there seems to be a peculiar noise in the Chamber, Mr. Speaker?

Is the Minister aware that the Association of Chief Police Officers has calculated that following the Home Office settlement, there is a funding shortfall of £250 million? In the debate in Westminster Hall last week, I shared with her my concern about police in Southend being stretched. With reference to Essex in particular, other than high council tax increases and cutting police numbers, can she think of any other way of addressing the serious shortfall in funding?

Ms Blears: The hon. Gentleman mentions that we had a useful debate in Westminster Hall last week. I promised to reflect on what he said, provided that he got things into perspective. I said to him that Essex had had a very generous settlement this time in comparison with other forces. If we had applied the formula, Essex would have received £15 million less than it did. Because we had a flat-rate settlement of 3.25 per cent. for every force, it received an extra £15 million. It has also had 149 extra police officers since 1997, and an extra 483 police staff and 91 community support officers to patrol local areas. The increase in the county's precept was the second lowest in the country, and it was an extra 12p a week for excellent policing services in Essex.

Mrs. Ann Cryer (Keighley) (Lab): Is my hon. Friend aware that when she meets representatives of police authorities, she will receive a positive response from West Yorkshire police authority? With Mr. Speaker's permission, I shall quote a letter from Councillor Mark Burns-Williamson, chair of West Yorkshire police authority, who said:

"You will be pleased to learn that the Home Office is making an additional special grant of £1 million to the Police Authority in respect of the Bradford riots of July 2001.

I have written to . . . the Minister of State . . . expressing our appreciation for this support from the Home Office."

Ms Blears: I am grateful to my hon. Friend for highlighting the appreciation of her police force for the

action taken by the Home Office. I am sure she knows that over the past three years there has been a 30 per cent. increase in funding for the police service—a 17 per cent. increase in real terms. That is a tremendous record of investment in the police service, because we know how much it is valued by local communities such as my hon. Friend's. Right across the country, policing is crucial to building safer communities on which our people depend.

Mr. Speaker: Order. There seems to be a faulty air conditioning unit, which is causing excessive noise. Will the Officers of the House see that it is turned off?

Bob Spink (Castle Point) (Con): I am grateful to the Minister for her detailed response on funding for the police in Essex. Is she aware that one of the results of the lack of funding for police in Essex is that the Rochford and Castle Point division of that constabulary is currently running at 27.7 per cent. below police establishment, which is causing enormous problems of street disorder and crime? What does she intend to do to make sure that she gets the Castle Point and Rochford division back up to its full establishment on the street?

Ms Blears: Despite the noise, we still get a lot of hot air in the Chamber, Mr. Speaker.

I know that the hon. Gentleman has a question later on the Order Paper, so I took the trouble to make inquiries of his police service this morning. I can tell him that he has a special operation there consisting of a sergeant and 10 extra officers dedicated to tackling antisocial behaviour. They are doing a tremendous amount of work in his local area to tackle the problems of youth nuisance, intimidation and harassment, and I am sure he will be glad to have that extra force in his constituency.

9. **Hugh Bayley** (City of York) (Lab): What proposals he has to improve the accountability of police authorities in England for the council tax precepts they impose. [162527]

The Secretary of State for the Home Department (Mr. David Blunkett): Follow that from my hon. Friend the Minister of State.

My hon. Friend the Member for City of York (Hugh Bayley) knows that the decision rests with the police authority, but in our consultation paper, "Policing: Building Safer Communities Together", which we published on 4 November, we challenged everyone to come forward with ideas about improving accountability at neighbourhood level, at command unit level and for police forces as a whole, taking into account both the nature and the make-up of those forces.

Hugh Bayley: The police precept in North Yorkshire has more than doubled in the past three years, but not all the extra money is being spent on front-line policing, which is what the public want. Although we now have the largest ever number of police officers in North Yorkshire, people in the central area, which includes the city of York and suffers from half the crime in the county, have less than half the police resources. People would like to see a police authority that represents their views and ensures that resources are placed where they are most needed in the county.

Mr. Blunkett: I understand that minority political representation is not available from the city, and I think that that is a great shame, as the strength of any reform of the police service will be to maintain the consistency and continuity that come from drawing together people of good intent, whatever their politics, to form a consensus behind political priorities and investment. I hope that the North Yorkshire force will take note of my hon. Friend's plea and recognise that, where there have been additional strains in North Yorkshire, such as in the policing of Menwith Hill, the Home Office has been prepared to put in extra resources to ensure that policing is not damaged, including in places such as York.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): The Home Secretary will be aware that it has been extremely difficult to reach a settlement this year in the west midlands, where there has been a 12.5 per cent. precept and the force has had to dip into reserves to the tune of £5 million. Does he accept that, unless he looks carefully at the arrangement for next year, it will not be possible to reach a settlement in the west midlands without either a massive increase in the precept or a diminution in the police service?

Mr. Blunkett: There has been a particular challenge for major urban and metropolitan forces, not least because, after massive representations, we agreed to a flat-rate increase in the police grant. *[Interruption.]* [HON. MEMBERS: "Bravo."] Bravo indeed. Obviously, there have been very substantial additions to the police grant in the west midlands through the crime fighting fund, Airwave and other activities, but I accept entirely the cry from the west midlands, which has a good police force that has done a great deal of imaginative work and made a substantial difference to policing at a local level.

Mr. Bill O'Brien (Normanton) (Lab): Does my right hon. Friend accept that it is important that the police should be accountable to people who are paying the police precept? One way of doing that is through the community police forums. In West Yorkshire, the police authority is reducing the number of police forums. I consider that a move in the wrong direction in terms of trying to secure police accountability. Does he accept that there has to be more accountability and not less, as there appears to be in West Yorkshire?

Mr. Blunkett: Following the consultation, we will produce a further document with more positive proposals on which we will consult in relation to accountability, responsiveness and availability at local level. We believe not only that it is good that the police themselves should be accountable at each level of the service, but that engaging the public is a very positive way of ensuring that they can reduce crime. In areas where such positive engagement has occurred, there is a material difference in terms of collaboration with the community, the preparedness of witnesses to come forward and the success of the police in reducing not only antisocial behaviour, but the volume of crime.

Mr. James Paice (South-East Cambridgeshire) (Con): The Home Secretary and his police Minister claim credit for all sorts of achievements—they recite figures about extra police officers in every constituency—yet at the same time, they criticise the police authorities for raising their precepts by considerably more than the amount of extra money that they received from the Home Office. Now the Home Secretary is talking about the principle of accountability. Is he talking about the accountability of the same police authorities that have to submit their annual policing plan to him, after which he has the power to send it back, a bit like a child's homework, over and over again until they get it right? Are these the same police authorities whose control over expenditure has shrunk over the years as their budgets have been held back while centrally determined ring-fenced budgets have increased by anything up to 50 per cent. a year, as has happened in some cases? How can he really talk about increasing accountability if he is not going to give the authorities some responsibility for what actually goes on in their area so that they can take the credit or, if necessary, the blame? Will he tell us what powers he is going to give back to police authorities?

Mr. Blunkett: I was not aware that I had taken any powers away from police authorities. The hon. Gentleman did not list a single responsibility that I have taken away from police authorities or any changes that I have made to their ability to hold chief constables to account. Police authorities often grumble that they are not responsible for holding the police chief and his senior officers to account, and the hon. Gentleman cannot have it one way but not the other.

I shall quickly deal with the individual issues. First, we have not held down precepts. Secondly, we have not criticised police authorities about precepts—the final precepts have not even been announced yet, so even if we wanted to criticise police authorities, we could not do so. Thirdly, we have been working with police forces. Fourthly, I did not claim credit for what has happened in the west midlands or north or west Yorkshire; I commended West Midlands police on its actions and said that police on the ground working with local people made the difference. We have made a difference by putting resources in. Yes, the ring-fenced crime fighting fund has led to an additional 11,000 police officers, 3,500 community support officers and 10,000 extra civilian staff compared with the loss of 1,100 police, no community support officers and no proposals for investment in civilianisation that occurred in the years leading up to 1997, which is precisely why the Conservative party lost.

Mr. Peter Pike (Burnley) (Lab): My right hon. Friend knows that I welcome the Government's improvements to policing in this country since 1997. However, a blueprint for policing in Lancashire was published last October, and this year the precept has increased by 15 per cent., which will not meet the demands and expectations of Lancashire police. Lancashire police believed that with a Labour Government it would get better policing, which it could not get under a Tory Government.

Mr. Blunkett: I agree entirely with my hon. Friend. I am pleased by the way in which the chair of Lancashire police authority has led the reform agenda and made changes at a local level, including measures to increase social cohesion, which is so important in my hon. Friend's constituency.

Immigration and Nationality Directorate

10. **Angela Watkinson** (Upminster) (Con): If he will make a statement on the relaxation of clearance standards in the immigration and nationality directorate. [162528]

The Minister for Citizenship and Immigration (Beverley Hughes): The hon. Lady is aware that an investigation is under way and a further statement will be made as soon as possible after it has been completed.

Angela Watkinson: Will the Minister comment on the accuracy of newspaper reports last week that, in dealing with a backlog of 29,000 citizenship applications, caseworkers were instructed to accept what people told them about their absences from this country and to dispense with checks on travel documents and passports? If so, is she concerned that there may be one person among those 29,000 people whose reasons for absence from this country may be more sinister than the explanation that they have given?

Beverley Hughes: We must all accept, that, under any Government, past or present, most Departments must take sensible measures to deal with backlogs. The important point is that those decisions must be based on a clear assessment of risk, proper research and clear information. The change to citizenship procedure is entirely different from the issue that occurred in Sheffield and is the kind of sensible measure that any Department would take. Staff suggested the change, which was risk assessed. They examined what people had written on their applications about holidays and business trips taken abroad in 100 randomly selected cases and found that in all those cases that information could be reconciled with those people's passports. It was clear that it was entirely safe to take at face value what was written on the application forms for that particular group of applications. That decision did not affect character checks, police crime checks, national security checks—where appropriate—or the examination of the full immigration history on all those cases. The measure is sensible and proportionate, and it is right to support it.

Dr. Vincent Cable (Twickenham) (LD): Following the revelations that the whistleblower from the immigration and nationality directorate was a political activist who had openly advocated the use of nuclear weapons against Muslim radicals, what steps is the Minister taking to ensure that in future her Department conforms to the standards of impartiality that one would expect of the civil service?

Beverley Hughes: The hon. Gentleman makes a valid point. No matter how rigorous one's recruitment and selection procedures, when one is appointing large numbers of people, it is possible that people who have

not declared particular points of view or allegiances will sometimes get through. I understand that Conservative Members in particular will want to exploit the issue, but it is regrettable that the leader of the Conservative party aligned himself very publicly with this individual without making the necessary checks as to whether he was a worthy person. It was no surprise when he had rapidly to distance himself the following day.

Deployment of British Forces (Kosovo)

3.30 pm

Mr. Tam Dalyell (Linlithgow) (Lab) (*Urgent Question*): To ask the Secretary of State for Defence if he will make a statement on the deployment of British forces in Kosovo.

The Minister of State, Ministry of Defence (Mr. Adam Ingram): Last week, there was an upsurge in violence in Kosovo that resulted in deaths in the ethnic Albanian and Serb communities, as well as hundreds injured, including some KFOR troops. Although Kosovo is now calmer, the potential for renewed violence remains. The troops who were already in Kosovo were heavily committed in dealing with the situation. Commander KFOR therefore took the decision to authorise the deployment of his in-theatre tactical reserves to assist with the situation. In addition, NATO issued instructions to reinforce KFOR with additional SFOR troops from Bosnia, including a UK company of 1st Royal Gurkha Rifles, a US company and a company from the Italian multinational support unit, the carabinieri.

In the early hours of Thursday 18 March, NATO called forward the operational reserve force ready battalion. The ready battalion role is one for which the UK has responsibility during the first six months of this year. The lead elements of the operational reserve force ready battalion—approximately 150 men—left RAF Brize Norton on Thursday afternoon and landed in Kosovo late that evening. The vast majority of the operational reserve force ready battalion of around 660 men has now deployed, with the 1st Battalion the Royal Gloucestershire Berkshire and Wiltshire Regiment providing the core of the battalion group. Around 1,100 UK armed forces personnel are now deployed in Kosovo.

The purpose of the deployment is to restore calm to the province and to prevent unrest spreading to areas outside Kosovo—the type of task for which the operational reserve was designed. UK troops will, as tasked by Commander KFOR, conduct routine patrolling, the guarding of sites such as the UN mission, and public order duties. To call upon the in-theatre tactical reserve, followed by the operational reserve, then the strategic reserve, is the correct, graduated and planned response to such a situation. The fact that Kosovo has been calmer over the weekend shows that that was the correct decision.

Further to the deployment of the UK battalion, NATO has requested that an element of the NATO strategic reserve force, provided by a French battalion, should also be deployed to Kosovo. NATO has also requested the deployment of the three standby battalions that make up the full operational reserve force. Those battalions are provided by the US, Germany and Italy. The German battalion will, in the first instance, be deployed to Skopje, Macedonia. It is for NATO to determine for how long reserves will be required, but in terms of an initial estimate, and with the situation changing, we believe that a sensible course of action is to plan initially for a deployment period of about 30 days. The situation in Kosovo now appears calmer, although it is still tense.

With permission, Mr. Speaker, I should also inform the House that we have received preliminary reports of an incident involving British troops in Basra this morning. Right hon. and hon. Members will understand that the information remains incomplete. Initial reports indicate that two explosions took place. We have reports of injury to 13 British soldiers, although none is believed to be life-threatening. The process of informing next of kin is under way. It would be inappropriate to make any further comment at this stage.

Mr. Dalyell: I accept that it would be inappropriate to say anything about events in Basra.

As one who was the guest for four days during their deployment in Kosovo of my national service regiment, the Scots Dragoon Guards, may I ask the Minister to say something about the horrendous difficulty of the task that faces NATO troops, who are often the proverbial piggy-in-the-middle in the searing bitterness between Serb and Albanian? What can be done to prevent the ethnic cleansing of the Serbs? We do not have to give in—do we?—to the aspirations of those who want a Greater Albania.

My right hon. Friend referred to the holy sites. What can be done about the burning of the churches, which are genuinely important to European heritage? Is it sensible to talk in terms of imposing a corridor to the unique monastery at Gracanica, which is so important to Serbs anywhere in the world? What can be done to protect the nickel factory, which is the engine of Kosovo production, and help it to recover from the American bombing? Those who have been there know its importance in generating any sort of meaningful employment. It is a genuinely urgent matter.

Mr. Ingram: I am grateful to my hon. Friend for recognising the difficulty of the task. Any peacekeeping mission has attendant risks and Kosovo clearly ranks high in that. That is why the decision was made to deploy at short notice.

My hon. Friend asked about the future for Kosovo. Of course, that is matter for the discussions, which are at a very early stage. The Foreign and Commonwealth Office takes a lead in that and it is working on the best way to deal with the continuing process of trying to establish a stable set of relationships in the Balkans.

On sensitive sites and their protection, it is a matter for the commander of KFOR to make the best use of his troops; the judgment call rests with him. However, from my experience and that of my hon. Friend, there is an awareness of the sensitivity of specific sites and the way in which any attacks on them, whether people are present or not, can impact on the environment.

My hon. Friend made a point about the economy, although he particularised it by mentioning one factory. Kosovo's economy is in difficulties—I believe that unemployment is around 70 per cent.—but economic stability can be developed only on the back of a secure environment. They must go hand in hand. The more we can stabilise security, the greater the prospects for economic rejuvenation and regeneration in Kosovo.

Mr. Nicholas Soames (Mid-Sussex) (Con): I thank the Minister for bringing us the anxious news from Basra. I am sure that he will keep the House informed as matters develop.

[Mr. Nicholas Soames]

Nobody should be under any illusions that we are considering the most serious crisis in the Balkans since the end of the Kosovo war. Last week's violence between the Kosovo Serb minority and the dominant ethnic Albanians was surprisingly swift and widespread. There is no doubt that it represents a major setback for the Kosovo peace process and the international community's efforts in the province. It was probably inflamed by extremists of what used to be the Kosovo Liberation Army. The importance of the quick and robust deployment should not be underestimated.

The stakes are high. The destabilisation of Kosovo would result in further and more serious bloodshed in the province and further instability in south-eastern Europe. We cannot afford that. The work done and the progress achieved must not be undermined. Will the Minister confirm that the NATO Secretary-General is visiting the province?

Will the Minister answer the following questions? I understand that 1st Battalion the Royal Gloucestershire, Berkshire and Wiltshire Regiment is providing the core of the operational reserve force battalion group. What is the length of that commitment likely to be? Who will replace the RGBW as the core spearhead battalion? Will he confirm that the deployed troops have been issued with a full complement of personal equipment, including enhanced combat body armour?

According to the Serbia and Montenegro army chief of the general staff's interpretation of the Kumanovo agreement between NATO and the then Federal Republic of Yugoslavia in 1999, the Serbia and Montenegro army could be allowed to return to Kosovo in exceptional circumstances. Can the Minister clarify whether that is really the case? Under what circumstances will that be allowed to happen?

What representations did NATO receive from the Serbia and Montenegro Defence Minister in Belgrade? How many NATO troops have been sent from Bosnia to Kosovo? Is the Minister confident that the security situation in Bosnia is stable enough to allow this temporary reduction in troop numbers? Furthermore, and importantly, what is his assessment of the effect that that will have on the EU takeover of the NATO SFOR operation in Bosnia and Herzegovina?

We are entirely confident that British troops will play a full and, as always, distinguished part in getting Kosovo back to normality. We wish them every success and a safe and prompt return.

Mr. Ingram: In response to the hon. Gentleman's first point, of course I will keep the House informed of developments regarding the incident in Basra, and I hope that the information that I gave—that the injuries do not appear to be life-threatening—remains correct.

The hon. Gentleman is right that this is a significant issue. He is familiar, because of his time doing my job and his time in Northern Ireland, with the fact that any peace process in relation to major conflict between ethnic groups has the capacity to spill over. That must be planned for at all times. The rapid deployment of these reserve forces is a good indication of that knowledge being immediately to the fore of all planning considerations, so that we could deploy back to the area if required.

The hon. Gentleman asked about the length of time of the deployment. I stated earlier that 30 days is what is anticipated, but that will be dependent on NATO's request. In relation to the lead battalion, the UK was designated for the first six months of 2004, to be followed by the US, so we are halfway through that six-month period. The initial commitment, however, is anticipated to be for 30 days. If the situation can be stabilised, we can withdraw, and if there is a need for extension, of course, that judgment will have to be made following NATO's request. In relation to who then fills that lead role, 1 Para will step into that readiness role.

The hon. Gentleman asked about a full complement of equipment. I can tell him that the troops deployed have been given a full complement of equipment. He also asked about the deployment of Serbian forces. I know of no plans for that to happen. It seems to me that there would have to be a mature set of relationships between Kosovo and Serbia for such a development at this stage. As to the deployment of troops from Bosnia, as I indicated in my opening statement, three companies were moved initially from Bosnia, and the reserve, to be followed by the strategic reserve, will make up the numbers that the NATO commander requires.

Mrs. Alice Mahon (Halifax) (Lab): May I put it to the Minister that in 1999, 200,000 Serbs, Roma, Gorani and other ethnic groups either left out of fear or were driven out by the KLA—almost certainly the same people who organised a very effective burning and looting of 3,500 homes, churches and so on in the last few days? The UN spokesman has confirmed that. Has the Minister or the Prime Minister any plans to visit some of the people who have been ethnically cleansed for five years now, and who are living in miserable conditions in camps in Serbia and Montenegro? Will he do something about ensuring that they return safely and are protected? We hear reports that French troops and the police stood by while houses and churches were burned. Surely, if he supported the action to drive the Serbs out of Kosovo, as he did, it cannot be the case that one set of ethnic cleansing is right and the other is wrong.

Mr. Ingram: I do not think that NATO, the European Union, the United Nations or, indeed, the United Kingdom Government would say that one form of ethnic cleansing is wrong and another is right. Our aim in deploying troops into this troubled region is to bring back peace, separate the warring factions—if that is how they should be described—and find a way of establishing stability, so that we can make progress on the other agenda.

My hon. Friend is right: there are many tragic stories to be told about the Balkans. I think that we as a nation can hold our head high in view of the way in which we have contributed to the effort to find a solution. Many thought we should not engage in the Balkans, as they think we should not engage in other trouble spots; but if we have to face up to harsh realities and deal with big issues, it will mean a commitment of British troops.

Of course we shall do all we can to ensure that those who have been displaced across the region have a calm, peaceful future, but that will take time. It cannot simply

be asked for. It must be delivered on the back of what we do in this country, through Europe and through the United Nations, and we must also build on any good will that may reside within these troubled communities.

Tom Brake (Carshalton and Wallington) (LD): I, too, thank the Minister for agreeing to keep the House informed about the incident in Basra.

We entirely agree with what the Secretary of State said in his written statement about the need not to lose the gains made in Kosovo so far, and the need for our forces to bring stability to Kosovo and make it clear that ethnic cleansing is unacceptable. Can the Minister tell us what impact, if any, there will be on any existing UK commitments or responsibilities if the operational reserve force has to stay for more than 30 days, and what additional UK reserves are available for deployment if additional forces are required to bring stability to Kosovo?

It is early days for the ORF, but has any preliminary assessment been made of whether it is likely to have to stay beyond the 30 days, or whether it might be able to return before they have elapsed? What will be the impact if it is required to stay beyond June 2004?

Mr. Ingram: There will be no impact on other UK commitments. The ready battalion was designed specifically as an over-the-horizon force. As I explained in response to an earlier question, when it moves out others will move in to replace that capability. Plans have been made to cover predicted eventualities, although no one can say what else may be on the horizon. We must plan for such things, in one sense, but we must also stand ready for what may be unexpected. I cannot give answers about the future, because I do not have the capacity to predict with any certainty what else may happen internationally. What I do know is that the British armed forces have shown time and again that when there is a requirement for them to deliver they will do so, in a very professional and committed way.

The reserve force represents a multinational rather than just a UK response. A good many nations are very committed: there are some 42 in the Balkans, 25 of them European. We must show that international resolve and international strength can be used to deal with the emerging problems—quickly, we hope. Although the situation is calmer now, there is still tension. We have specified 30 days initially, but if the troops are required to stay longer and if the NATO commander wants them to do so, that is what they have been designated for. The questions must be answered at the time, however, because we do not know quite what the demand will be so far into the future.

David Winnick (Walsall, North) (Lab): To keep the matter in perspective, is it not the case that the NATO intervention five years ago stopped state organised ethnic cleansing and massacres, some of which were reported to the House, which led to the House concluding that such an intervention was absolutely necessary? Have not allied troops done a very good job in the past five years in trying to keep the two hostile communities apart, until the very sad situation last week? By and large, has not the intervention of 1999 shown itself to be absolutely justified?

Mr. Ingram: I agree with my hon. Friend. I visited Kosovo in 1999 to look at the police presence. At that time, I was the Minister responsible for security in Northern Ireland. We put in a sizeable contingent of officers from the Royal Ulster Constabulary, as it was called then. Together with other police, they made a major contribution alongside the military in Kosovo. There is no question that what we did then was correct. Although some had doubts about it then and may still have doubts about it now, it was correct. Our recent deployment shows the strength of our resolve to try to work this through to a positive conclusion.

Hugh Robertson (Faversham and Mid-Kent) (Con): I associate myself entirely with the expression of good wishes to our armed forces as they deploy, but is not the lesson elsewhere in the Balkans, particularly in Bosnia, that enclaves on their own, such as we saw in Jepa, Srebrenica and Gorazde, are not viable in the longer term? What impact will that have for the long-term future of Kosovo?

Mr. Ingram: In a sense, that is going into territory for which I do not have direct responsibility. Trying to manage the process and to get people reintegrated to stop enclaves of people, as they can be described, clearly has big attendant risks but, as I said earlier, the process must develop with the good will of the people. It cannot be an imposed solution, so we have to marry up those two very difficult, conflicting problems. Some ethnic concentrations can put other minority ethnic concentrations at risk. That must be taken into account in seeking to establish any long-term structure for the Balkans, Kosovo and Serbia and for the various ethnic groupings in those areas. However, I do not think that what we are doing now is about trying to resolve the specific problem that the hon. Gentleman raised.

Hugh Bayley (City of York) (Lab): When I visited Kosovo with the NATO Parliamentary Assembly, I was encouraged to see the progress that was being made in the Kosovo police service and at the Kosovo police training college to bring in people from all ethnic groups to train them together and to ensure they slept in the same dormitories, attended classes together and learned each other's languages. Does my right hon. Friend agree that it is important to continue to provide resources that bring the communities together for training on issues such as policing, and that there is a general lesson that after conflict we have to continue to invest in post-conflict reconstruction if we are to provide a viable future for a country emerging from civil war?

Mr. Ingram: I agree entirely with my hon. Friend. It is important to continue all our efforts. The eight standards that have been set—and that will be subject to review in the middle of next year to see what progress has been made—take into account the normalisation of that society, for which the overall security profile becomes important in terms of civil administration, policing and the judiciary. At present those are proving difficult, but that is what we must all strive towards. Important steps have been made. We have achieved some measure of progress, but there is a long way still to go in all this. My hon. Friend is right that, in terms of post-conflict reconstruction, we need to be there for a considerable period because, again, as the old phrase

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goes, peace is not an event but a process. It will take time—both in the initial phase that we are now in and in later stages—to get it right.

Mr. Andrew Mackay (Bracknell) (Con): As someone who strongly supports the deployment, may I gently put it to the Minister that it was unfortunate, to say the least, that it was the Father of the House, through an urgent question, who brought a Minister to the Dispatch Box? In future, when there is a major deployment, can we guarantee that the Secretary of State or, if he is absent, the Minister, comes to the Dispatch Box? That is what the House needs and deserves.

Mr. Ingram: In terms of the timing, the call was made in the early hours of Thursday morning, as I explained, and it is a normal deployment; it is what that force stands ready for. The judgment was made, and we would have thought that the House understood that, as it was a normal deployment—*[Interruption.]* Clearly, some Members do not think so, which is why the Father of the House, my hon. Friend the Member for Linlithgow (Mr. Dalyell), requested an urgent question and was granted one. Clearly, we will take lessons from that if lessons need to be taken. We will take such things into consideration in any future deployment, but should this apply to withdrawals as well? Should justification be given for every decision? *[Interruption.]* Well, I am only posing the question because I am sure that some would think that they always have the right to ask such questions. If a withdrawal took place, they would ask about the basis of the withdrawal. The right hon. Gentleman says that the deployment is significant. It involves a battalion that stood ready for the purpose, and I explained the reasoning behind that in my opening statement.

Mr. John Wilkinson (Ruislip-Northwood) (Con): As a company of Gurkhas from the stabilisation force in Bosnia and Herzegovina, next door, was promptly on the scene, will the Minister respond to the pertinent question asked by my hon. Friend the Member for Mid-Sussex (Mr. Soames) from the Front Bench? Will such an intervention by a reserve—a back-up—from the stabilisation force in Bosnia and Herzegovina always be available from that country once the stabilisation role is taken over by the European Union? NATO is responsible for that now, so there is inherently no problem—but, if the forces are under EU control, there could be a fatal interval before a deployment takes place.

Mr. Ingram: Those are the very issues that must be bottomed out in considering the future presence in Bosnia. We have not reached a final conclusion, but NATO is comfortable with the development of those talks. We are quite far down the road of working out what the force package should be in Bosnia and how it should be structured and utilised. The hon. Gentleman will be aware that we consider the Balkans as, in a sense, one region because each country impacts on the other, and the force strength there should be best utilised to deal with the problems as they arise. Sometimes that will be straightforward; sometimes it will be difficult, depending on the circumstances. That is why we need such a significant international commitment to the force; it cannot be delivered by the UK and the US alone. We need many allies to participate. Of course, the Italians, the French and the Germans are heavily committed, along with other European nations, to deliver the very mission that we are seeking to deal with at present.

Mr. Crispin Blunt (Reigate) (Con): The Minister should be aware that when the Defence Committee visited our troops in Kosovo last month, a clear majority of them did not think that a deployment in Kosovo was a worthwhile use of their time. The Government have been warned repeatedly that the political strategy that NATO is following, which our troops are being asked to support, would end in their being attacked by the very people whom they went there ostensibly to help. As the Serbian Government, who after all hold the sovereignty of Kosovo, now appear to be talking about the partition of various parts of Kosovo, I urge the Minister to get hold of the Foreign Office and get it to support any strategy that will bring political closure to the issue and enable us to get our soldiers and the rest of the international community out of Kosovo, there having been a political settlement.

Mr. Ingram: I will not respond to the hon. Gentleman's first comments, where he seeks to speak for all the British forces in Kosovo, as though he is some great guru of knowledge because of a visit there. He suggests that the troops have one clear, focused view of their deployment. I hear what he says, but there is no point in entering into that territory.

I indicated in an earlier answer that the Foreign and Commonwealth Office is, of course, very active in trying to work through solutions and in considering how the process can be moved forward. That is not easy. Competing, conflicting ethnic demands are involved. It is big scale and cannot be resolved at the flick of a switch. It is not a case of the FCO putting in another set of resources, thus resolving the situation. It has to be worked through with the international community and with the countries and ethnic groupings in that area. As I indicated, the eight strands of development are subject to review in the middle of next year, and I understand that the FCO has three teams working on developing the best way forward. The Government are committed to finding a solution, and I should have hoped that the hon. Gentleman would support us in that.

Mr. Michael Weir (Angus) (SNP): The Minister said that the UK troops were the ready battalion for the first six months of this year. Do I take it that he anticipates a reduction in the number of British troops at the end of that six-month period should the situation in Kosovo continue to be fluid? If not, is he satisfied that, given the commitments in other parts of the world, he has sufficient reserves to rotate troops out of the trouble spots?

Mr. Ingram: I am conscious that the leader of the hon. Gentleman's party said that it was an unpardonable folly to get involved in Kosovo in the first place, so I do not know whether the hon. Gentleman is now

supporting what we are seeking to do in Kosovo and understands that the scale of what we seek to achieve is important not just for the people of that region but for Europe and beyond. I explained that the lead battalion stands ready for a six-month period and that we were given that task for the first six months of this year and were to be followed by the United States. We alternate on that basis.

Our commitment as lead battalion will be for six months, and that period will end in the middle of this year. The current deployment is initially for 30 days, but that will depend on circumstances on the ground and the request then made by the commander of KFOR. As I said in an earlier answer, I cannot predict far into the future. We have to deal with each situation as it arises and we have clearly been able to deliver when we have been called upon. However, I am conscious of the fact that the hon. Gentleman and his party have opposed probably every important international mission that we have sought to get engaged in. I do know what their motivation is in all that.

Mr. John Randall (Uxbridge) (Con): Does the Minister agree with the assessment of many people, including the spokesmen for United Nations Mission in Kosovo—UNMIK—and for NATO, that the violence was not spontaneous but was, in fact, co-ordinated? Does that have any implications for our troops?

Mr. Ingram: We do not yet have a mature understanding of what precipitated the violence, but the best information that I have is that it looked as though it was spontaneous and was built on the back of a particular grievance, but that it then became organised. That would not be unsurprising, but it does not mean that it is necessarily the case. Extremists can exploit any point of unrest and they are very quick to move in to maximise the potential for what they seek to achieve. We therefore have to get the best information on the ground and, importantly, to analyse it to make sure that we make the best response.

Bob Russell (Colchester) (LD): Can the Minister confirm that the British Army is between 3,000 and 4,000 soldiers under strength. With that in mind and given all the existing commitments, does he agree that overstretch is getting worse and that the additional commitments now being imposed on the Army are adding to the stresses and strains? Although he mentioned the European nations that have supported peacekeeping in Kosovo, does he agree that more effort should be made to encourage greater European support for what the British Army is doing?

The Minister will also be aware that 500 troops from Colchester garrison are serving in southern Iraq. Will he please keep me posted on the desperate situation reported in Basra today?

Mr. Ingram: I gave the information that the hon. Gentleman referred to in his final point, but I hope that he realises why I gave it. It is breaking news and I thought it important to impart it. I have given the best information that we have and I shall, of course, keep the House informed as the situation develops.

The hon. Gentleman asked about the strength of the British Army. We have had the best recruiting year for the past 20 years. There are now 2,000 more in the Army than there were at this time last year. That is a significant achievement. He will be aware that we are continuing to move towards full manning strength, although it takes a lot of effort by, and commitment from, those in the training regime and the recruitment environment. We have worked hard to eat into the under-strength that exists, and we are making some progress.

On greater European support, the involvement of 25 European nations indicates a measure of commitment, although clearly it is of varying degrees. Given the type of initiatives that have taken place in the EU, there is no question of trying to make the Balkans an EU-led issue, and I would expect the hon. Gentleman to support that. The approach must be consistent with what we have been able to achieve through NATO and we must be able to match NATO's capabilities. I shall keep him up to speed with what is happening in Basra and Iraq at present.

Mr. David Cameron (Witney) (Con): Clearly, anything that happens in Kosovo has important knock-on effects next door in Macedonia. Does the right hon. Gentleman agree that it would be highly desirable to give that small country as many reassurances as possible before making a statement about the future status of Kosovo itself? Does he agree that those reassurances should include encouragement about future NATO and EU membership, and perhaps even calling the country by its proper name rather than a bizarre set of initials?

Mr. Ingram: We are some way away from the final status for Kosovo. As I have indicated, we are only in the foothills of several of the developments that have taken place there. I also pointed out in my earlier answers that there is a need to ensure that every party is taken along with the process. It would be wrong to develop and impose an answer that would create greater ethnic conflict. Having said that, I do not have the capacity to say at this stage that that will be delivered any more easily than the hon. Gentleman could deliver a profile for the future of the region. There is a lot of work to be done and the presence of our troops is required to maintain stability there. We shall do what we have to do to bring about the peaceful future that I know he wants not only for Macedonia, but for the rest of the Balkans.

Points of Order

4.7 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): On a point of order, Mr. Speaker, of which I have given you notice. You will know that I tabled an urgent question this morning about the serious incident here on Saturday, when demonstrators were able to climb St. Stephen's Tower. I have voluntarily withdrawn it because I recognise the difficulties in examining detailed security matters on the Floor of the House. However, would you agree that it was highly irresponsible of the people involved to take such action and that it was worrying that the response was so slow? Last week, I wrote to you setting out in confidence a range of issues on how to protect the Palace of Westminster. Can you assure the House that all aspects of security, including those set out in my letter, are now under the fullest possible review, and that even if security measures cause inconvenience to hon. Members and their staff, they will be fully considered with action taken as appropriate? What assurances are you able to give to the House, Mr. Speaker?

Several hon. Members *rose—*

Mr. Speaker: Let me reply to the hon. Gentleman.

I do not intend to discuss the details of our security measures on the Floor of the House, but I assure the House that I take the incident at the weekend extremely seriously. I have received a full report from the Head of Security and have inspected the area where the breach took place. An urgent review is being undertaken, both of the security precautions in that particular area and of our security arrangements as a whole. The House should be aware that any significant tightening of security in this building is likely to give rise to some inconvenience for Members, staff and visitors. I look to Members to set a good example in this respect and not to make the job of our security staff any more difficult than it already is.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Further to that point of order, Mr. Speaker. We are most reassured that you are taking a close interest in this matter, but can you assure us that those who are responsible for advising you and, indeed, for the security of the building and the premises generally are taking an equally serious view of the matter? You cannot be expected to supervise the process personally, so I hope that we can have your reassurance that they are taking it seriously and that you have had their reassurances that everything will be done to ensure that the situation cannot be repeated.

Mr. Speaker: When I heard of the situation on Saturday, I was, of course, in my constituency in Glasgow. I told the senior Officers of the House responsible for security to be at a meeting this morning, and told them not to meet in my study but to get their overcoats on because we were going outside to see exactly where the breach of security took place. Every senior Officer is well aware of the fact that I want better security in this building. I reiterate that that will mean inconvenience for hon. Members. If they are taking guests on to the Terrace and are stopped by security staff, I do not expect them to give any security officer who is acting under my instructions any difficulty whatever. I say that because that has happened time and time again in this House of ours.

Mr. Andrew Mackay (Bracknell) (Con): Further to that point of order, Mr. Speaker. I very much welcome what you just said and your personal involvement in the security case. Will you confirm that the very people who failed to secure the House properly and allowed the breach of security to take place are the same people who are advising you and the House—in my view, quite wrongly—that we should have a security screen in the Public Gallery?

Mr. Speaker: Let me preface my remarks by saying that I do not wish to go into serious detail about security matters on the Floor of the House. My predecessors always felt strongly about that, and so do I.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): On a point of order, Mr. Speaker. You will know that it is almost unprecedented for a Minister to disclaim responsibility for the policies pursued by his or her Department. In those circumstances, it behoves the whole House to seize every opportunity to hold that Minister to account. There seemed every possibility that we would have an opportunity to question a Home Office Minister on the apparent lack of control on the crucial issue of immigration, which concerns all our constituents, when we reached question 10, tabled by my hon. Friend the Member for Upminster (Angela Watkinson). Yet you will have observed, Mr. Speaker, that because of an organised attempt at filibustering, with long and unhelpful answers to previous questions, we only just got to question 10 at the end of Question Time. The Minister concerned then gave what was, in effect, a statement rather than an ordinary answer, thereby depriving us of the opportunity of holding her to account for her denial of responsibility for the policies pursued by her Department. Can you make it clear to Ministers that an irresponsible Minister is worth as much as a three-pound note?

Mr. Speaker: I will not be drawn into that matter.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): On a point of order, Mr. Speaker. Our prisons are full to bursting, in crisis and only a small number of places away from being at full operational capacity. At Home Office questions, I asked the Minister about operational capacity and said that the number of people in prison was 75,073—only eight places away from being full. The Minister replied that that was incorrect. I left the Chamber and checked the statistics for the Prison Service on the Home Office website. Indeed, the website confirms that the operational capacity is 75,073 and that there are only eight places left.

Can you advise me, Mr. Speaker? Either the Minister or the official Home Office website is wrong. In dealing with such a sensitive matter, how are hon. Members supposed to get their information? Should not the

Minister come to the House and apologise either for the inaccuracy of Home Office information or for his response in Question Time?

Mr. Speaker: The hon. Lady well knows that Home Office questions last an hour. It seems that she is trying to go beyond the hour. She can always seek a meeting to take up the matter directly with the Minister concerned.

BILL PRESENTED

SOVEREIGNTY OF PARLIAMENT (EUROPEAN COMMUNITIES)

Mr. William Cash, supported by Mr. Richard Shepherd, Mr. Eric Forth, Sir Nicholas Winterton, Mr. Edward Leigh, Sir Teddy Taylor, Mr. Richard Bacon, Mr. David Heathcoat-Amory, Denzil Davies, Mr. John Redwood and Sir Peter Tapsell, presented a Bill to provide that Community treaties, Community instruments and Community obligations shall only be binding in legal proceedings in the United Kingdom insofar as they do not conflict with a subsequent, expressly inconsistent, enactment of the Parliament of the United Kingdom: And the same was read the First time; and ordered to be read a Second time on Friday 14 May, and to be printed. [Bill 76].

Food Labelling

4.14 pm

Mr. Richard Bacon (South Norfolk) (Con): I beg to move,

That leave be given to bring in a Bill to make further provision for relevant information about food, including information about the country of origin, contents and standards of production of that food, to be made available to consumers by labelling, marking or in other ways; and for connected purposes.

I am pleased to invite the House to give leave for the introduction of a Bill to promote the clearer labelling of food. My proposal has support from Members on both sides of the House, and the aim is quite simple: to provide clearer, more accurate and more honest information to consumers about the food they buy than is currently required.

There are good reasons for seeking greater clarity in the labelling of our food. The first relates to the standards of animal welfare. Consumers make buying decisions according to various criteria, including quality and value for money, and also according to knowledge about the standards of animal welfare under which livestock is reared. Consumers are rightly concerned to know that the food that they buy in the shops is produced using the best animal welfare practices. Farmers in the United Kingdom must observe some of the highest animal welfare standards in the world, and that has the wide support of consumers. Accordingly, consumers should be able to use their buying decisions to support the production of food that meets high animal welfare standards. However, British farmers who adhere to those high standards often face unfair competition from imported food that is produced to inferior standards and is thus cheaper to produce.

The second reason for clearer labelling relates to animal disease. After the outbreaks of foot and mouth disease and classical swine fever, animal health risks have taken on a new importance in the public mind. The risks of animal disease in relation to imported food are beyond the control of individual farmers, but there is a role for the Government in ensuring that the provenance of all food is clear to consumers through clear labelling. The commission set up by the Government to review the future of farming under the chairmanship of Sir Don Curry stated that the controls that are considered necessary for food safety in this country should also be enforced on imported food. In particular, it is for the Government to ensure that there are the strictest controls, meeting the highest international standards, on illegal meat imports.

The third reason that we need clearer food labelling is that, at present, consumers are being misled. For example, it is possible to import lambs to the UK from France, slaughter them in the UK and label the result "Product of Britain". Pork that has been imported from Denmark and then packaged in the UK may also be called "Product of Britain". Butter churned in England using milk imported from Belgium should not, supposedly, be labelled "English", but it can lawfully be described as "produced in England from milk". Norwegian salmon that has been smoked in Scotland should not, supposedly, be called "Scottish", but it can lawfully be described as "salmon smoked in Scotland". At present, producers of imported meat can lawfully use

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the Union flag on packaging to imply that the product is British when it is not. In addition to the Union flag, phrases such as "Great British recipes" may be used on the packaging—for example, on imported pork—again implying that the meat is British when it is imported.

The fourth reason for clearer labelling is the position of British farmers and farming. In recent years, the farming sector in this country has seen the worst crisis for perhaps two generations. When the Curry commission was first set up by the Government to examine the future of farming, its remit included advising the Government on how to ensure that the farming and food sector contributes to a thriving and sustainable rural economy, as well as advancing environmental, economic, health and animal welfare goals. One of the key links in achieving those goals is the role of consumers, and in its final report the commission stated:

"The key objective of public policy should be to reconnect our food and farming industry: to reconnect farming with its market and the rest of the food chain; to reconnect the food chain and the countryside; and to reconnect consumers with what they eat and how it is produced."

At the heart of my Bill is the aim of empowering consumers. There is an intimate relationship between the buying decisions of consumers on the one hand and our continuing to have a farmed landscape that the public can enjoy on the other. However, no consumer can make a proactive decision to support domestic production without clear information.

Consumers may wish to exercise their choice in various ways. Their choices might reflect the desire to purchase food that is produced to our standards of production and animal welfare, or, by buying local food, to reduce fossil fuel emissions by reducing the long-distance transportation of food. Consumers may wish to buy imported food from specific countries, or to avoid doing so. Whatever consumers' desires, they cannot make informed choices without accurate information at the point of sale, and that requires clear food labelling. My Bill will require clear labelling of the country of origin. If food has been processed or packaged in a country other than the country of origin, details of the country of origin will be marked on the label in no less prominent a manner than the details of where the food has been processed or packaged. Where animal welfare standards for the production of food are lower than in this country, a reference to that fact should appear on the label.

I should make it clear that my Bill contains no proposals to restrict the legal import of foodstuffs, or in any other way to restrict competition. Such measures would be likely to infringe international trading agreements and European Union law. Under existing EU arrangements, the labelling of the country of origin is already required for fresh fruit and vegetables and, in the light of the BSE crisis, for beef. Under EU law, the so-called "promotion" of food from a particular country is not permitted, but the relevant EU directive itself requires an indication of the place of origin of a good if failure to give such an indication might mislead a purchaser to a material degree about its true origin. The clear labelling of the country of origin for all food, as my Bill proposes, offers equal treatment to all producers. In fact, it is logically impossible to suppose that providing greater transparency to consumers in a given marketplace can be said to favour one product over another. Providing more accurate information to potential buyers and sellers simply improves the operation of that market. None the less, if the happy consequence of greater transparency and more accurate information is that more consumers choose to buy food produced in Britain, I shall be very pleased, as will many farmers and food producers in this country. That is not the same as promotion, which is a matter for individuals and businesses.

In that respect, I pay special tribute to the Budgen's supermarket group. While I was visiting the Budgen's store in Harleston in my constituency, the chief executive, Mr. Martin Hyson, explained to me the company's policy of stocking only British meat. I also pay tribute to Waitrose, which has a policy of selling only British beef, pork and chicken. Sadly, not all supermarkets follow those excellent examples. Many habitually use their near-monopoly power to screw down on suppliers in a way that I believe is against the public interest. A food manufacturer recently told me about another company he knows of that supplies major supermarkets in the UK. One division of that company had a turnover of £400 million, yet made a profit of only £150,000. In other words, for every £2,666 of turnover, the company made a profit of £1—a profit margin of just three-eightieths of 1 per cent. When it is scarcely viable to be a food producer for the major supermarkets, the temptation to cut corners grows, which may lead directly to food scares and other problems. The ruthless behaviour of many supermarkets forces suppliers to search out, at all costs, the cheapest possible source of every ingredient, almost regardless of the long-term consequences for animal welfare, the environment, food safety, and the future of British farming.

Restraining the excessive power of the supermarkets is outside the scope of my Bill, but I believe that providing consumers with the accurate information that they need to make informed choices is a step in the right direction. There are some signs of progress. The National Pig Association promotes the quality standard mark for British pork, which is useful to consumers. The little red tractor mark, which the National Farmers Union originally developed in conjunction with the Government, is another useful measure, although it could do more. In fact, the mark does not indicate definitively that food is British produced, but shows only that the food complies with British standards. My Bill would take matters a step further. I very much hope that British consumers, armed with better information from clearer food labels, will choose to support domestic production and thereby to support higher animal welfare standards, British farmers and the sustaining of a farmed landscape in this country.

Question put and agreed to.

Bill ordered to be brought in by Mr. Richard Bacon, Mr. Frank Roy, Mr. Kevan Jones, Mr. Keith Simpson, Mr. A. J. Beith, Angus Robertson, Mr. Alan Williams, Alistair Burt, Mr. Stephen Pound, Ms Candy Atherton, Mr. David Ruffley and Sir Nicholas Winterton.

FOOD LABELLING

Mr. Richard Bacon accordingly presented a Bill to make further provision for relevant information about food, including information about the country of origin, contents and standards of production of that food, to be made available to consumers by labelling, marking or in other ways; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 16 July, and to be printed [Bill 77].

ROYAL ASSENT

Mr. Speaker: I have to notify the House, in accordance with the Royal Assent Act 1967, that the Queen has signified her Royal Assent to the following Act:

Consolidated Fund Act 2004

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [17 March].

AMENDMENT OF THE LAW

Motion made, and Question proposed,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description—*[Mr. Gordon Brown.]*

Question again proposed.

Budget Resolutions and Economic Situation

4.25 pm

The Secretary of State for Health (Dr. John Reid): We on the Labour Benches are immensely proud of our national health service and of those who work in it. We say that not because NHS staff never make mistakes; they do. Any organisation that has to treat 1 million patients every 36 hours is obviously fallible. We do not express our support because the system is perfect. No human organisation that depends on the endeavours of 1.3 million people could possibly amount to perfection. However, we express support and our pride in the NHS because it brings more relief to people from pain, distress, anguish and insecurity than any other organisation in the world.

The question that we face, as we consider the implications of the Budget, is not whether the NHS is perfect or whether some imperfections can be elicited from the 1.3 million people who are engaged in their daily and determined work. The question is threefold. First, has the performance of the NHS improved over the past six years, recovering from its two decades and more of under-investment? Secondly, is it continuing to improve, and will the recent Budget contribute towards that continuing improvement? Thirdly, what alternative policies—in particular those of the Conservative party—would underpin or undermine that improvement, which has been taking place for the benefit of the vast majority of people who depend on the NHS? That is what we must consider.

The NHS is based on the principle of equal access to health care, free at the point of need. Its comprehensiveness and fairness is admired the world over, except occasionally, perhaps, on the Opposition Benches. It is paid for out of general taxation, and to date I have seen no convincing evidence that there is a

[Dr. John Reid]

better way of providing equity of access for an entire nation—and the beneficiary of the NHS is this whole nation.

We are proud that the system is British in its origin, British in its originality and British in its basic principle of matching excellence with equity. The Conservative party is proposing policies that would undermine that basic principle. Let us be clear during the debate that we cannot maintain an NHS that provides equal access for all if we subsidise those who can pay to jump the queue to a position above those who cannot afford to do so. Those two aims are incompatible and contradictory. We cannot give everyone the same chance of surviving ill health if we subsidise people who can pay to jump the queue but not those who cannot. We cannot pretend to give everyone a choice if only people who can pay have that choice. Those are simple truths—*[Interruption.]* We will let the nation decide whether those truths are simple and clear enough, and I look forward to letting it judge support for the national health service at the election.

The Conservative policies of diverting resources away from the many who depend on the NHS, towards the few who can afford to pay for private operations, are based on a cruel and callous deceit that is disguised as a so-called passport out of the national health service. The British people do not want a national health service in which public money subsidises queue jumping, which is why we welcome the fact that the next election will be fought on the principle of equal access to health care and why the Budget underlines that principle. *[Interruption.]* There appears to be a fashion for becoming ill at the podium when making a speech, but I assure the House that that is not flattery in any form.

Mr. Simon Burns (West Chelmsford) (Con): Have some water for the cough.

Alistair Burt (North-East Bedfordshire) (Con) *rose—*

Dr. Reid: I will take a drink while the hon. Member for North-East Bedfordshire (Alistair Burt) intervenes.

Alistair Burt: I thought that I would help the right hon. Gentleman by giving him a couple of minutes. It might assist him if, instead of trying to explain Conservative policies, he left that issue to my colleagues on the Front Bench. He could then use the reduced time available to address his own policies and the deficiencies of the service over which he currently presides.

Dr. Reid: I was just trying to be helpful.

When we came to power, we encountered a national health service that had serious capacity constraints—I do not think that any Opposition Member, however critical of the Government, would deny that—and had not received adequate investment for two decades and, indeed, some would say longer. We introduced measures across the system in Budget after Budget to increase capacity, raise quality and decrease variation of quality, which are all based on an increasing number of national service frameworks. We continue to develop those frameworks, which provide clear national standards and identify best practice so that users, managers and professionals alike have information and guidance to improve local services, for which we set a number of targets.

Previous under-investment was chronic and disabling. We made a start in correcting that from the publication of our 10-year plan onwards, but much more was needed, which is why my right hon. Friend the Chancellor announced in his 2002 Budget historic levels of investment in the national health service. For the five years from 2003–04 to 2007–08, NHS funding in England will increase each year by an average of 7.3 per cent. in real terms—the highest increase over the longest sustained period in the history of the national health service. That investment and reform are already producing results, such as increases in capacity. We have more staff delivering health care in the NHS than ever before—over 7,300 more consultants, over 2,300 more general practitioners and over 67,500 more nurses than in 1997. That is a token of our commitment to the national health service. A vast number of people in more than 70 professions are relieving pain—day in, day out.

Mr. Kevan Jones (North Durham) (Lab): Does my right hon. Friend agree that striking examples of that investment in my constituency are the new hospital in Chester-le-Street, a new doctor's surgery in Craghead and a proposed new health centre in Stanley, which would be put at risk if the Opposition implemented their vision of cuts in public services?

Dr. Reid: Yes, indeed. Later in my speech I will deal with the Opposition's plans for a massive diversion of funds away from the national health service. My hon. Friend is correct in pointing out that we have the biggest and most sustained building programme in the history of the NHS, not only in terms of hospitals, but through the refurbishment of some 3,000 general practitioners' premises throughout England.

There have also been real increases in output: 1.7 million more patients were seen for new hospital out-patient appointments last year than in 1997, which is a 15 per cent. increase, and there were 113,000 more cataract operations than in 1997, which is a 70 per cent. increase—all ignored in the so-called productivity figures that are made up by the Opposition. There were 19,000 more knee replacement operations than in 1997, which is a 69 per cent. increase; there were 950,000 more planned hospital admissions last year than in 1997, which is a 22 per cent. increase; and of course the NHS plan target of 6,000 extra heart operations by April 2003 was achieved a year earlier.

Mr. Andrew Lansley (South Cambridgeshire) (Con): Given what the Secretary of State has said, how does he explain the fact that just a few weeks ago the Organisation for Economic Co-operation and Development said of the NHS:

"Productivity seems to have declined as the growth in the number of doctors, nurses, hospital buildings and equipment have (not yet) been fully reflected in a growing number of treatments. In fact, growth in the volume of health care output has slowed down compared to the first half of the 1990s"?

Dr. Reid: The OECD, like the hon. Gentleman, has ignored the new walk-in centres, the new treatment

centres, the 6.3 million people dealt with by NHS Direct, and the 400,000 operations. All those are increases in productivity that are ignored by the Opposition, who consider one element only of NHS operations: the full-time equivalent episodes carried out by consultants in hospitals.

Let me give an example. Of the 30 to 40 per cent. increase in investment over the past few years, a substantial amount goes in new drugs—statins. Over six years, they have contributed towards the biggest decrease in deaths from heart-related diseases in any country in the world—23.4 per cent. Statins, which account for about 10 per cent. of that decrease, have therefore led to a huge fall in mortality from circulatory diseases. The Opposition regard that as a fall in productivity; it is a fall in productivity because the people thus saved do not end up in hospital. It is a perverse definition of productivity that has been manufactured by the Conservatives purely to run down the NHS, which is their aim.

Let me deal with some of the increases in quality and access that are also ignored by the Opposition. Nineteen out of 20 people can now see a GP within 48 hours. It was scandalously difficult to see a GP when we inherited the national health service from the Conservatives. Nine out of 10 people can now be seen, diagnosed and treated in accident and emergency departments within four hours—a world-class standard. None of those increases in quality and ease of access has been taken into account by the Opposition. They do not want to concede to the NHS any improvement, because they want to privatise health care in this country.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): May I invite my right hon. Friend to visit Plymouth, where he will see our new cardiac unit, which is now treating 1,850 people a year, compared with some 700 people in 1997? Given that heart disease has not increased by that amount in our area since that time, what does he suppose happened to the patients who were unable to get such treatment before we had the welcome investment that is pouring into the south-west?

Dr. Reid: What my hon. Friend says is absolutely true. I will be delighted to come to Plymouth if I can arrange a visit, but I am afraid that I have so many openings of so many establishments throughout the country that it may be some time before I can do so. Some 23 NHS-run and two independent sector treatment centres have now opened; between them, they will treat an additional 50,000 patients this year. There are also 42 NHS walk-in centres; 140 million more items were prescribed last year than six years ago; and there has been a 29 per cent. increase in drugs, which is bringing benefits. All those things are ignored, of course, by the Opposition, but they are bringing substantial improvements in people's lives. Indeed, they save lives.

I have recently given two figures. There have been sustained reductions in death rates from cancer, and a 10 per cent. fall in the rate of premature deaths—that is, among under-75s—from cancer since the 1995 to 97 figures were issued. Furthermore, death rates from heart-related disease among under-75s fell by more than 23,000 in the five years up to 2000 to 2002. That is a substantial saving of lives in this country as a result of the work of the national health service and the investment put into it.

None of those things makes me complacent for one moment and nor do they satisfy Labour Members. We will not rest until we have restored our national health service to where it belongs: at the top of the excellence league as well as the fairness league. There is a long way to go in investment, reform, effort, leadership and endeavour. There is also a long way to go in recognising that another core value of the national health service must be better promoted. Nye Bevan's vision was not simply that the people of this country should have equity of access to medical care free at the point of delivery, although it was that. It was also that people should have access to the best medical care.

That is why we have already started to match our investments with reforms, bringing new ideas and a better range of services to the British public, including new services such as the easily available walk-in centres that I mentioned and the fast-track treatment centres, many of which are inside the national health service. On some occasions, the independent sector treatment service is used and items are purchased in bulk at a reasonable price and delivered free at the point of need to everyone in this country. As to telephone advice, 6.3 million callers spoke to NHS Direct last year.

All this requires the national health service continually to refresh itself by introducing the latest and best innovations, based on the latest and best available research evidence. That is why we established the National Institute for Clinical Excellence to provide patients, health professionals and the public with the authoritative guidance that they need on current best practice and health technologies and clinical management of specific conditions. That is another advance that is recognised as among the best in the world—indeed, it is the best—and it is establishing clinical excellence throughout the national health service.

Rev. Martin Smyth (Belfast, South) (UUP): I welcome the improvements and changes that are taking place in the health service, particularly in dealing with those with hearing problems and in using the independent and private sector. Is the Secretary of State aware, however, that there is some concern about whether, after new hearing aids are provided and adapted, people go back to that sector or to the national health service? Is he prepared to deal with that situation, bearing in mind the fact that people get used to those who provide the service and want the follow-up to be convenient?

Dr. Reid: I thank the hon. Gentleman for his comments. By arranging a plurality of provision, we are giving a better degree of service and a choice. That is being introduced steadily. It is not the illusion of theoretical choice for everyone that is being offered by the Opposition, which depends on how much money one has in one's pocket.

The increased capacity that we are introducing will genuinely extend choice for patients in the NHS. As the hon. Gentleman says, some of that choice is provided by the independent sector, and I assure him that as the years go on we do not intend to limit and narrow the choice available to patients; rather, we intend to

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preserve that choice and, as far we can, extend information, power and choice for patients.

Mr. Burns: Does the Secretary of State remember his letter to the Health Committee on 5 February this year in which he stated that last year the national health service spent £100 million in the private sector, but that if the work had been done in the NHS it would have cost £70 million, which is a difference of £30 million? That means that the health service spent 43 per cent. more on private care in the private sector for NHS patients. Is the Secretary of State concerned, and what will he do to narrow the gap?

Dr. Reid: The hon. Gentleman is right in every particular. Because we bought operations from the private sector at spot prices, we paid extra premiums of 50 per cent., 60 per cent. and above. He is right to point out that that disturbed me, which is precisely why we no longer do it. Now, we buy in bulk the vast majority of operations that we purchase from the private sector. For example, the most recent purchase that I concluded was for 40,000 cataract operations at the quality and price that we wanted, which was, as it happens, 10 per cent. below the tariff for the national health service. That purchase bought us another 40,000 cataract operations delivered free at the point of need, which dramatically reduced waiting times in several parts of the country for old people waiting for free cataract operations.

Mr. Burns: The Secretary of State says that he thought that those premiums were wrong and that he has taken action. Does that mean that he is criticising the former Secretary of State for Health, the right hon. Member for Darlington (Mr. Milburn), who negotiated the deal?

Dr. Reid: Not at all. As it happens, the negotiations for the cataract operations that I mentioned began under my predecessor, my right hon. Friend the Member for Darlington (Mr. Milburn). I thank him, and commend him on his foresight in heading in that direction.

Our ambition for the national health service demands even greater foresight. All knowledge-based elements of the national health service need a constant supply of evidence from new research, especially in fast-moving fields such as medicine. We have always recognised that, and we began to deal with the most pressing needs in 2000, which is why we have invested in cancer research in particular.

We set up the National Cancer Research Institute, which is a partnership of the 19 largest funders of cancer research in the United Kingdom, including Government, the voluntary sector, industry and patients' representatives, and the national cancer research networks followed on from that. I have no hesitation in saying that the national cancer research networks have been a huge success with both patients and practitioners of medicine in this country.

Mr. Keith Bradley (Manchester, Withington) (Lab): My right hon. Friend is absolutely right that the cancer research network has been a huge success, and Christie hospital in my constituency is at the forefront of that progress. The Wolfson molecular imaging centre is a world-class clinical research centre located at Christie hospital, and it currently receives a small amount of money from central Government. In the light of the Chancellor's announcement of a significant increase in the science research budget, will my right hon. Friend re-examine the funding of the molecular imaging centre at Christie hospital to see whether more central Government money can be allocated to it?

Dr. Reid: I will not give my right hon. Friend a specific answer to that specific question, but in general terms he will not be displeased by the next 15 minutes of my speech. The national cancer research networks are a huge success, and he echoed that point. They have hit the target of doubling the number of patients engaged in trials in only two years. I make the simple point that, just as investment elsewhere saves lives and reduces pain, investment in cancer research saves, and has saved, lives for the national health service.

We recognise the potential of the new genetics to have an impact on health care. The whole field of genetics offers the possibility of much more personalised treatments and prevention strategies. Accordingly, we invested in six genetics knowledge parks—five in England and one in Wales—to develop for us knowledge of how advances in genetics will affect the national health service. In addition, we have just finished commissioning research work on gene therapy for single gene disorders and safety studies. Investment in research on genetics saves lives for the national health service and for the people of this country.

We are as ambitious for the British people as they are for themselves and their families. Since we know that this investment saves lives for the national health service and the country, the Government will now go further and faster in investing in clinical research. Our experience with the National Cancer Research Institute taught us that the real power to solve some of our outstanding health problems comes from the Government's investing in collaboration and in partnership. That is why my right hon. Friend the Chancellor announced last Thursday an increase in funding for medical research.

I can report today that I am making available an additional £25 million in each of the next four years, over and above the inflation-linked increases that have already been agreed, to secure the necessary development of our medical research here in this country. That is an additional £100 million per year by 2007–08, which represents the largest sustained increase in NHS research and development funding ever announced in this House. The hon. Member for South Suffolk (Mr. Yeo) is yawning. I hope that when he rises to his feet he will give a more substantial response to my announcement.

It is anticipated that that investment, together with the additional resources that are expected to be made available to the Medical Research Council, should allow combined Government spending on medical research to rise to £1.2 billion a year by 2007–08—investment in

medical research to save lives in this country through and with the national health service.

Rev. Martin Smyth: In announcing that investment in the health service, the Secretary of State will recognise that the Northern Ireland Office has to allocate the funds. Does he agree that the new centre of excellence at the Belfast city hospital, which has international links, is making tremendous advances in research on cancer problems; and will he encourage the Chancellor to ensure that some of the extra money goes there?

Dr. Reid: I will go half way with the hon. Gentleman. Having have seen the prowess of those at that hospital and the developments that have taken place there, I agree that they are significant and worthy of great plaudits. I cannot allocate any of the money that is disbursed in Northern Ireland, since, alas, I moved on from being in a position to do so some two years ago, but I can assure him of two things: first, that under the Barnett formula there will be significant moneys for disbursement on health in Northern Ireland; and secondly, that the Under-Secretary of State for Northern Ireland, my hon. Friend the Member for Basildon (Angela Smith), will judiciously exercise her discretion over that disbursement. I hope that that is to the benefit of the institutions that he mentions.

Linda Gilroy: If the Secretary of State can accept the invitation to Plymouth that I extended to him, he will appreciate the way in which the new Peninsula medical school is helping us to train more doctors for the health service. However, it is one of eight new medical schools that are seriously exercised by the lack of research funding. Will he give his personal consideration to the new medical schools' need for some of the research funding?

Dr. Reid: I shall bear my hon. Friend's comments in mind. She would not expect me to make an instant allocation, although I am attracted by the prospect of a visit to her constituency.

I reiterate that investment in research saves lives. It is not simply a matter of retaining our place at the forefront of research and development in this country—although I am proud of that, too—but of saving the lives of our fellow citizens. The Government therefore wish to make Britain the best place in the world bar none for research, development and innovation. I want to ensure that the NHS contribution to medical research is one of the centrepieces of that ambition.

Alongside investment we shall also introduce reform. Accordingly, the Government have decided to create a new United Kingdom clinical research collaboration involving the NHS, patients, the Medical Research Council, the Wellcome Trust, the medical charities and industry. The purpose is to create a partnership to oversee the effective and efficient translation of scientific advances into patient care. I should like them to promote the following elements in particular: the development of a clinical research infrastructure embedded in the NHS; an expansion of United Kingdom clinical research, including clinical trials; an extensive and sustained increase in the research work force, and the development and spread of best practice for statutory regulations.

We already punch above our weight in health science. The United Kingdom, with 1 per cent. of the world's population, funds 4.5 per cent. of the world's science, produces 8 per cent. of the world's scientific publications and receives 9 per cent. of the citations. Fifteen of the world's top 75 medicines were discovered and developed in Britain. It is a tradition round which this country's reputation and renown have been wreathed with laurels for decades. The Government will ensure that that continues. We shall waste no time in doing that—the inaugural meeting takes place next month.

Mr. Lansley: I share the Secretary of State's appreciation of the quality of clinical research. Many of the organisations to which he referred expressed serious reservations about the proposed structure in the Human Tissue Bill. Will he assure hon. Members that when the Bill returns to the House for Report, he will have made substantive amendments to deal with the anxieties that the Medical Research Council, the Wellcome Trust and others expressed?

Mr. Reid: My hon. Friend the Minister of State has met representatives of those who expressed such anxieties. If she decides to make any changes, she will present them to the House. All hon. Members will have noticed the eager support of the hon. Member for South Cambridgeshire (Mr. Lansley) for the comments about our renown, reputation and investment in scientific research and development. We therefore await with bated breath the Opposition's response to our announcement of investing some £200 million extra in that research to ensure continuing quality in Britain.

Mr. Paul Burstow (Sutton and Cheam) (LD): In explaining the Government's approach on investment in medical research, will the Secretary of State also set out their plans to expand investment in research to preventive health care and public health? Although there is some investment, it is dramatically less than the amount that he has announced so far for medical research.

Dr. Reid: That is the subject of considerable and extensive consultation throughout the country. The appropriate time to comment on that is when we publish the White Paper on public health at the end of the consultation.

As I said, the inaugural meeting will be held next month, and this research will be developed in relation to a number of early priorities. Accordingly, we have been developing a United Kingdom strategy to deliver progress on drugs for use with children. This strategy will network paediatrics research centres and resources to fund the necessary clinical research. I have decided that that should go ahead as quickly as possible, not least because investment in research will save children's lives, which is important to all of us.

We have already made a start on mental health research by creating the first phase of a research network within the National Institute of Mental Health for England. I am now in a position to give extra resources to expand this network and make it more inclusive. That is critical, because up to now mental health research has not properly informed policy and practice, as too many

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studies have been too small and too local to permit valid general conclusions to be drawn. Investment in research will therefore help to relieve distress for the mentally ill.

The Department of Health has worked closely with a wide range of stakeholders to consider other diseases that involve vulnerable groups. I have mentioned particularly children and those suffering from mental illness, but I also want to mention other diseases that involve vulnerable groups or that have associated with them a high level of underlying health need and potential to bring rapid benefit to patients through research. Consequently, in addition to the research already outlined for children and the mentally ill, some of the additional resources for research will be put into three diseases which result in a disproportionate burden on our elderly population: Alzheimer's disease, stroke and diabetes. Investment in this research will also save lives and ease pain and distress.

We intend that these clinical research networks should use the extra investment to enable research to be conducted across the full spectrum of disease and clinical need. Research that saves the lives of the public costs investment.

Mr. Burstow: In relation to the Secretary of State's reference to strokes, why did it take the Department and the Committee on Safety of Medicines two years, from notification of the relevant authorities in Canada that prescribing anti-psychotic drugs to elderly people in care homes results in a threefold increase in strokes, to withdraw those drugs from being prescribed to older people in this country, thus causing many additional strokes in this country? *[Interruption.]*

Dr. Reid: No, I will hesitate to blame my predecessor—*[Interruption.]* No, it is because it is always more accurate and efficacious to blame the preceding Government than my predecessor. In this case, the hon. Gentleman has asked a serious question. If I understood it correctly, the information to which he referred was finally decided only relatively recently—in the past few weeks, I think—and brought to my notice. Within about seven days of its being brought to our notice, as a final conclusion of the relevant committee, we released that information into the public domain. I think that that is what he was addressing. If he was asking about another topic, I will certainly write to him. I assure him, however, that we acted as speedily as possible on receipt of that information, although I know that there was a dispute involving one expert in particular.

I was making the simple proposition that research saves the lives of the public, and research that saves the lives of the public means investment. It costs money. It cannot be done without the Government, who are committed to such research, providing the resources.

That investment is as much an integral part of the NHS as paying the wages of a front-line doctor or a front-line nurse. It provides those front-line staff with the tools with which to do their essential work. Investment in medical research, therefore, is an inherent, integral and vital part of the contribution that the national health service makes to the people of this country. I wait with interest to learn what commitments will be made by the Conservatives in terms of resources for this vital area.

In general, we have funded investment in the NHS during the past few years at an unprecedented level, over an unprecedented and sustained period, to produce an unprecedented increase in capacity which in itself improves the accessibility, quality and degree of power, information and choice for all beneficiaries of the NHS. Let us contrast that with the Conservatives' plans. Let us contrast our ambition and vision for this national health service of ours with a miserable lack of either vision or ambition. That was evident even before the Budget statement: we knew of their plans to divert some £2 billion of taxpayers' money away from the national health service, which benefits everyone, to passports for the few who are privileged and rich enough to buy half the private operations in the private sector. Now, in the face of the Government's belief in the NHS, their plans are even more exposed: we see them in their threadbare entirety.

We will invest in the front-line staff of the NHS. The hon. Member for Mid-Worcestershire (Mr. Luff) laughs. He would not laugh if, like me, he had to meet every week of the year people who have been waiting scandalous amounts of time for operations in the NHS because of 20 years of chronic underfunding by the Conservative party. It is no laughing matter when loved ones must wait in pain for cataract operations or hip replacements. We will take no sneering cynicism from the Conservatives when it comes to running down the health service.

We will invest in front-line staff, but we will also invest in the scientific and research base of the NHS. To us, science and research constitute a front-line service, as they, too, reduce distress and pain and save lives. Members should contrast the Conservatives' ambivalence with our commitment. We believe in the national health service, and just as we have always taken pride in its past, we have faith in its future. We back that confidence with commitment and with investment on behalf of the country. What a pity that the Conservative party cannot bring itself to provide either.

5.8 pm

Mr. Tim Yeo (South Suffolk) (Con): I begin by drawing attention to my entry in the Register of Members' Interests.

The Secretary of State spoke for 42 minutes. I think that Members in all parts of the House, as well as observers outside Parliament, will conclude that his having spent so little of that 42 minutes explaining what is going on in the NHS and what is happening to the nation's health suggests that he realises that the Government's record contains a great deal of which he should be ashamed.

This is a Budget debate, and I am sure that many Members will wish to range widely over all the issues raised in the Budget—including, in particular, the inevitable third-term tax rises that the British people will have to pay if Labour continues in power. I, however, will focus primarily on health.

Let me start with a statement of principle. Like all my colleagues in the shadow health team and like the Conservative party as a whole, I am utterly committed to the national health service and to its founding principle.

Dr. Reid: Will the hon. Gentleman give way?

Mr. Yeo: The Secretary of State had 42 minutes. I have had less than one minute.

We are utterly committed to that founding principle—that care should be available to patients on the basis of need, not on the basis of ability to pay. So there should be equal access for all, free at the point of delivery. That principle has been reiterated by my right hon. and learned Friend the Leader of the Opposition, by my right hon. Friend the Member for West Dorset (Mr. Letwin), the shadow Chancellor of the Exchequer, and by me on many occasions. It lies at the heart of all our health policies.

Dr. Reid: Will the hon. Gentleman give way?

Mr. Yeo: I will in a moment. The Secretary of State must contain himself. He had 42 minutes; when I have had a minute or two to develop this point, I will give way.

Every part of the Conservative party's health policy will reinforce that founding principle. Although the Chancellor of the Exchequer referred in his Budget speech to increases in spending on health, there was no change, either up or down, in the spending plans that he had already announced.

Following the speech by my right hon. Friend the Member for West Dorset last month, I can confirm that, in the first two years of the next Parliament, the newly elected Conservative Government will match the present Government's spending plans for the national health service. That means that we no longer need to waste time arguing about how much money will be spent because, regardless of the outcome of the election, spending on the national health service will increase by broadly the same amount. Instead, we can get on to the more crucial subject of how that money is spent. For the avoidance of doubt, let me make it clear that the aim of extra spending under the Conservative Government will be to benefit national health service users, including patients who are on national health service waiting lists. I can announce that it will not be the policy of the next Conservative Government to offer tax relief to people who take out private medical insurance.

Dr. Reid: Since the hon. Gentleman is so committed to equality of access being granted through public money, will he confirm today that someone who does not have the £9,000 to pay towards a private sector heart bypass operation will nevertheless have equal access to that private sector heart bypass operation, costing £18,000, compared with someone who does have £9,000 in their bank account? Does the hon. Gentleman understand that? I am explaining to him the terms of his own policy—the patients passport. Will he confirm that someone who cannot afford to pay £9,000 to meet half the cost of a heart bypass operation performed in the private sector will nevertheless be entitled, the same as everyone else, to that heart operation in the private sector?

Mr. Yeo: My understanding is that that is exactly what the Secretary of State proposes. If people have been waiting long enough, they will be allowed access to the independent sector. *[Interruption.]* Is he not allowing that?

Dr. Reid: The Secretary of State—i.e. me—is proposing that anyone who has an operation in the private sector will pay nothing towards it. Therefore, everyone, irrespective of how much money they have, will enjoy equal access to treatment. According to the patients passport, a person has to meet half the cost of a private operation in order for the NHS to pay the other half, so can the hon. Gentleman explain how anyone who does not have that money could possibly have equal access compared with those people who have, say, £9,000 for a heart bypass?

Mr. Yeo: I am interested in the Secretary of State's clarification of the Government's policy. He appears to be proposing that, even if people are willing to pay £9,000 towards the cost, he will pay the whole £18,000. No wonder the Government are in such a spending mess. If they intend to turn down contributions from people who may be willing to pay, their policy will involve an enormous amount of extravagance.

Dr. Reid *rose—*

Mr. Yeo: If the Secretary of State would like to wait, let me provide the clarification of the patients passport policy that he may be seeking. It is designed to give patients and their doctors more control over how and where people are treated and it will help to reduce waiting times by enabling all patients to have access to the entire national health service, not just to their local hospital or the hospital to which their doctor says they must go. For the first time, and under a Conservative Government, the national health service will become a truly national service. All aspects of NHS provision will be available to every patient.

Like the Government, the Conservative party believes that the private sector has a contribution to make in reducing waiting times. Indeed, I read in *The Times* this morning that the Government seem to think that the private sector has a rather big contribution to make in reducing waiting times—no matter at what cost. We may be a bit more careful about that. The patients passport will therefore also enable NHS patients to gain access to the private sector, to all those independent providers of treatment to whom they have been previously denied access. That treatment will become available to them under the patients passport, and the precise basis on which that access will be granted is a matter on which we are now consulting.

Dr. Reid: The hon. Gentleman is taking advice. You can take advice from anyone you like, Mr. Deputy Speaker, but you cannot square a circle.

Mr. Deputy Speaker (Sir Michael Lord): Order. First, the Secretary of State must use the correct parliamentary language, and I suggest that interventions should be a little briefer.

Dr. Reid: I want to ask the same question that the hon. Gentleman did not answer the last time that I intervened. Will he confirm that, even with the public subsidy of half the price of an operation in the private sector, someone who cannot afford the other half will not be entitled to have that operation in that sector? In other words, there will be no equity of access in the NHS for those without the money.

Mr. Yeo: Just because the Secretary of State did not like my previous answer does not mean that I will try to give him a fresh one. I have explained exactly what our policy aims to do, what it will achieve and the basis on which it will be available to all NHS patients. I am confident that the public will see the merits of our policy, just as some people have already seen the merits of the announcement that was made a few weeks ago about extending the availability of the patients passport to 17 million patients who suffer from chronic conditions—something that the Government have overlooked and neglected. Shortly after we made it clear that the scope of the patients passport would be extended in that way, I found that it received strong third-party endorsements.

Mr. Burstow: Will the hon. Gentleman give way?

Mr. Yeo: I must make a little progress; I will give way in a moment.

Let us consider some of the ways in which progress has been made in improving both the nation's health and the NHS itself. No one welcomes those improvements more than I do. It is excellent news that progress has indeed been made in some respects, and I warmly congratulate all those staff whose hard work has contributed to those achievements—the doctors and nurses, all the other health professionals, the back-up staff and, of course, the managers, too. For example, let me join in welcoming the news, announced by Cancer Research UK, of a significant drop in UK cancer deaths. That progress has been made over the past generation and reflects the work not only of the health staff, to whom I have paid tribute, but of the researchers, cancer charities and fund raisers.

We are also thankful for the reduction in death rates from coronary heart disease, which must largely be attributed to advances in medicine and technology. The Secretary of State referred to the increased use of statins, which have played an important part in helping to manage the disease, and stents have substantially reduced the requirement for coronary heart bypass surgery. Progress has also been made in providing cataract surgery for those who need it and the waiting times for that surgery are finally showing signs of improvement.

I am glad that the Government have recognised the part that treatment centres can play in achieving such goals, but while we join in celebrating those good things—of course, there are others that I do not have time to mention—there is another side to the picture, about which the Secretary of State is more reluctant to speak. The fact that he was at such pains to misinterpret Conservative policy will not prevent me from telling the truth about Labour policy.

Mr. Alan Milburn (Darlington) (Lab): On Conservative policy, the hon. Gentleman is responsible for education policy, as well as health policy, for the Conservative Front-Bench team. Can he explain why it would be permissible, under his patients passport policy, to allow a privately paid top-up for patients to go privately in health, when he would stop that happening under his pupils passport?

Mr. Yeo: The right hon. Gentleman tempts me greatly. I noticed the dismay among Labour Members last Thursday, when my hon. Friend the Member for Westmorland and Lonsdale (Mr. Collins) explained in detail the basis of our pupils passport. Indeed, as the right hon. Gentleman says, we have made it clear what the scope of that passport will be. I have made it clear this afternoon that we are consulting on the detail of how the patients passport will be usable in the independent sector. The dismay that the Secretary of State for Education and Skills showed last Thursday may provide us with some pointers about what the Government are afraid might happen as far as the patients passport is concerned.

Mr. Milburn: Will the hon. Gentleman explain whether consultation is another word for confusion?

Mr. Yeo: In the Government's mind, I am sure that it very frequently is.

Let us look at the facts. Despite an increase in spending of 38 per cent. since 1999, activity levels in hospitals have risen by less than 5 per cent. We have to consider whether the outcomes that are achieved represent real value for money from the point of view of both patients and taxpayers given the huge rise in spending on the NHS that has taken place. The think-tank, Reform, pointed out in January that the increases in both hospital admissions and out-patient appointments have been slower since 1999 than they were in the previous decade. Despite this 38 per cent. increase in spending, the number of GPs has risen by only 4 per cent. over the period and the number of midwives by only 3 per cent. Where is all the money going? It is going to meet the targets that Ministers keep setting to satisfy the control-freak instincts of new Labour. Managers have had to be hired at almost double the rate of nurses.

A chunk of the money went on the Modernisation Agency, a typical new Labour invention that was described by the *Health Service Journal* as the flagship of the Government's health care reforms. The body was formed just three years ago for the purpose of—I quote from the latest departmental report—

"supporting the NHS and its partner organisations in the task of modernising services and improving experiences and outcomes for patients."

The same report told us as recently as last July that the agency's focus this year would be

"to maintain its innovation and to make modernisation move into the mainstream of the NHS."

Earlier this month, however, we learned that the agency now faces the axe. I wonder just what it has been doing. Was it the Modernisation Agency that decided that student nurses should, as part of their training, have

to spend time drawing pictures of how they imagined themselves as pensioners, writing advertisements for themselves as friends, describing how their enemies might view them and looking at the psychology of peasants in Russia? Was it the agency that concluded that outcomes for patients would improve if a student nurse nearing the end of her second year of training had done all the things I have just mentioned but had not been taught how to put up a drip, insert a catheter or administer or take blood? Does modernising the NHS mean that student nurses need only a one-and-a-half-hour group lesson on injections before being let loose on the ward?

The Minister of State, Department of Health (Mr. John Hutton): These issues have nothing to do with the Modernisation Agency.

Mr. Yeo: The Minister suggests that this has nothing to do with the health service, but I hope his Department will not claim that it is not aware of those facts. They were all set out in a letter sent to the Secretary of State by a student nurse in London last month, a copy of which was sent to me.

Mr. Stephen McCabe (Birmingham, Hall Green) (Lab): Given the hon. Gentleman's analysis, can he tell the House, based on his calculations, how much he estimates he could safely remove from the NHS budget without doing any damage to current levels of patient treatment or care?

Mr. Yeo: I am sorry that the hon. Gentleman has clearly not been listening to what I have said. The next Conservative Government will, in the first two years of the next Parliament, match the spending plans left behind by the Labour Government. I am confident that, in that period, we will identify further significant savings because of the extravagance and waste that the policies of the present Government have resulted in. We may then be able to discuss how to use those savings, some, most or perhaps all of which will be available for improved patient care.

To return to the Modernisation Agency, we cannot be sure how much taxpayers' money was spent on this very short-lived exercise, but I have seen a press release that suggests that the figure was well over £500 million. That sounds like an expensive three-year experiment. The Modernisation Agency, however, was a positive veteran when it got the chop compared with the National Care Standards Commission. That body had been going for only 18 days before it was told that it was going to be abolished. With an approach as chaotic as that, it is no wonder that patients despair of seeing the money that they are paying as taxpayers actually reaching the front line.

It is not only the way that incompetent Ministers waste money second-guessing managers and chasing headlines that is the problem. In too many areas, we are simply not making enough progress. Derek Wanless, the man chosen by the Chancellor to report on the state of the nation's health, pointed out some of the harsh realities that Ministers prefer to sweep under the carpet. Death rates in England from respiratory diseases are worse than those in France, Sweden, Denmark, Canada, Australia, Finland, Germany and Holland, which are all countries with similar population structures, health care systems and per capita wealth to those of England. Britain also has the worst infant mortality rate among those countries and the second highest death rate from cancer in women. Incidentally, for 34,000 sufferers from ovarian cancer, the mean waiting time is almost 50 per cent. longer than in 1999.

Deaths from MRSA—the hospital superbug—have more than doubled since 1997. Less than a month ago, the chief medical officer called that "shocking and unacceptable". That is a reflection of the fact that after seven years of a Labour Government, Britain has one of the worst rates of hospital-acquired infections in the western world. People are more likely to catch an infection in a hospital in Britain than in a hospital in France, Germany, Holland, Belgium, Spain, Italy, Sweden, Austria, Denmark or Ireland, as 100,000 people every year find out to their cost. Was that what the Prime Minister had in mind when he told voters seven years ago that there were 24 hours left to save the national health service? Labour promised that the money that it spent would allow it to get the basics right. Its inspection teams have given hospitals the all clear on cleanliness, but as today's edition of *The Sun* informs us, the truth is a very different story indeed.

Let us take tuberculosis. According to data released this month by the Health Protection Agency, TB in England and Wales has increased by a fifth since 1999. The chief medical officer points out that the rate of TB notifications in the London borough of Newham is worse that those of India and Romania. What has happened to the TB action plan, which we were promised would be in place early last year?

It is not only health outcomes that are worrying. In the last full year, the number of cancelled operations was significantly higher than in 1997. The latest quarterly figures show scarcely any improvement in the current year. Cancelled operations can be the result of a shortage of available beds, and there are 20,000 fewer beds now than there were in 1997. With more than 70,000 care home places lost since 1996, many because of Labour's obsession with over-regulation, it is no wonder that people are now queuing to get out of hospital as well as to get in.

Ministers like to tell us about the fall in the number of patients who have been waiting very long periods to go into hospital, but only last month, the chief executive of the national health service confirmed that average waiting times have actually increased. At the present rate of progress, it will take more than 60 years to clear the waiting lists.

Out in the community, things are not much better. The number of people receiving domiciliary care has fallen by almost 100,000 since 1997, which is a drop of more than one fifth. The number of health visitors is lower than it was under the Conservatives. The number of district nurses is also lower, and the number of people receiving community mental health care has fallen by almost 8 per cent. since 1997.

[Mr. Yeo]

Even when the Prime Minister himself makes a promise, the situation is no better. At Labour's 1999 party conference, he promised that everyone would have the

"chance to see their dentist".

Eight months later, the NHS plan said that the Government were

"firmly committed to making high quality NHS dentistry available to all who want it by September 2001".

However, like so many of the Prime Minister's promises, that one, too, has been broken. The proportion of English adults registered with an NHS dentist has fallen substantially while Labour has been in power.

Whenever Conservatives start to tell the truth about what is happening to the health of the nation, Ministers accuse us of talking down the NHS, but nothing could be further from the truth. We have the highest admiration for the dedication and professionalism of the thousands of people who work in the national health service, and I know that my views are shared by millions of patients. However, we all know that despite all their hard work and the fact that some progress has been made, the NHS could, and should, be better. Today, after seven years of the Labour Government and vast increases in spending, people whose hopes were raised so high are clearly and understandably disappointed. As an ICM poll showed last September, more than half of those surveyed thought that the NHS had got worse since 1997 and less than a third thought that it had got better.

The biggest obstacle to the further progress for which we all yearn is the attitude of the Secretary of State and his ministerial colleagues. *[Interruption.]* His meddling ways prevent front-line staff from getting on with the jobs that they have been trained to do. His insistence on targets frequently distorts clinical judgments and often has perverse consequences, like the waiting time target for new out-patient appointments at the Bristol eye hospital, which led to other follow-up appointments being delayed or cancelled, with the result that 25 people went blind. It is no wonder that morale among professionals is so low and frustration is so high. Last month, 500 doctors paid for an advertisement in which they said:

"We once believed the NHS was the finest healthcare system in the world. Today few healthcare professionals would make that claim."

The Secretary of State would like us to believe that he and the rest of the Government are about to mend their ways. *[Interruption.]* He promises that Ministers will set fewer targets, but in a supplement to the Red Book published last week, a report from the Cabinet Office highlighted—

Mr. Deputy Speaker: Order. Treasury Front-Bench spokesmen must not keep intervening from a sedentary position. Although a certain amount of latitude is allowed, today we are debating not Opposition policies, but the Budget.

Mr. Yeo: I am afraid the fact is that Government Front-Bench spokesmen do not like to hear the facts about how they run the health service and the damage that they cause to the health of the British people.

The report from the Cabinet Office highlighted that

"many organisations do face excessive externally set targets, measures and compliance requirements".

It continued:

"the Department of Health has only 12"

public service agreement

"targets across the NHS and Social Care. Front line trusts and PCTs however face more than 4 times as many PSA-related controls . . . with a further 125 non-PSA related controls".

So although the Department of Health claims to have only 12 key targets, the overall number of targets with which those on the front line have to comply is 17 times greater.

The Secretary of State promises that bureaucracy will be reduced and that staff numbers at his Department will be cut. He promises that patients will be given more choice. Those promises, however, are at odds with the Government's instinct for control freakery. Ministers may talk a good game, but the row over foundation hospitals showed just how reluctant the Labour party actually is to allow any genuine freedom to the providers of health care. We are now asked to believe that the very Ministers who presided over a rampant growth in bureaucracy are the best people to tackle the problems that they created. We are asked to believe that the same Ministers who have been obsessed with setting targets, through which they have tried to control every detail of the delivery of health care, will now allow clinicians and managers freedom to do their jobs.

As for patient choice, the improvements that the Government have promised will be available only to patients on a limited scale and after they have endured long waiting times. The danger is that if the Government's preoccupation with acute and emergency care continues, the needs of the 17 million people with long-term medical conditions will again be neglected. Earlier this month, the Secretary of State suddenly woke up to the fact that most of his targets have overlooked the suffering of those people and their families, but it will take more than a speech about "integrating the care landscape" to tackle the problem. That is why my colleagues and I have opened a dialogue with the Long Term Medical Conditions Alliance.

Mental health is another neglected area. More than 18 months after the end of the Government's consultation on the draft mental health Bill, we still await publication of the responses. Meanwhile, services continue to suffer. The NHS plan promised to introduce 335 crisis resolution teams by 2004, but fewer than half are in place. Some 50 early intervention teams were promised to reduce the period of untreated psychosis in young people and to help to improve long-term outcomes. Only 27 have been established.

Public health is another subject of deep and growing concern. I mentioned the rise in TB. Obesity is another problem that is growing worse under this Government. Last month's report from the Royal College of Physicians, the Royal College of Paediatrics and Child Health and the Faculty of Public Health contained a clear warning about where present trends are leading. The British Diabetic Association issued a similar warning.

The Government's response to these worsening trends is chaotic. Faced with growing concern over obesity, Downing street floated the idea of subsidised

gym club membership and a tax on fatty foods. Those wheezes succeeded in getting a headline but little else, and perhaps that is all that was intended. The ideas were soon rubbished by the Treasury's public health guru, Derek Wanless, but, having called for a report on public health, the Chancellor made no mention of that in his Budget. Meanwhile, the Department for Culture, Media and Sport has at last discovered that sport in schools is a good idea after all. As for the Secretary of State for Health, he is so confused that the only thing he can think of is to ask the public for their view—another big conversation when what the public need are answers. Who is supposed to be in charge? These issues are far too important to be dealt with in this muddled way. A co-ordinated approach right across Government is needed, and the Secretary of State should take responsibility, but taking responsibility is something that Ministers in this Government are extremely reluctant to do.

Last week, the Chancellor was so busy patting himself on the back, he did not mention that each time he makes a statement to the House the amount of money that he has to borrow to pay for his spendthrift ways increases. He has presided over the biggest trade deficit since records started over 300 years ago, a halving of the rate of productivity growth compared with the last Conservative Government, the destruction of hundreds of thousands of jobs in manufacturing and a collapse in the savings ratio, and he has ruined the expectations of thousands of members of occupational pension schemes. One would search his Budget speech in vain for any reference to those important facts, just as one would search in vain for any admission of the inevitability of tax rises in the next Parliament if Labour wins another term.

I have given credit where it is due, especially to the dedicated and hard-working staff in the NHS. I have acknowledged that progress is being made in some respects, but to make real improvements to the nation's health a different approach is needed. With the founding principle of the NHS as our starting point we will make far-reaching and radical changes to the way that health care is delivered: by giving patients more control and freedom within the system; by giving genuine independence to health care providers; by having a much clearer focus on public health, the one aspect of health policy which should be delivered from the centre; and by launching a vigorous attack on waste at every level. It will not be enough merely to give patients more say in how and where they are treated. We must give more freedom to the providers, too. We want to give professionals, doctors, nurses and others working in health, including managers, freedom to do the jobs that they have been trained to do.

We will abolish the star ratings and most of the Whitehall-set targets through which Ministers have constantly meddled with the NHS, often to the detriment of patients' interests. At the next general election the country will have a clear choice when it comes to health: either continue with Labour's wasteful ways, in which standards in Britain lag behind other countries, an over-centralised system demoralises staff, and patients are denied control because Ministers think that Whitehall knows best, in a system where the state is too large and patients are too small. Or follow the new Conservative path, which will transform the way that health care is delivered, ensure that taxpayers' money reaches the front line, put patients in control and let doctors and nurses do their job. That is the choice that we will offer the people of Britain.

After seven years of tax, waste and spin, the public cannot see where all their money has gone. They know that the Government have not delivered on health, the Labour party knows that the Government have not delivered on health and the Secretary of State knows that the Government have not delivered on health. We relish the opportunity to offer the people of Britain the first-class health care that they have paid for and deserve.

Mr. Deputy Speaker: Order. Before I call the next speaker, I remind the House that there is a 15-minute limit on Back-Bench speeches, and that applies from now.

5.39 pm

Mr. Alan Milburn (Darlington) (Lab): It is a privilege to speak after my right hon. Friend the Secretary of State for Health, and I welcome his extremely important announcements. Would that I could say the same about the hon. Member for South Suffolk (Mr. Yeo), whose speech almost made me long for the return to the Dispatch Box of the hon. Member for Woodspring (Dr. Fox). I suspect that the reason for concern on the part of Opposition Members, which was perhaps reflected in the hon. Gentleman's speech, is that last week's Budget was one of not only considerable economic acumen but considerable political acumen. Few right hon. and hon. Members who listened to my right hon. Friend the Chancellor of the Exchequer could have doubted that they were hearing the starting pistol being fired for what promises to be an extremely long and interesting general election campaign.

Mr. Peter Luff (Mid-Worcestershire) (Con): On a point of order, Mr. Deputy Speaker. I think that the right hon. Gentleman will be grateful to me for raising this matter. There is a considerable problem with the sound system in the Chamber today, and I think that I have guessed correctly that the *Hansard* writers are having some difficulty hearing him. Can you do anything about that?

Mr. Deputy Speaker: I think that we shall simply have to carry on and use our voices as they did in days of old.

Hon. Members: Hear, hear!

Mr. Milburn: I shall shout at the Opposition—I have done a bit of that in my time.

The Opposition's locker, which looked reasonably full only a few weeks ago when the shadow Chancellor published the Conservatives' spending plans, looked decidedly empty once the Chancellor had delivered his Budget. I have to say that it never struck me as credible that the Conservative party, purportedly committed to strong defence and law and order, could go into a general election campaign promising cuts at the Ministry of Defence and the Home Office. The truth is that the Budget has made its position even more painful, because the choice that it faces is whether to enter that campaign promising to take extra resources out of education to pay for tax cuts. The Budget has made the

[Mr. Milburn]

choice for the electorate even more stark: cuts in taxes, or investment in services. It was James I of England who was famously described by Henry IV of France as

"the wisest fool in Christendom."

The shadow Chancellor may well have laid claim to that epithet now.

Sixteen years ago almost to the day—in fact, I think the anniversary was yesterday—Lord Lawson, then Chancellor, hailed in this House what he called an "economic miracle". As we now know, his words were to turn to ashes in his mouth within a few short years, as economic mismanagement led inexorably to economic recession. When Lord Lawson spoke, the economy was doing reasonably well, but almost 2.5 million people were none the less unemployed and the inflation rate was just shy of 5 per cent. Today, by comparison, unemployment and inflation are roughly half that. I am not especially religiously inclined, so I do not say that what has been achieved in recent years is miraculous, but it is pretty remarkable. In the midst of a worldwide economic downturn, the British economy has continued to grow year after year, quarter after quarter. Even the most jaundiced economic commentators have been forced to concede that the fundamentals—inflation, interest rates, debt and jobs—are sound. I say that because there is sometimes a temptation to take all the progress for granted, as though it were purely natural. As even a cursory glance at the plight of some of our competitor nations, or at our recent economic history, shows, that is not so: Britain is in a good position because of good economic management.

We cannot hope to compete on pay or prices with the likes of China or Taiwan. Our future is not at the low-tech, low-skills end of the world market; it lies in high-skill, high-tech services and industries. That is why I applaud the Government's decision to invest further resources in education, just as they have in health. The investment being made in public services is not simply about creating more opportunity for better health and better education, important though they are. Nor is a social dividend all we will reap from that investment, as better-educated citizens lead healthier lives. There will be an economic dividend as well. In the short term, it will come from the stimulus that spending provides to the economy. Oxford Economic Forecasting Ltd. estimates that current spending will boost GDP growth by at least 0.8 per cent. this year and, indeed, next year. It is sound long-term economics for low-debt countries such as our own to be able to borrow so as to invest for the longer term. Providing that our expenditure plans are affordable, which I believe them to be, then public spending—far from being always a burden as too many assume, including, tragically, the Conservative party—can be a benefit. The long-term benefits are even more significant.

The primary rationale for investing more in health is to relieve pain and extend life. There are also important economic spin-offs. Many historians have noted that perhaps one third of per capita growth over the past two centuries in this country resulted from improvements in nutrition and health status. In a modern, knowledge-based economy, there is an even bigger premium on good health. When the Institute of Directors, not normally known for its political radicalism, still less for its adherence to Keynesianism, says that sickness is a hidden tax on business, undermining competitiveness and reducing productivity, it really is time to take note. The number of long-term sick and disabled people wanting a job but not presently looking for one has more than doubled in the past decade. In an economy that is moving towards full employment and already reporting labour shortages, such morbidity levels pose a real threat to future growth.

That is why my right hon. Friend the Secretary of State for Health is right to insist on improvements in NHS responsiveness to reduce waiting times for treatment. That will deliver not only a health benefit, but an economic benefit. It is one of the reasons why I also welcome my right hon. Friend's renewed focus on public health and prevention. In time, too, it will make a positive contribution to the UK's longer-term performance.

If health investment performs an economic function, the same argument can be advanced in spades for education investment. In the United States, it is widely accepted that every dollar invested in early years provision brings a sevenfold payback in lower crime, higher educational attainment and, most importantly, better jobs. Our Government have much to be proud of in that regard, providing extra nursery places and Sure Start projects in constituencies such as mine.

The Budget promised yet more child care centres. That, too, is welcome. However, in a country in which rising economic prosperity means that there are more two-income earners and more families struggling to balance their working lives and family lives—I speak with some experience about that—child care cannot just be centred on institutions. It must be centred on parents' needs. Above all else, working parents say that they need child care that is affordable and flexible. That is why I hope that the Government will go further than the Budget by ensuring that parents have a choice in how they receive help with child care.

For some, that care might be in a nursery or a child care centre. For others, it might be in the home. The point is that a one-size-fits-all approach will not work. Nowadays, people need flexible, personalised services. It is vital that choice is widely extended, not only in respect of child care, but for the wider public services. In that way, we shall get services that are not just more responsive but more fair. When we extend choice in the NHS, as my right hon. Friend is rightly doing, so that it becomes accessible to those without the ability to pay for treatment, as well as to those with that ability, and when we ensure, as I hope we will, greater parental choice over schools for those without wealth as well as for those who have it, we will be redistributing opportunity in our society. Today, people who can afford it buy choice in health and education. Those without do without. That is unfair, and it must be a Government priority to change that.

I suggest one further area where this modern form of redistribution should be taken forward, and that is housing. The promise of more resources in the Budget, alongside the Barker review of housing supply, is welcome and long overdue. Quite simply, our country is short of houses. The result, as Kate Barker rightly points out, is a negative impact on labour mobility. In a modern global economy, such inflexibilities exact a high price, but my principal concern is more social than

economic. Over the past four decades, social mobility in our country has slowed markedly. The generation of children born, like me, in 1958, were far less dependent on the economic status of their parents for their eventual economic progress than those born just 12 years later in 1970. Birth, not worth, has become more and more a key determinant of life chances, and sadly, changes in the housing market are opening an ever larger gulf between those with assets and those without.

Rising house prices are making home ownership more unaffordable for more people. Not surprisingly, the number of first-time buyers entering the market has declined. In the longer term, rising house prices threaten to impede social mobility across generations. While the value of housing assets has increased markedly, the number of people with no assets at all has more than doubled in the past 20 years. The principal inequality in our society today is no longer about income but about ownership of assets, whether a pension or a home. In London today, the child of a home owner stands to inherit an average of £230,000 when the parents die, but a classmate whose family rents will inherit nothing. In other words, the housing market is widening inequality.

It must therefore be the Government's explicit objective and priority to increase home ownership. I agree that more social housing is needed, but I do not agree with the orthodoxy that the only future for those without a home lies in social housing. When interest rates are low, it is often cheaper to buy than to rent. Moreover, given a choice, most people prefer to buy rather than rent. Welcome as the Barker report is, we need to do more than simply build more homes; we need to open up more opportunities for people to own their own homes. Helping people on to the housing ladder will not only address issues of labour mobility and economic flexibility, but be a route to greater social justice and fairness in our country. It is a modern means of redistributing wealth in our society. The job of a progressive Government is not just to beat poverty but to help people realise their aspirations so that we are capable of levelling up in society, not levelling down.

New Labour won in 1997 and 2001 as a party of aspiration. Future victories depend on our pursuing policies that promote aspiration and enhance choice. That requires investment, of course, but also reform, whether in health, education or housing. Good foundations have been laid, and the Budget builds on those foundations. Its proposals for extra resources are welcome, as investment, not tax cuts, can best secure the long-term prosperity of our country. A flexible economy and a fluid society, however, cannot be bought simply by increasing resources. With investment rising, it is time to put our foot firmly on the accelerator, not on the brake, for reform as well, and I hope that my right hon. and hon. Friends will do so.

5.53 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): I should like to start by making some comments about the NHS, and then address other issues in the Budget, particularly preventive health.

Liberal Democrats support investment in the national health service. At the last general election, we had the courage and conviction to argue the case for increased taxation. We are delighted that that argument has been won—during this Parliament, the necessary resources have finally been provided and we voted for the increase in national insurance that was approved by the House about a year ago. We wish to place on record our appreciation for the dedication and hard work of NHS staff, both on the front line and in the back office. It is important to stress the commitment of both groups and to register our appreciation, not least because the recent survey by the Commission for Health Improvement found that one in six front-line health care staff are victims of abuse and violence when performing their job of caring, nurturing, supporting and trying to help sick people get better. It is entirely unacceptable that staff should be thrown into that battlefield when they already have more than enough stress and worry in the discharge of their duties.

There was a disappointing if predictable reaction to last week's work force survey, particularly the findings about the increase in the number of managers. Some people have a fixation about what those figures mean, how they are interpreted and what they show, but it is worth bearing it in mind that between 1997–98 and 2002–03, the management costs of the NHS fell from 5 to 3.9 per cent. I do not buy the argument that the NHS has too many managers, and nor do I buy the statistics that are often peddled to justify that argument, because they require a stripping-out of various staff who provide back-up support for front-line staff. However, NHS managers who are trying to do their job have their hands tied by red tape supplied by Whitehall and by the excessive number of targets that determine what goes on at local level to enable people to have choices about initiatives. That undoubtedly stifles the opportunity for innovation in the NHS at local level. It is only by freeing NHS managers and staff from the target and tick-box culture that still drives too much of the NHS from Whitehall that we can hope to get the full value of the investment that is going in. The Commission for Health Improvement commented on that only last week.

Dr. John Reid: May I place on record my gratitude to the hon. Gentleman for giving the lie to the constantly peddled myth that the NHS is over-managed? Does he accept that the percentage of managers in the NHS is, at under 3 per cent., far lower than in the private health care sector or the private sector? Since 1997, 224,000 more staff have been recruited, of whom 13,000 or 5 per cent. are managers. I wish to underline the distinction that he made between the task that managers face and the myth often peddled by the Conservatives, which is merely another way to beat the NHS. Their figures for managers are manufactured and are frankly not true.

Mr. Burstow: I am grateful to the Secretary of State. While I have many disagreements with him about priorities and approach, he is right on that point. It is important to put on record the facts about management, because a myth is being spread about the inappropriate deployment of money, which, it is said, is not reaching the front line. There are, however, some examples of money not reaching the front line, which I shall deal with in a minute.

I mentioned the work force survey, and it is worth looking at one or two of its findings. Last week, there was some premature back-slapping about the progress

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that has been made. Undoubtedly, additional nurses and doctors have come into the national health service, which is welcome, but there are still grounds for serious concern, not least because of the demographic profile of the nurse population in this country. One in four nurses will be eligible for retirement in the next five years, and recruiting more nurses to replace such large numbers will be a hell of a challenge. Our health care system is increasingly dependent on the recruitment of nurses from overseas. I shall not address the ethics of that now, although there are still concerns about overseas recruitment. We are, however, competing for health care staff in a global market where other players are probably better equipped than we are to compete for our precious health care staff. The United States of America currently has a shortfall of 1 million nurses, and is trying to get UK nurses to work there. Plenty of other countries are likely to do the same thing. Health care recruitment is a global problem, and I do not yet see any international action being taken to ensure that we have an adequate supply to meet the needs of developed countries and to secure the long-term needs of developing countries.

I shall focus on some of the other figures that emerged from the work force survey. For example, the number of midwives continues to be a cause for concern. The continuing shortage is hitting three quarters of maternity units, where vacancy rates have remained stubbornly high or have been rising since 1999. Given the importance of strengthening primary care, it is particularly worrying that the survey recorded a drop in the number of health visitors and district nurses. A report this month from the Commission for Healthcare Audit and Inspection draws our attention to the continuing crisis in the development and delivery of primary care, and the fact that staff shortages are leading to GPs closing lists, low staff morale and high workloads. All those factors jeopardise and slow down the development, expansion and improvement of primary care.

Although we celebrate the investment going into health care, it is worth putting on record the fact that there are a number of areas where taxpayers have every right to question whether they are getting value for money. The first such area is NHS spending on temporary doctors and nurses. Every day, £4 million is spent on agency staffing in the NHS. Last year, £1.4 billion was spent in the NHS in that way. Of course it is sensible to spend on agency staff as part of a strategy that makes the best use of permanent staff, but as the Audit Commission revealed only a couple of years ago, too many NHS trusts have lost control of their agency budgets, have no idea how much they are spending, and have no sense of direction and strategic purpose behind that expenditure. Consequently, they are fighting fires, never getting the budget under control. Year after year under this Government, expenditure on agency staff continues to rise.

There are other areas where there is cause for concern about whether the taxpayer is receiving value for money. The figures for MRSA infections were reported yesterday and today. A few years ago, the National Audit Office reported that hospital-acquired infections were costing £1 billion. At least 100,000 people suffer from such infections, and possibly as many as 5,000 die every year—the Conservative health spokesman referred to those figures. It is fair to say that under the last Conservative Government, there was still a voluntary surveillance system that did not adequately convey to the NHS or anyone else the scale of the problem. It is only in the past few years that we have had a mandatory reporting system, which has provided a true picture of the scale of the problem: it is massive.

The result of the failure to get to grips with the problem of infections over the past decade or more is that people stay in hospital for longer. That has knock-on effects: operations are cancelled because people who have got sicker while in hospital occupy beds. According to figures from the Department of Health, 17,000 patients had operations cancelled this winter. The number of operations cancelled has increased by 43 per cent. since 1997, so capacity is being wasted. It is not just a question of investing in more capacity; we must make sure that we use practices that avoid the wastage of existing capacity. Poor hygiene practice and under-resourced infection control teams make it difficult to overcome the problem.

I shall give a final example of an area where there is waste and room for much improvement, and which is costing the NHS a fortune. Every day, the NHS spends £2 million on treating the consequences of bed sores, which are eminently preventable in about nine out of 10 cases. The annual cost is £750 million and the vast majority of those cases could be prevented by simple practices and good nursing.

We heard an exchange between the Secretary of State and his Conservative opposite number, the hon. Member for South Suffolk (Mr. Yeo), about the Conservatives' plans for a patients passport. I regret that, despite the Secretary of State's best endeavours, we were unable to get any further clarification of what the policy means and, crucially, how the deadweight cost of the policy will be funded. Some 300,000 people already choose to have operations and other procedures in the private sector. They will be the first people banging on the door of a putative Conservative Secretary of State and saying, "Where are my patient passport pounds? I want them now."

The scheme would cost £1 billion, on a reasonable estimate. I understand that when the shadow Chancellor made his presentation, he was asked how it would be paid for. He said that the Conservatives did not yet know how much it would cost or how they would pay for it. I certainly hope that the consultation that the hon. Member for South Suffolk outlined will spell out in detail how they will fund that deadweight cost. A billion pounds will be passported out of the NHS, and not a single extra operation will be performed as a consequence. In their quest for savings, the Conservatives should identify that as a waste of money, as should the Secretary of State.

Dr. Reid: Is the hon. Gentleman telling us that the Conservatives do not know how much the scheme will cost, do not know where the money will come from, do not know whom it will go to and think that it is compatible with equity and equal access, even though it depends on how much money people have?

Mr. Burstow: I had hoped the right hon. Gentleman would direct that question to his Conservative opposite

number. Unfortunately, he did not take the opportunity proffered to him. I would not presume to comment further on Conservative policy, except to say that I look forward to the outcome of the consultation and the publication of the details. Since the policy was published 12 months ago or more, we have been told, "The details are coming. The details are there. Look on the website. Look for the background papers. It's already out there." It is not out there. It is a bit like the secret files that we see in television programmes. Perhaps we need to get the FBI in to look for the X-file details.

Another topic that the Government plan to introduce over the next couple of years, and which they are piloting in foundation trusts, is payment by results. I hope that before rolling it out across the NHS, various issues will be addressed. The first is the decision to introduce a fixed-price tariff. The Government want competition on the basis of quality, not price, but the problem with the tariff in its current form is that trusts that for some reason—in some cases purely for historical reasons—have costs that are 20 per cent. below the average tariff will receive a substantial sum for no extra procedures or extra activity—a bonus for them at the taxpayers' expense.

I ask the Government to think again about whether that is the best way to use the extra investment that is going into the NHS, and whether there is some scope even now for a maximum tariff, rather than an average tariff, to allow flexibility and to allow local commissioners to ensure that taxpayers get good value for money, alongside good quality care.

The second concern about the plan is that everything appears to be tied to the tariff, which could undoubtedly trigger some of the problems that arose from the Conservatives' internal market, where trusts find themselves above tariff, unable to make a transition back to the average within a reasonable time and consequently get into serious financial difficulties. There has been talk of transitional arrangements. Will those apply to the entire NHS, rather than just the pilots?

The third concern arises from the way the system focuses on rewarding activity, which is not necessarily the way to measure a system designed to promote good health. The system currently provides an incentive for more procedures and more treatment, rather than rewarding the postponement and prevention of ill-health. That brings me to the Wanless report and prevention, on which the Government and the House should focus more.

I was surprised that in his Budget statement last week, the Chancellor made no reference to the report by Derek Wanless, which, if I read the foreword to the report correctly, was commissioned by the Chancellor, the Secretary of State and the Prime Minister. The first report published by Wanless set out three scenarios. It predicted a gap between the best and the worst-case scenarios of £30 billion by 2022. It said that the NHS would cost £30 billion more if we failed fully to engage people in their own health. His second report sets out with great clarity the fact that the NHS is, by its very nature, focused on treating and curing ill health, rather than on preventing it. Wanless records that we have known for 30 years or more the determinants of ill health—economic, environmental and social factors—and the fact that poverty, poor housing, poor environment, bad diet and lack of exercise are the underlying drivers of much of the ill health that turns up in accident and emergency units and GPs' surgeries.

The inequalities that the right hon. Member for Darlington (Mr. Milburn) mentioned came across very powerfully in some recent work done in Leicester on health inequality. It found that within a distance of only seven miles, life expectancy varied by 20 years. How can such a difference be acceptable in 21st century Britain? Today's debate has so far failed to recognise that we need to move back upstream and tackle the underlying causes of ill health.

Dr. Andrew Murrison (Westbury) (Con): What conclusion does the hon. Gentleman draw from the fact that health inequalities appear to have widened in the past few years, rather than contracted?

Mr. Burstow: The conclusion drawn from the work done by Derek Wanless is that the failure over the past 20 years to make dealing with poverty a priority has driven health inequality, and that poverty is at the core of much of that health inequality. It was an underlying driver of health problems in the past, and it is now. It was a failure by the Conservatives when they were in office—*[Interruption.]* If there is no objection, I would like to develop the point as I see fit. When the Conservatives came to office in 1979, they inherited the Black report from the previous Labour Government, but they shelved it because they were not prepared to incur the up-front costs of shifting emphasis, doing what was necessary and investing in prevention.

Dr. Murrison: I have a point of information for the hon. Gentleman: the Black report was published in 1980, so we could not possibly have inherited it in 1979.

Mr. Burstow: That is a very pedantic point. The hon. Gentleman knows full well that the report was commissioned under a Labour Government, but came on to the desk of a Conservative Minister, who shelved it. It was not until 1992 that the Conservative Government finally woke up to the needs that existed and published a White Paper. That is the record of the Conservative Government.

In my judgment, the current Government's record is not much better. When they came to office in 1997, they initiated work through Acheson and they published a White Paper the following year, but they ditched most of the targets from the 1992 White Paper that could have made a difference. There seems almost to have been a period of boom and bust in activity on prevention and public health. We need sustained investment and reform of the sort that the Government rhetorically describe in relation to other aspects of health.

When I asked the Secretary of State about investment in research, he gave me the same answer as the Under-Secretary of State for Health, the hon. Member for Welwyn Hatfield (Miss Johnson), who is responsible for public health, gave me in the Select Committee on Health a couple of weeks ago. Effectively, they both said, "You'll have to wait for the White Paper; we are not saying anything just now." Last December, however, the Department of Health announced the

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establishment of a £3.5 million public health research consortium. My concern is that the scale of the task and the lack of an evidence base, which are documented by the Wanless report, necessitate urgent action. Welcome though the £3.5 million is, it is not enough, and the opportunity should be taken to invest further. I hope that, when the Secretary of State publishes his White Paper, he will give that commitment and roll out a programme of investment.

I want to mention two final issues. The problem with creating a shift from a sickness service to a health service is that the gains are very long term and do not impact on the Government of the day—unless they are so good that they stay in power for 30 years, but that does not happen very often. For example, in respect of cancer deaths, it takes 30 years after giving up smoking before the individual in question has reduced their risk of cancer to the same level as that of somebody who has not smoked in the first place. Welcome though the reported reduction in cancer deaths is, it is the consequence of action taken by Governments over the past 30 years, not only by this Government in the past five years. That is an important and perhaps salutary lesson for us all, and it needs to be borne in mind when we are trying to build a consensus on public health.

I want also to ask the Minister about the four-year delay in taking forward a key measure on smoking. The Health and Safety Commission's draft approved code of practice clarifies the implementation of the Health and Safety at Work, etc. Act 1974 in respect of passive smoking. It is four years since that measure was introduced, but the Government have remained silent. The measure does not go so far as to say that there should be a ban on smoking in enclosed public places, but it puts in place arrangements that could make a difference to the workers in those places, as well as to the public who do not wish to be victims of passive smoking. When will the Government act on that measure? As Wanless says, education will manifestly not change behaviour enough, because as those who have smoked know, addiction means that the habit is very hard to shake.

The timing of the comprehensive spending review is crucial, but the White Paper will be published in the summer. Clearly, the Government have already made quite a few decisions about the additional resources that they might need to earmark in order to roll out a public health agenda. If they have not done that, the White Paper proposals that are published this summer will take a considerable time to implement. I hope that I can be reassured on that point and that things will move forward more rapidly.

My final point concerns chronic disease. The right hon. Member for Darlington was right to focus on long-term morbidity, as the focus must shift not only to preventing ill health, but to the fact that the success of the NHS means that more people are living for longer with disease. The national service framework is in the pipeline and it will do something in that regard. But is it not curious that there has been a failure to commission any work on the prevalence of most of the chronic diseases that the national service framework on long-term medical conditions is attempting to do something about? There has also been a failure to undertake an audit of the work force to find out where the gaps are so that we can start to plug them. As a consequence, the framework will be hamstrung from the day on which it is published in terms of delivering on the very worthy words that I am sure it will contain.

The large proportion of NHS staff coping with long-term medical conditions is an important factor. Some 17 million people have long-term medical conditions, and they account for 60 per cent. of GP consultations and hospital resources, so it is important that the NSF delivers not only resources, but the clarity that is necessary for planning at a local level. We need to move from an episodic view of health care to one where patients are equal partners in respect of their own health and care. Nothing in the Secretary of State's speech gave people the sense that the Government want to reorientate the NHS around the needs of those with long-term health conditions.

We support the investment that is being put in, not so much by this Budget as by the previous one. It is essential, but not sufficient. We need to shift the focus from the treat-and-cure system that we have had since the 1940s to one that is much more about preventing and postponing ill health. We need to lift the burden of the targets and tick boxes that bog down the national health service. Above all, we need to bring health and care closer to home. Accountability must be local, because that is the only way in which we can make the NHS responsive to local needs, rather than to what is dictated by Whitehall.

After seven years of Labour government, this Budget has failed to set a framework to ensure that our constituents have access to a world-class health care system that not only treats them when they are sick, but ensures that they can enjoy opportunities for good health.

6.19 pm

Mr. Kelvin Hopkins (Luton, North) (Lab): I congratulate my right hon. Friend the Chancellor on committing the Government once again to increasing real-terms spending on health and education. We still have a long way to go, although much improvement has already become evident.

There has been some debate this afternoon about the efficiency of the national health service. I do not think that there has ever been any question about its efficiency; it is its resourcing that has been the problem. Even in the dark days of Tory government, the national health service's output per unit of resource was remarkable. If one compares the NHS with, for example, the privatised system in America, where they spend twice the proportion of gross domestic product on health but millions of their people do not have proper health care, one sees that the NHS is remarkable but has been under-resourced for many decades.

Some Budgets ago, the Chancellor decided to announce massive increases in spending on health. At that time, France spent 3 per cent. more of its GDP on health than us. Three per cent. of GDP is roughly £50 million per constituency every single year. Let us imagine the effect of that sum of money over a 30-year period. At that time, I said that I wanted the £50 million in my constituency every year, and we are moving in that direction, which is welcome. The Germans spend even

more than the French, and it is not surprising that those countries had better health outcomes than ours simply because they were better resourced. As I say, however, we are moving in the right direction.

I congratulate the Chancellor on his renewed emphasis on public borrowing for investment; he is absolutely right. United Kingdom gross public borrowing levels are very low by international and historical standards, and there is scope for substantial increases in public investment based on public borrowing. Low long-term interest rates reflect low inflationary expectations, so there is no problem there—public investment is in fact very cheap.

By contrast, our infrastructure needs are great. The Budget shows that the overall quality of our infrastructure compares badly with that in France and Germany. We must invest heavily in infrastructure for the long term, and we should do so through public borrowing. Private borrowing for investment is expensive, and the Exchequer pays a high premium for private investment, which is one reason why I congratulate my right hon. Friend on his emphasis on public investment in this Budget. If we examine the railways, for example, we see that there has been a shift from public to private investment and that the cost of renewing track is four times greater than it was 10 years ago, which is scandalous. That shows how efficient public investment is and how private investment has almost become corrupt.

I welcome the Chancellor's contrasting the performance of the British economy with that of the eurozone. This year, the forecast for growth in the eurozone is 1.7 per cent., which is not enough to sustain employment levels, and one can expect unemployment to rise still further in the eurozone countries. The forecast for growth in Britain is between 3 and 3.5 per cent. That is an enormous difference between Britain and the eurozone.

I shall quote from the Chancellor's speech, although it is not strictly in context. He referred to

"the flexibility to take the right monetary and fiscal decisions at the right time to sustain stability and growth".—[*Official Report*, 17 March 2004; Vol. 419, c. 324.]

That sounds like a good old Keynesian view—managing the economy by choosing monetary and fiscal policies to suit current needs. That is not possible in the eurozone, and it is not surprising that eurozone countries struggle to deal with serious unemployment and low growth. If I were the German Finance Minister, I would want to be able to reduce interest rates, induce a little currency depreciation and relax fiscal policy to boost the economy. Eurozone countries cannot do that because they are tied into economic and monetary union, which is a millstone around their necks. I congratulate the Chancellor on his renewed commitment to what appears to be a Keynesian, demand-management approach to economics, which is sensible. I also congratulate him on keeping Britain out of the euro for the past seven years. I hope that he will continue doing that good job and keep the euro where it belongs—in the very long grass.

I have some concerns about the Chancellor's speech, particularly about cuts in civil service jobs. We need more employment rather than less in some areas of the civil service, and particularly in the immigration service. Many of my constituents come to my surgeries with immigration problems. I have certainly not seen evidence of overstaffing in the immigration service; indeed, I have seen the reverse. We have new tax credit schemes that take a lot of administration, so perhaps we need more rather than fewer staff at the Inland Revenue, but I stand to be corrected.

I visited the VAT inspectorate some time ago. It seems that each new VAT inspector can collect six times their salary in tax, and that Inland Revenue inspectors can collect eight times their own salary in tax. More tax inspectors would produce far more money for the Treasury than the cost of their salaries, so there is a case for more rather than fewer tax inspectors. A report published this week states that some 15.7 per cent. of VAT is not collected, and that that figure has increased. That is the equivalent of £12 billion a year, which is a lot of money that the Chancellor could well do with to spend on public services. We also need more benefits officers, because my constituents have problems with the processing of their benefits claims. I am worried about cuts in civil service jobs—no doubt the civil service can become more efficient in certain areas, but I would not want cuts in the services that I have mentioned.

I want to finish by referring to health—this afternoon's debate is essentially about health—and in particular alcohol and taxation. A report published two weeks ago by the Academy of Medical Sciences drew attention to the link between price and alcohol consumption. Over the past 30 years, the cost of alcohol as a proportion of income has fallen by about one half. The Academy of Medical Sciences suggests that a small increase—even a 10 per cent. increase—in the real cost of alcoholic drinks could have enormously beneficial effects. A 10 per cent. increase in price would reduce deaths from cirrhosis of the liver by 5 per cent. in men and 7.1 per cent. in women. It would also lower murder rates and reduce alcohol-related deaths by 28.8 per cent. for men and 37.4 per cent. for women. Those figures are astonishing, and they were obtained by research by the Academy of Medical Sciences. We have a national alcohol problem that must be addressed; we cannot ignore prices or run away from the reality that we must raise them for the consumer to reduce dangerous alcohol consumption.

We should also reduce duty-free allowances and increase the policing of our borders to reduce alcohol smuggling. There is much to be said for restricting the sale of alcohol to the young. I would even suggest minimum retail prices in supermarkets. Pubs and clubs suffer from competition from the cheap alcohol available in supermarkets, and I can see nothing wrong with a health-based minimum price for alcohol in retail outlets, in which case I am sure that we would have better national health, less violent crime, lower death rates, reduced costs to the NHS and would begin to deal with the binge drinking problem.

Mr. Robert Walter (North Dorset) (Con): I am interested in the theory that the hon. Gentleman is expounding, but I wonder whether he will remind the House of what happened in the tobacco market when

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duties were increased. At one stage, 90 per cent. of the hand-rolled tobacco in this country was illegally imported because duty was so high.

Mr. Hopkins: I take the hon. Gentleman's point, but tobacco is small and easy to smuggle. We must rigorously police tobacco imports, but I appreciate that it is difficult. Alcohol is larger than tobacco and easier to detect. There is a difference, and it would be easier to control the smuggling of alcohol than tobacco.

Alcohol imposes enormous costs on the NHS, and it also imposes a policing cost. Every Saturday night in my town, the police are on the streets dealing with young people who have obviously abused alcohol. Social services must deal with children from families where alcohol abuse has led to domestic violence.

Mr. Burstow: Has the hon. Gentleman considered that it might be worth examining the fact that policing costs do not fall on those who provide alcohol in pubs? Perhaps those costs should be returned to those who provide alcohol and sell it to drunken people.

Mr. Hopkins: I accept the hon. Gentleman's point, which the Home Secretary is considering. A simple increase in the price of alcohol and the maintenance of a minimum price for it would be effective, but we must take other measures. My proposal is not a complete alcohol strategy and relates to price only.

Finally, the policy would bring the Chancellor enormous revenues that he could spend on public services to benefit the whole population. I am sure that the policy would be popular. A small number of people would, no doubt, complain about a 10 per cent. increase in the price of their drinks, but the great majority of the population would see the sense in raising prices to reduce the harmful level of alcohol abuse, which would lead to a much more civilised life for everybody. In particular, it would reduce the damage that is done to children by their parents' drinking. I urge my right hon. Friend the Chancellor and other Ministers seriously to consider raising the real price of alcohol through alcohol taxation.

6.30 pm

Mrs. Gillian Shephard (South-West Norfolk) (Con): I am delighted to be called to speak in this Budget debate. I make no excuse for changing the subject to that of biofuels: that will be no surprise to the Economic Secretary. I am not deterred by the fact that we usefully debated biofuels 10 days ago, on 11 March. That debate, of which I should like to remind the House, allowed hon. Members on both sides to examine with remarkable unanimity the excellent report on biofuels by the Select Committee on Environment, Food and Rural Affairs, which was published last September. During the debate, the hon. Member for Southampton, Test (Dr. Whitehead) said that

"to get the attention of the House for an idea, one has to enunciate it at least six times."—[*Official Report*, 11 March 2004; Vol. 418, c. 1731.]

He went on to say that he had talked about a bioethanol escalator at least five times. I am aware that I am raising the issue of biofuels for at least the fifth or sixth time; I feel as though I am recycling in person.

The debate on 11 March illustrates the fact that although there is no problem in gaining the attention of the House on this subject, there seems to be a problem—perhaps rather less so since the Budget—in gaining that of the Government. In that debate, the Minister for the Environment said:

"I can honestly say that I have attended few debates during which the case has been made so persuasively, and Members have spoken with such authority . . . All their contributions made a great deal of sense".

He went on to point out—albeit to an audience of Members who had demonstrated that they needed no persuasion—that substitution of biofuels for fossil fuels would save millions of tonnes of carbon per year, and he added:

"The question is: how can the Government support this process?"—[*Official Report*, 11 March 2004; Vol. 418, c. 1743–45.]

At that moment—I am so glad that he is here—the Economic Secretary entered the Chamber, and there was a frisson of excitement as hon. Members allowed themselves to wonder for a moment whether an announcement was imminent—but no, he had come in to walk the Consolidated Fund (No. 2) Bill, and no pronouncement followed. Perhaps we will have one today.

As the Minister for the Environment said on 11 March, there is enthusiasm and support from both sides of this House, from the other place, and from a huge range of organisations on the need for more Government help for the development of biofuels. Bioethanol and biodiesel offer proven environmental benefits compared with petrol, because they provide air quality benefits, security of fuel supply, and alternative markets for UK agricultural producers.

Over the past year, the House has seen several well supported early-day motions, a number of debates and a unanimous report from the Select Committee. The Government can be in no doubt about the size of the political lobby in favour of more support for biofuels. Ministers, especially the Economic Secretary, have received many delegations. Nationally, there is strong support from the CBI, major manufacturers, Friends of the Earth, British Chambers of Commerce, the agriculture industry and many others. Until the Budget announcement last week, the collective view was that although the duty reduction of 20p per litre announced in last year's Budget was very welcome, it was not enough to stimulate further development of the industry. One witness to the Select Committee described biofuels manufacture in the UK as

"an extremely small cottage industry",

and on 11 March the hon. Member for Sherwood (Paddy Tipping) described it, rather unflatteringly, as "some chip oil recycling".

The debate on 11 March—it was timely, because it took place before the Budget—revealed enthusiasm and support not only for our cause, but for a variety of solutions to the problem. The Chairman of the Select Committee, my right hon. Friend the Member for Fylde (Mr. Jack), pointed out that in order for the Government to follow EU guidelines targeting 2 per cent. biodiesel by 2005, there would need to be an 80-fold expansion of production, to 32 million litres per month, compared with current production of 400,000

litres per month. He drew the House's attention to an amendment to the Energy Bill tabled in the other place, which would

"'require all producers selling road transport fuel in the United Kingdom to show that over the course of a calendar year a specified proportion of such fuel was biofuel.'"—[*Official Report*, 11 March 2004; Vol. 418, c. 1718.]

He added that such a requirement would be without cost to the Government. The hon. Member for Sherwood supported that proposal and suggested that the Government might consider a further duty derogation and capital grants and allowances. The hon. Member for Southampton, Test spoke of an ethanol escalator, which he has advocated with great knowledge on several occasions.

The Government are not short of support or suggestions on the way forward—nor, indeed, of obligations into which they entered on their own account. Their own policy commission on food and farming recommended in the Curry report that

"the Government should reduce duty on biofuels to that charged on other clean fuels."

The Government have committed themselves by introducing the 20p per litre fuel duty reduction that was announced in the previous Budget. They signed up to the requirements of the EU biofuels directive, which will require the UK to notify to the EU Commission by 1 July this year the volume of biofuel that will be used in the UK by the end of 2005—in other words, those decisions will have to be made within the next four months. The Government's own energy White Paper, which was produced a year ago, gave a commitment to produce

"an assessment of the overall energy implications of both a hydrogen economy and of large scale biomass based fuels, and to develop road maps of the possible transition to these new fuels and vehicles."

In the light of all that, what does the Budget offer? The 20p per litre duty incentive in favour of biodiesel will be maintained until at least 2007; the same incentive for bioethanol, which was announced last year, will be introduced from 1 January 2005, again with the differential guaranteed until at least 2007; the Government will undertake consultation over the summer to examine in detail the implications of input-based taxation for biofuels; and there will be discussion on the applications of capital allowances to support investment in the most environmentally beneficial biofuels processing plants, with a view to announcing the outcome in the 2004 pre-Budget report.

Those moves are positive in that they announce stability of duty levels for a given period and point to further consideration of the issue—as well as to further delay, of course. However, I am bound to say to the Economic Secretary that the Budget disappointed people in the field. Global Commodities UK Ltd., which is based in Dereham in Norfolk, says that the Government have failed to listen. The company had been hoping to boost the county's agricultural economy by using rapeseed oil for fuel production, but told the *Eastern Daily Press* on 18 March:

"The Germans have just cut tax on their biofuels to zero. It is just not a level playing field. Farmers in Europe are growing rape seed to produce fuel but ours can't."

British Sugar, which was planning to create a £55 million bioethanol plant at Wissington in my constituency, said:

"Many European governments have already put fiscal support measures in place that are proving sufficient to encourage the development of large-scale industries. Regrettably the level of support announced by the Chancellor today is insufficient to create a similar situation in the UK."

So where do we go from here? The Economic Secretary has said that he has been impressed by the coherence and force of the lobbying for more action to help biofuels. He should know, because he has received, with great courtesy, many delegations and lobby groups on the matter. However, in the House of Commons and the other place, there is perhaps a need to provide a stronger focus at parliamentary level. I am therefore delighted that the hon. Members for Sherwood, for Nottingham, South (Alan Simpson) and for South-East Cornwall (Mr. Breed), all of whom knew that I intended to raise the matter this afternoon, agreed to join me in forming an informal, all-party pressure group to provide such a focus. The Economic Secretary will be hearing more from us.

Earlier, I referred to the variety of approaches that the Government might adopt in encouraging biofuel production. Let me draw hon. Members' attention to another, extremely imaginative approach that was presented as an entry to the East of England Development Agency's Landmark competition, which is now reaching its final stages. The project, which is called Star of the East, is backed by the university of East Anglia in partnership with Powergen. It has attracted wide, cross-party support in Norfolk and Norwich. It proposes a renewables power station, based on a derelict site in Norwich, with a major research and development component, which will burn biomass, develop new ways of processing biofeedstocks and have a biofuels facility. If the Star of the East wins the East of England Development Agency Landmark competition, the Government will get high-level research, a renewables power station, genuine encouragement for biofuels, an outlet for agricultural produce and a world-class site. I shall happily send the details to the Economic Secretary.

I have given the Treasury spokesman rather a battering this afternoon, but the Budget affects all aspects of our lives. Many hon. Members have concentrated on health. Biofuels could affect the health of the nation and, indeed, the international community. We have to reduce carbon emissions and be responsible, for the sake of this generation and the next. If the Government gave more encouragement to the production of biofuels, they could congratulate themselves on their initiative. I hope that they will consider increased encouragement in future.

6.41 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): It is a pleasure to follow the right hon. Member for South-West Norfolk (Mrs. Shephard) and to have heard her interesting contribution to the debate. It will be of interest to people in Devon and Cornwall, where biofuels offer new diversification potential in farming crops.

[Linda Gilroy]

I welcome the opportunity to make a contribution to the debate on health. Successive Budgets since 1997 have provided sound public finances and the basis for significant increases in resources for all our public services. They have enabled us to tackle the significant under-investment of previous decades, which was perhaps most apparent in the health service.

During the 1997 election campaign, it seemed as though people on every doorstep related a difficult story about employment. My constituency has experienced some of the most dramatic falls in unemployment in the country. I remember when my right hon. Friend the Member for Darlington (Mr. Milburn), who made an interesting contribution to the debate, visited my constituency in 1996. We discussed the way in which solving unemployment could contribute significantly to reducing poverty and the attendant stress and ill health. We have made progress on employment.

In the 2001 election campaign, however, when I knocked on some 4,000 doors, I was struck by the fact that we still had much to do for the health service, even though we had put in place important building blocks on which to base the investment that was announced in the Budget that followed the election. I want to consider what the investment is achieving and what it will and can achieve. I also want to discuss the Government's commitment to spend money, which is matched by their commitment to efficiency. I stress to my hon. Friends on the Front Bench that that is matched by the commitment of our local health authority, primary care trust and acute hospital trust to ensuring that we get value for money. I want to make one or two points, of which my hon. Friend the Minister may be able to take note to help us to do exactly that.

First, I want to consider the scale of investment as it affects Plymouth and what has happened since 1997. Funding for the former South and West Devon health authority increased from £367 million to approximately £500 million. That is a significant investment, which will set us on course for the 10-year plan to double health investment. Successive Budgets provide for that and dedicate so much more money to our health service than in the past.

Primary care trust funding for Plymouth will increase from £230 million to approximately £272 million between 2003–04 and 2005–06. We will get a new diagnostic and treatment centre, the Vanguard project, which is funded with £129 million of private finance initiative money. We have a £39 million extension to the south-west cardiothoracic centre at Derriford hospital. In an intervention on my right hon. Friend the Secretary of State, I mentioned that that enabled us to increase the number of cardio-patients from 700 in the mid-1990s to 1,850 this year.

I will answer the rhetorical question that I posed. Previously, people were referred to Bristol and Brompton, and the unit was built on the premise that some 500 people would be treated locally. We continue to send some 500 people to Bristol and Brompton but we are now treating 1,300 people. I suspect that many of them would have suffered an early death through the previous lack of investment in our health service.

In the primary care trust that now covers the former South and West Devon health authority area, the number of people who wait more than 13 weeks for out-patient treatment has decreased by a substantial 66 per cent. since 1997. That is one indicator of good value for money. Primary care trusts spend 75 per cent. of the money for the health service, thus enabling doctors to be our champions. That is accompanied by the radical new way in which hospital funding operates. The hon. Member for Sutton and Cheam (Mr. Burstow) referred to that method of payment by results. I make a plea to my hon. Friend the Minister to examine the way in which we might refine the tariff systems that are being introduced.

The system has teething problems, which especially affect high cost, low volume services such as those that specialist hospitals like Derriford provide. For example, a cardiac bypass operation has the same hospital reference group and therefore the same tariff as a quadruple bypass operation. Such a system is likely to result in Plymouth hospitals trust losing more than £1 million in cardiothoracics alone, owing to distorting effects in the case mix. My hon. Friend knows that we, like many southern hospital trusts, have an accumulated deficit in hospital funding. I hope that we have the opportunity to discuss that with her before the system is fully rolled out.

Other aspects need to be considered. For example, pay represents 65 per cent. of hospital costs. Derriford has an effective pay review programme to identify savings and ensure that the money is concentrated on front-line services. For example, it runs a locum bank to try to achieve some cost savings. However, the market forces factor that applies to the hospital reference group increases or reduces the tariff. Plymouth hospitals trust has had its tariff reduced by 7 per cent. from the average. Consequently, St. Mary's NHS trust in London, which has the highest market forces factor, will earn 42 per cent. more per patient than Plymouth hospitals trust for performing the same procedure. That cannot merely represent the differences in the cost factors that operate—undoubtedly, things are more expensive in London, but not by that amount. In 2000–01, Plymouth hospitals trust undertook a piece of work that revealed that the average cost per employee was £27,000. If we make a comparison with other trusts that have similar costs per employee, we find that East London and The City Mental Health NHS Trust has a 30 per cent. higher staff market forces factor than that trust, yet London weighting would amount to no more than a difference of 11 per cent. I therefore hope, as the hon. Member for Sutton and Cheam argued, that we will examine that before it is rolled out much further.

The primary care trust is also working hard to deliver our community and mental health services in Plymouth. Against the background of considerable challenges, I am pleased that it achieved a two-star rating in the first such exercise this year. Those challenges arise from the health inequalities that have grown up over several decades. As a result of the doubtful legacy of my Conservative predecessor, I represent the poorest ward in England on the 1995 index of local conditions. Our primary care trust must meet challenges such that a man living in inner-city Plymouth, which I represent, will die 10 years earlier than his counterpart living in the leafy suburbs, which are covered by the same primary care trust.

The trust is committed to meeting those changes, and has some innovative programmes. For instance, it has one of the most successful smoking cessation programmes in the country at present. Were my right hon. Friend the Secretary of State for Health present, I would have congratulated him on his efforts to take part in his own smoking cessation programme and invited him, as I have done on two occasions already this evening, to visit Plymouth to see the good work being done in that respect. Another programme with which we have had particular success, and which in years to come—although it is not possible to see the immediate payback—will help to reduce social inequalities, is the work to reduce teenage pregnancy, which, of course, is often accompanied by single parenthood and the sort of poverty that leads to a vicious cycle of ill health, unemployment and other problems.

Our primary care trust has also worked hard with the acute hospital to reduce the prescribing budget, without, of course, reducing the quality of prescribing practice to patients. That has been particularly successful, and it has been able to save seven-figure sums by entering into partnership with consultants in the acute hospital to try to get the prescribing regime right for those in hospital. Therefore when they come out of hospital, the PCT is able to ensure that their medication can continue in a value-for-money way.

The trust has been so successful in doing this that I was caught in a double bind earlier this year when I was approached by constituents, Mr. and Mrs. Tomes, on behalf of their son, Ashleigh. In that regard, my right hon. Friend the Secretary of State mentioned in his opening speech the great advances that will come as a result of new gene therapies. Some of those are already on-stream, and some of them address rare diseases, so the medicines being developed are therefore required in small numbers, and their developmental costs are very high. If, as in the case of my constituents and those of some 39 other Members of the House, 40 people in the country can benefit from a particular therapy, the cost of developing it and then delivering it will be very high. Recently, I went with an all-party group and members of the Society of Multipolysaccharide Diseases to discuss with the Minister of State some of the issues in relation to prescribing for such rare diseases, and we were much impressed by his grasp of the human issues associated with parents knowing that a drug is available. In this case, the drug can range in cost between £80,000 and £140,000 per prescription per year, and more and more such drugs will come on-stream. That will be an additional challenge to already hard-pressed primary care trust budgets. We will work with the Minister of State, who is seized of the challenge that faces us in the future.

The Red Book refers to the 10-year framework for science and innovation. I welcome the announcement that the key focus of the Government's commitment to science will be to ensure that clinical research plays its full part in generating health and economic benefits, and that that will be matched by the increase in national health service funding for research and development.

This Government have made serious inroads into the health challenges, with serious money and serious investment. They are serious about delivering a framework to deliver good health outcomes from that investment, and about making sure that there are enough health care staff, with good terms and conditions. Labour Members will know that that has come about by choice not chance, and if choice not chance informs the next election, this and successive Budgets will give the British people confidence to deliver the strong and stable economy that will allow our public services, which are so important to them, to continue to develop.

6.56 pm

Alistair Burt (North-East Bedfordshire) (Con): It is a pleasure to follow the hon. Member for Plymouth, Sutton (Linda Gilroy), who made a skilful defence of the Budget in relation to the health needs of her constituents. I hope to match her eloquence, but I will not necessarily agree with all her arguments.

It was quiet in Biggleswade last week. The still waters of the River Ivel were disturbed more by the gathering winds and gales that swept across the country at the weekend than by anything that the Chancellor said. That was not a great surprise—my constituents do not expect all that much from this Chancellor, and they were not disappointed. They recognised, as we all do, in all parts of the House, that it was a highly political Budget, of which my constituents were not the targets. It was a speech all about the Chancellor, and his targets were sitting all around him, rather than across the Chamber or among my constituents.

The Budget included serious political gestures; let me pick out two—one good, and one less good. I am sure that mine is not the only constituency to have a significant number of historic, old churches and, given that, we welcome very much the removal of VAT on church repairs. It will make a difference, and will recognise the position of churches in local communities. Whether or not that is related to their churchgoing and Christian communities, those churches are symbols of what is good and great in our communities. Full marks to the Chancellor for that.

As a political gesture, the council tax bribe was crass and will be ineffective. The whole point of a bribe is that one is not supposed to see it coming or to know that it is there. The more obvious it is, the less effect it has. My constituents are not fools. My pensioner constituents well understand that their council tax bills have been rising in recent years at the Chancellor's behest. They have seen money taken away from their county council as it has been shifted from rural areas to other areas. They have seen extra responsibilities put on the county council, which have not been paid for. To compound that by effectively taking money from their neighbours and children to pay for what the Chancellor has asked leaves a very sour taste. They will not be fooled—it is like a magician explaining to everyone what the trick is, doing the trick, and then expecting applause for the suspension of disbelief that he has just dispelled. The Chancellor gets no marks for such a crass political gesture.

Before I say something about health, let me touch on two themes that are increasingly becoming a hallmark of the present Chancellor, and are perpetuated by the Budget. Notwithstanding all the things that are working well and are encouraging in today's UK economy—and how grateful the Chancellor must continually be to my right hon. and learned Friend the Member for

[Alistair Burt]

Rushcliffe (Mr. Clarke) and my right hon. Friend John Major for the economic legacy that they left him—the Chancellor is steadily taking risks and undermining the very basis of the things of which he can boast so grandly at the Dispatch Box.

I am indebted for an excellent speech last Wednesday by my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), who patiently explained the cumulative and long-term beneficial effects of Conservative reforms on trade unions, taxation, the competitiveness of the economy, the regulatory framework and the nationalised industries. He explained that it would take time for those effects to show in the economy. The flip side, as he also explained, is the damage being done by failure to understand the impact of those changes. A move away from their beneficial effects is inevitable, but it too would take time to feed through.

We are already seeing some signs. There is an obvious decline in the UK's competitiveness, which is recognised throughout the world. There is also the growing voice of business and industry, which observe the damage being done. Nothing in the Budget speech suggested to me that the Chancellor understood the danger of throwing away what he was throwing away. Truly, in the words of Miss Joni Mitchell, you don't know what you've got till it's gone.

The second theme that the Chancellor is increasingly in danger of failing to understand is his inability to restrain his two impulses, towards spending and towards being in complete control. Spending we know all about: it is easy to spend. Whether it does any good, and whether it does the good that it is designed to do, we have already discussed today in relation to health, and we will continue to do so. As for the control issue, the determination to control was illustrated in the Budget by two gestures, one very significant and one throwaway.

The significant gesture was the casually offered snub to the Prime Minister when the Chancellor made it clear that it was he who would decide whether the Government opted to join the euro—a point picked up earlier by the hon. Member for Luton, North (Mr. Hopkins) when he welcomed "the Chancellor's decision" not to join. I did not think it was the Chancellor's decision to make—someone will correct me if I am wrong—but the Chancellor, of course, makes clear that it is.

The throwaway gesture was the Chancellor's statement that he accepted a recommendation in Kate Barker's report on housing, published that morning, without much consideration and with no consultation. The report recommended that in the regions there should be one body responsible for housing and planning—no doubt under significant Whitehall control. So there it is: goodbye local democracy. Goodbye to those who understand the importance of greater development in their area, not at regional level but at local level, to the local communities and authorities that must deal with the consequences.

It is consequences that I want to discuss now. One of the consequences of increasing large-scale development will involve local health services. Bedfordshire will have to accept 54,000 new houses in the next 17 years. Let me give the House an idea of the scale. The two biggest towns in my constituency are Sandy and Biggleswade, which between them have a little under 30,000 inhabitants. It has taken them hundreds of years to reach that size. In less than 17 years, new developments twice that size will come into being.

In such cases, there is always an immediate pressure on health. Services lag behind development. My county is now irrevocably committed to years of catch-up. Bedford primary care trust already has a shortfall of some £19 million, and it was clear from the latest Government figures, released before Christmas, that there were no plans to close the gap in the next 20 years. Now there will be that further development. The proposal to take planning decisions further away from local communities and towards regional bodies, which the Chancellor so casually recommended, is scarcely good news for my constituents or those who plan health matters.

It is not just about money. The Government, and the Secretary of State this afternoon, have made it clear that as far as they are concerned the major indicator in all issues related to health and public services is how much is spent—not how good a system is, how efficient it is, how welcome it is in a particular area or how understanding it is of that area's needs. Not all problems are solved in terms of how much is spent. Let me give two examples.

First, there is the question of how the money is spent. Where in the Budget debate did we sense any confidence in the new GPs' contract and its effects, to which the Secretary of State did not refer? On 1 April, the new contract will come into force. What assurances have been given to primary care trusts, which are taking over its administration, that they will be able to provide a better out-of-hours service for their patients than GPs have been providing?

We already know that the PCTs have been given a certain amount of money with which to handle the contract. We know how much the GPs were charged by those running out-of-hours services, and how much they intend to charge the PCTs; and we know that the two do not balance. What will happen? Here was an opportunity, just two weeks before the introduction of the new contract, to give PCTs some reassurance about what would happen should the money run out. There was no such reassurance. It is not a question of how much is there; it is a question of how it is used, and how it can be ensured that those responsible for services know what is to be done.

The second problem is how to deal with the fact that more and more doctors and nurses are leaving the system. The system can have all the money it requires, but if it is not recruiting or retaining doctors and is losing nurses, it will not be able to deliver the services that it wants to deliver. Six months ago, the magazine *Hospital Doctor* published the results of a survey that indicated that up to three quarters of all hospital doctors intended to retire early. They cited stress, increased work load, declining clinical autonomy and a lack of support from management as key factors.

Many of the issues are structural. They can be related to an overbearing, over-prescriptive regime in which targets and quotas have played their part. Do the

Chancellor and the Government not see that putting money into an inadequately reformed system does nothing to alter those problems? All that happens is that raised expectations are followed by frustration and disappointment as doctors still feel unable to carry out their duties. They leave a poorer service, and patients lose faith as a result. I detected no understanding of that in the Budget debate and the Chancellor's remarks.

Two weeks ago, the *New Statesman* reporter Glenda Cooper dealt with the issue of nurses in the NHS. She wrote

"the NHS still needs to find 35,000 more nurses during the next five years—while at the same time a quarter of the workforce is due to retire, and up to one in five nurses drops out before the end of training."

She referred to a recent MORI poll which found that one in 10 nurses planned to leave the profession in the next two years, chiefly because of not money but the inadequate shift pattern and the work that they were expected to do. She reported:

"Nursing, they say, has become divorced from caring, sisters have been reduced to ward managers, and degrees and diplomas have become more important than bedpans and bedside manners."

That is nothing to do with the money that goes into the health service; it is all to do with understanding the health service, and making the reforms that are needed to retain those valuable personnel. For all the talk and, I am afraid, all the Secretary of State's bluster today, I sensed no understanding of needs of that kind, or of the importance of retaining key people who make decisions.

Let me end with a short plea. As I said earlier, I welcomed the concession on VAT related to church repairs. Will those at the Treasury have a word with the Minister of State, Department of Health, the right hon. Member for Barrow and Furness (Mr. Hutton) about the charging of VAT on capital projects for the NHS? Where public appeals have been launched to support them, might there be any relief of VAT required for building works resulting from such appeals?

Recently, the Primrose appeal in Bedfordshire raised more than £2 million to support a new cancer unit at Bedford hospital. Donors throughout Bedfordshire were surprised and disappointed to learn that a concession given to the Macmillan charity, enabling the VAT that it would have to pay to be recovered through an internal mechanism in the health service, would not be available for the bulk of the money raised for the building itself.

My hon. Friend the Member for Mid-Bedfordshire (Mr. Sayeed) and the hon. Member for Bedford (Mr. Hall) have visited the right hon. Member for Barrow and Furness, and I think that we have a ready ear there. We may be able to find a local solution to our particular problem, but I ask the right hon. Gentleman to investigate whether, where public appeals have been made on behalf of capital projects that will benefit the NHS, there is a way of ensuring that VAT that would otherwise be chargeable is spent on patient care, so that people raise money for treatment, not tax.

The NHS is a great service, to which I am personally very strongly committed. My father worked all his life as a GP in the health service. My brother is a consultant anaesthetist and neither my wife nor I or any of our children have any private medical insurance. We are members of and wholly dependent on the NHS. Where the Budget has been singularly lacking in terms of response from the Government has been in understanding that money is not the answer, and in the determination of the Secretary of State to continue with partisan and rather tedious arguments and discussion of what we might do. It is not what the debate on the current NHS is all about, and I have offered some examples for consideration. I am perfectly confident that when my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) replies from the Opposition Front Bench today and when he and our colleagues have the opportunity to run the service themselves, the public will finally get not only the Budget debates that they deserve but the NHS care that they have paid for, deserve and are entitled to expect.

7.11 pm

Sir George Young (North-West Hampshire) (Con): It is a pleasure to follow the high-quality speech of my hon. Friend the Member for North-East Bedfordshire (Alistair Burt), who focused on the health service but began with some comments about broader issues in the Budget. It is quite difficult to explain to a 69-year-old who may have modest income and modest capital that they will get none of the Chancellor's munificence, whereas a 70-year-old who may be infinitely better off will get the £100. That bribe, as my hon. Friend called it, says something about the Chancellor. For seven years, he introduced complicated, focused, targeted means-tested benefits. Now, at the end of the seven years, he has cast that aside and is bringing in a universal benefit. That seems to say something about the failure of his strategy. He introduced those highly complicated schemes and is now moving from that towards universalism.

I welcome the increase in resources being devoted to the NHS. The Secretary of State said when he opened the debate that we still have a long way to go, which is indeed the case. I got a fax last week from the Southampton University Hospitals NHS Trust about a constituent waiting for a scan appointment at the Wessex neurological centre. I quote what it said:

"The waiting list for such an examination currently runs at around 52 weeks."

The constituent in question had already been waiting for a scan for over a year. At a time when we are all being told that early detection leading to early treatment dramatically increases the prospects of recovery and survival, long waits of 52 weeks after a referral for examination are simply unacceptable.

I know what the Minister is likely to say in response—that extra resources have been allocated, and that it takes time to procure the scanners and to train the staff. I want to look at the claim on resources. This year, there has been a 9 per cent. increase in cash resources for the NHS in Hampshire. With inflation at around 2 per cent., people might think that that left a healthy margin for real terms growth, but they would be wrong because 7.8 per cent. of the 9 per cent. is accounted for by what in health-speak is called "tariff growth."

Tariff growth is the unavoidable increase in existing costs before one thinks about new commitments. It covers the national insurance increase, the reduction in

[Sir George Young]

doctors' hours, wage increases, the increased costs of drugs and so on. In other words, real growth is about 1.2 per cent. However, most of the trusts in Hampshire are running at a deficit. The cumulative total of deficits in Hampshire is £20 million. The trusts have been told to use the growth money to address the deficit and that £20 million is about 1 per cent. of the budget, which almost equates to the growth money.

Also, in Hampshire many trusts have survived by transferring capital to revenue in order to balance the books, but that practice will no longer be possible because the Government have stopped it. That will exaggerate the underlying imbalance between revenue and expenditure. Therefore, in effect, there is precious little growth in Hampshire and consultation is about to start on difficult measures to balance the books.

That leads me to a point that I have made before in these debates about the way in which money is distributed. My constituents get less per capita for health than anywhere else in the country—we are now 21 per cent. under the national average, and it was about 16 per cent. when this Government came to office. Therefore, although the totality of NHS resources is increasing, we are getting a reduced percentage of the total available.

Of course, I accept the argument that resources need to be allocated according to need, and that there are parts of England with more severe health challenges than those that face us in Hampshire. What I do not accept, and what I have never seen justified, is that we can get by with £79 as opposed to £100—the average in England. There are wards of deprivation in Andover. Even people on above average incomes get ill. Indeed, health spend is often linked to longevity. Some of the costs in Hampshire are higher than elsewhere. For example, we spend more on agency nurses because of the difficulty of recruiting full-time nurses in a high-cost housing area such as Hampshire. If the funding we received was 85 per cent. of the national average as opposed to 79 per cent., we could probably cope. I urge the Government to revisit the distribution formula and to abandon the unjustified discrimination against the south-east, which we have seen not just in health but in the revenue support grant.

To echo what my hon. Friend the Member for North-East Bedfordshire said about what the Secretary of State did not mention, a lot of reforms are taking place in the NHS at the moment and the right hon. Gentleman did not touch on any of them. An entirely new national programme for IT is coursing through the NHS. He did not mention the new GP contracts and the new out-of-hours service, which in my constituency looks as though it will mean that people will no longer be able to go to Andover hospital after 11 pm. They will either have to call out a GP or go to Winchester. We have the new contracts, the working-time directive and we are moving towards the national tariff and payment by results under the reforms to NHS financial flows. None of those was touched on by the Secretary of State but they are all vital matters that the NHS is addressing at the moment.

Nor did the Secretary of State say one word about foundation trusts. We know that it is a sensitive subject for the Labour party but that is an issue that many of those who work in the NHS are now addressing. With foundation trusts, the Government are confronted with a dilemma entirely of their own making. They have said that all the capital borrowing by those trusts from the City will score as public expenditure, and will have to come out of the NHS Brown envelope. Therefore, the more successful the foundation trusts are in using that freedom to borrow, the greater the penalty the rest of the hospitals will have to pay in having their capital reduced to accommodate that growth. The NHS under Labour is like a hostage ingeniously tied up by his captors. The more he struggles to release the ropes around his hands, the tighter the noose around his neck.

I have two possible "wave 1a" trusts in my constituency, and the one-off grant of £175,000 in no way covers the transitional costs, many of which will recur. How much will they be able to borrow? In a letter to me dated 11 March, the Minister of State told me:

> "The Independent Regulator sets the prudential borrowing limit for each NHS Foundation Trust on the basis of a prudential borrowing code . . . If you have further questions about the code, you may wish to contact the Regulator".

So the fortunes of the trusts and, dare I say it, of the Government are now in the regulator's hands. What view will he take of the trusts in my constituency that are well run, but that have an excess of expenditure over income for the reasons that I have touched on? The regulator may well say that, because of the accumulated deficit, the imbalance on the revenue account and the backlog of maintenance, the ability to fund debt is very low. They may end up getting less money out of the new system than they would have received, had they remained under the NHS. That would be a severe blow for the Government's health policy.

The message from the regulator is rather stark. I was reading *NHS Magazine* yesterday. Bill Moyes, the regulator, was quoted as saying:

> "Convince us you can cope as independent entities."

He makes it clear that his function is about managing risk, not performance. He asks:

> "Are applicants financially strong enough? Are they financially stable?"

Well, towards the end of the year, the Government may have some difficult questions to answer if many of the applicant trusts find that they are worse off under the new regime than they would have been under the old one.

Mr. Lansley: My right hon. Friend and I have discussed this matter, but it may be of interest to him—if not to Health Ministers, who are not present—that I have looked at a "wave 1" trust's service development strategy and it is not entirely in the hands of the independent regulator. That trust, at least, anticipates that nearly £50 million of its depreciation charge—its revaluation reserve on its balance sheet—will be replaced by public dividend capital. Of course, as that involves equity, rather than debt, it may increase its borrowing ratio, but a lot of hospitals elsewhere in the NHS might wonder where that money will come from on the Government's balance sheet.

Sir George Young: My hon. Friend makes a good point, and if I were a Health Minister approaching a general election, possibly 12 months away, I would be deeply worried about ending up with egg on my face

because of that new policy, under which the trusts that have been encouraged to apply for foundation status may find that they are worse off.

In passing, I mention the senseless cap on private patient income for foundation trusts. Hospitals in my constituency could increase their income and spend more money on treating NHS patients if it were not for the cap on the percentage of the income that they can generate from private patients—a cap that was not there for the first seven years of the Labour Government. The Government managed perfectly well without that cap until now, but they are now introducing that wholly unnecessary restraint on the ability of NHS hospitals to raise money for NHS patients.

I want to end with a final word about a subject that has been raised twice at Prime Minister's questions. I have visited and kept in regular contact with a national charity, the Macular Disease Society, as it is based in my constituency. It is a membership society for people with age-related macular degeneration. Ministers will be well aware of the anxiety about the delay in introducing the treatment, photodynamic therapy, for wet age-related macular degeneration. Up to 7,500 new cases of that aggressive condition occur each year, and patients can go from seeing well to severe sight damage in three months.

The Macular Disease Society is in close touch with patients, who are still being asked to pay £2,000 a time for up to six treatments, and consultants, whose primary care trusts tell them that they are not yet funded to give the treatment on the NHS. Ministers know that some 50 clinics in the country are currently capable of delivering the treatment, yet Ministers insist that training and staffing issues, not cost, are delaying implementation. The truth is that strategic health authorities and PCTs have been given the freedom to delay paying for treatment up to the end of June, and those who have not made provision in their budgets are doing just that. The result is that patients either have to find £2,000 per treatment, to be carried out by the same NHS consultant, or they start to lose their sight. Consultants across the country can deliver the treatment, but they have been refused the funding.

In many letters to Members of Parliament, Ministers have said:

"We will do all we can to ensure that services which have the ability to expand sooner than the nine month period do so and that new services come on stream as soon as they are able."

When he winds up, I should like the Economic Secretary to tell us exactly what those Ministers have done. The treatment was approved in September last year by the National Institute for Clinical Excellence and the Department of Health, but Ministers still have not given direct orders to SHAs and PCTs to start delivering it through existing clinics and treatment centres.

Although more than 100 patients a week are diagnosed and will be treated in the well-managed hospitals that offer the treatment, others will be invited to pay £2,000 for their first treatment or they will lose their sight and suffer appalling distress. We have made many demands of the Government during the debate, but it would be helpful if the Economic Secretary could say that, between now and June, the Government will take the necessary steps to ensure that the people who have that disease will get the treatment that they need, without having to pay £2,000.

7.24 pm

Mr. Robert Walter (North Dorset) (Con): The Secretary of State for Health opened the debate with his endless good news story, but some of my constituents would treat his remarks with incredulity. When I first became a Member of Parliament in 1997, I could proudly say that my constituency came top of all lists in respect of health. We had the shortest waiting lists and the shortest waiting times, and so on. There was anecdotal evidence of people moving to Dorset to get treatments that were paid for there—I think of in vitro fertilisation treatment, for example. In those days, I received few complaints from constituents about treatment under the national health service, and those that I did receive were dealt with promptly, with treatment usually almost instantaneous. I am afraid that the story today is very different.

Several of my hon. Friends have referred to out-of-hours services. The chairman and chief executive of the primary care trust in my constituency explained to me the other day how the new out-of-hours contract was envisaged for patients in Dorset. No longer would patients concerned about a child at home with a temperature of 104° at 10 o'clock at night be able to call their general practitioner in the knowledge that he would come around within a hour or so, be somewhat reassuring and deal with the problem.

Now, people will have initially to call NHS Direct. They will then be redirected to a call centre in Dorset where a nurse will speak to them. The nurse will assess the problem and, if necessary, will suggest that the patient should visit a treatment centre, which could be anything up to 40 miles away from where they live. If the patient thinks the problem is serious and says, "I'd really like to see a doctor", the nurse is likely to say, "If it is that serious, we will call an ambulance for you." No longer will doctors be available to visit patients out of hours anywhere in the county of Dorset. When I suggested that that was a serious deterioration in service, I received the reply, "Of course, people have been abusing the service." Well, so be it: that is just one example.

A month ago, a gentleman who had been diagnosed with prostate cancer visited my surgery. The PCT had funded a visit to a specialist centre at the Royal Surrey county hospital, which is some distance away, and he had to make his arrangements to get there. The specialist recommended a certain treatment for my constituent's prostate cancer, and he went home, expecting to be sent details of an appointment for it. Instead, he got a phone call from his doctor, saying that North Dorset PCT would not pay for it. I took up the case with the PCT and got the same answer.

Lo and behold, another man with the same condition came to my surgery last week having been through the same cruel exercise. He had been sent to a centre of excellence for prostate cancer treatment and a treatment was recommended, but his PCT would not provide the money for it. When we told the PCT that a number of patients in Dorset had received the treatment, it said that the first patient had been given it by mistake because the hospital had not realised that the PCT would not pay. In the case of the second patient, we were told, "Ah yes, but he was under a different PCT in Dorset." If that is not postcode prescribing, I do not know what is.

[Mr. Robert Walter]

This morning—to add insult to injury—I received an e-mail from a lady whose family has a record of cancer. She said that she wanted a mammogram so that she could be reassured, but the PCT will not pay for one because she is 64 years old, so she will pay for one herself simply to get that reassurance. If that is what the Secretary of State calls equality of access, it has a very hollow ring to it.

I should also like to take a more global view of the Budget. I listened to the Chancellor and read the Red Book, and it was interesting to compare what they said with what appeared in the report on the British economy produced only this month by the International Monetary Fund. I have somewhat greater confidence in the IMF's assessment of the British economy than in the Chancellor's, and its executive board assessment of the UK said:

"Directors, however, noted that the buoyancy of domestic consumption has also been fuelled by robust increases in house prices and household debt, which has increased uncertainty on future developments . . . Directors stressed that the possibility of a hard landing in house prices and consumption cannot be ruled out particularly given uncertainties about the distribution of household assets and liabilities. To minimize these risks, prudent macroeconomic policies are needed . . . Noting the widening of the fiscal deficit . . . over the last three years, Directors concurred that the fiscal deficit needs to decline in the period ahead in order to observe the fiscal rules, strengthen fiscal fundamentals, and support monetary policy during the cyclical upswing. However, many Directors recommended a somewhat larger decline in the fiscal deficit in the medium term than that projected in the November pre-budget report."

That assessment was written before last week's Budget statement. In order to achieve fiscal balance, the directors believe that fiscal policy and private investment in the future

"should be more consistent with long-term fiscal requirements."

The assessment continues:

"Directors in general called for moderating the growth of spending in areas where current plans involve sharp increases, because this would limit . . . inefficiencies. . . . they recommended that the authorities"—

that is the Treasury—

"take further measures to ensure that increased spending is delivering value for money."

The assessment adds:

"In contrast, staff"—

IMF staff—

"saw the deficit declining only modestly over the medium term without new measures, to 2¼ per cent. of GDP, some 1 percentage point above the authorities' projections. Thus, additional measures were likely to be needed. In particular, staff saw a case for moderating the government's ambitious spending plans, as a more gradual increase in public spending would reduce the risks of inefficiencies."

The staff believe

"the case for fiscal adjustment, and specifically for revising the government's ambitious spending plans, was strengthened by the risk that the latter could involve significant inefficiencies . . . .the evidence that increased spending was bearing commensurate fruits was still scarce".

That point has also been stressed in the most recent report on the United Kingdom from the Organisation for Economic Co-operation and Development. With staff views like that, I am not surprised that the Chancellor excluded himself from consideration as the next managing director of the IMF.

I want also to concentrate on overall public spending and the consequent borrowing. The main focus of this year's Budget was public spending and, in particular, the announcement of the Government's overall spending target for the next comprehensive spending review, covering the period to 2007–08. In real terms, total managed expenditure is set to rise by 4 per cent. in the next financial year and by an average of 3¼ per cent. over the following three years. As a result, the share of public spending in GDP terms is projected to increase to 41.9 per cent. in 2005. The allocation of that extra public spending will be settled in the summer comprehensive spending review.

The Treasury's projections suggest that that increase in spending is consistent with the Chancellor's famous golden rule, which says that, across the economic cycle, the Government will borrow only to finance investment. According to the Chancellor, the current Budget deficit is forecast to halve over the next year and to return to balance by 2006–07, with increasing surpluses expected thereafter. The Treasury, however, has already increased its forecast for overall public sector net borrowing in 2004–05 to £33 billion from the £31 billion in the pre-Budget report and the £24 billion in last year's Budget. Let us consider the Treasury's record; we should not forget its forecasts for the current year. The figure was £10 billion in the Budget of 2001, and it went up to £15 billion in the pre-Budget report of that year. In the 2002 Budget, the figure was £13 billion; in the pre-Budget report of 2002, it was £24 billion; in the Budget of 2003, it was £27 billion; in the pre-Budget report of 2003, it was £37.4 billion; and, in this Budget, the figure has reached £37.5 billion. That is above the Maastricht limit with which the Chancellor has proudly boasted compliance in the past. It is almost four times what he said it would be at the last election.

When considered by independent forecasters such as the ITEM Club, it is clear that the outlook is little changed in subsequent years, with net borrowing projected to decline to only £31 billion in 2005–06, £27 billion in 2006–07 and £23 billion by 2008–09. In its view, the Chancellor's borrowing projections remain over-optimistic. He continues to expect a very strong rebound in tax revenues—nearly 8 per cent. in each of the next two years and well ahead of economic growth in subsequent years.

The Government also assume substantial increases in the tax take, particularly from income tax, corporation tax and, to use their words, "other taxes and royalties". Nevertheless, the assumptions of revenue buoyancy continue to appear to me and to most forecasters as too optimistic. They imply a large rise in effective tax rates, which seems implausible in the absence of increases in actual tax rates, which we know will not happen before the election.

The Treasury's detailed forecasts show receipts from income tax and social security contributions rising by 7.3 per cent. in 2004–05. That is well ahead of the likely increase in household income. According to the Treasury, corporation tax receipts are forecast to increase by more than 21 per cent.—about twice as fast as company profits. The ITEM Club's forecasts suggest that overall Government revenues will be about

£4 billion below Treasury projections in 2004–05, implying public sector net borrowing of £37 billion. The forecasts expect a revenue shortfall of £7 billion compared with Treasury projections in 2005–06, with net borrowing of £38 billion. That would mean that, even on his definition, the Chancellor would break his golden rule in 2005–06.

The National Institute of Economic and Social Research says that

"most people would assess whether the Golden Rule has been met by adding up current surpluses and deficits in each year of the cycle in question".

However, the Government do not do it that way; they have their own way of looking at it. They have presented no justification for the approach that they adopt. As the institute says, they have

"merely asserted that it has always done this. Obviously an error is not corrected simply by being of long-standing".

In conclusion, the Government are projected to borrow £37.5 billion this year, and nearly £155 billion over the following five years. All independent commentators say that that is too optimistic. I know that the strategy will be aided by the £15 billion in savings identified by the Government's efficiency expert, Peter Gershon, but the only other way to look at the issue is through further rises in taxes. The Budget confirms that the Chancellor wants further rises in taxes—there have been 60 since he became Chancellor—but that there will not be any further rises in tax rates until after the general election. Without prosperity, the Government will not be able to deliver without increasing taxation after the next election.

7.39 pm

Mr. Crispin Blunt (Reigate) (Con): It is always a pleasure to follow my hon. Friend the Member for North Dorset (Mr. Walter), who gave us an elegant explanation of why the Chancellor's curriculum vitae has remained firmly in London rather than being dispatched to Washington. I hope later to pick up on the wider economic themes that he outlined.

First, however, I want to pick up the debate's health theme. I listened to the remarks of my right hon. Friend the Member for North-West Hampshire (Sir George Young) on expenditure in Hampshire. I want to lay claim to his speech and say simply, "Delete Hampshire; insert Surrey." The situation is precisely the same in Surrey, which is why there is a crisis in the public service provision of education and health in Surrey, given the relative expenditure in the south-east.

As I listened to the Secretary of State produce his litany of figures on the numbers of doctors and nurses, it seemed like a flashback to the 1980s when I watched the then Prime Minister—I watched from outside the Chamber—at Question Time reciting statistics in exactly the same fashion about how the health service was improving. Of course, it was improving then, because there was a real increase in health expenditure throughout the time of the Conservative Government. However, a remark made by the hon. Member for Luton, North (Mr. Hopkins) was especially important. He said that the output per unit of resource was quite remarkable during those years. The Conservative party's focus on reform in the health service ensured that the output per unit of resource was sustained throughout its period of government.

If the Government wonder why they have such a trifling increase in output per unit of resource despite throwing such an enormous amount at the health service, perhaps I can give one small explanation by citing an example that a junior doctor in my local hospital gave me. He pointed out that the Government claim that there are 10,000 more doctors than there were in 1997, of whom 5,000 are junior doctors. However, one should examine the number of hours for which those doctors work. Their hours have reduced from 72 hours a week in 1997 to 56 now. When the Government calculate the increased number of doctors, they calculate the number of whole-time equivalents on the basis of doctors working 40 hours a week. If we use the Government's methods to calculate whole-time equivalents by considering hours worked on the ground, we find that there are perhaps 1,447 fewer doctors in terms of hours worked. That explains why output has failed to keep up with the resources devoted. Of course, the figures calculated by the junior doctor are based on an assumption about the reduction in the number of hours worked by doctors, but it makes a fairly convincing case for why the Government face enormous difficulties in achieving a rise in output that will begin to measure up to the resources provided to the health service.

It was a huge treat to hear the eloquent testament of the former Secretary of State, the right hon. Member for Darlington (Mr. Milburn), to the property-owning democracy. A friend of mine, Mr. Peter Scrope, was the right hon. Gentleman's opponent in Darlington in 1997, and he would have enjoyed the philosophical journey that the right hon. Gentleman has undertaken over the past six or seven years.

Mr. David Ruffley (Bury St. Edmunds) (Con): A bit late.

Mr. Blunt: Better late than never. The right hon. Gentleman's eloquent testament to the need for reform and a property-owning democracy was extremely welcome, even though it came from the other side of the House.

I would have been more impressed by the statistics cited by the Secretary of State, and, indeed, the case presented by the right hon. Member for Darlington when he was Secretary of State, if the figures had not been subject to the most shocking manipulation. Targets themselves manipulate. They manipulate the behaviour of the health service as clinicians' priorities become secondary to the political priority of delivering targets.

Of course, the measurement of achievement of those targets is manipulated. We are all aware of waiting lists for waiting lists and of the redefinition of parts of accident and emergency departments as observation wards so that it can be claimed that people have been moved out of those departments. A deeply unhappy story from my constituency shows political manipulation in the health service through the amalgamation of Crawley and East Surrey hospitals into a single trust. Simply disgraceful decisions were

[Mr. Blunt]

made to serve political interests in the marginal Labour seat of Crawley. I have made this case many times, and I shall continue to remind the Government of it. The exercise not only put patients in the area served by the trust in danger by twisting clinical priorities to fit the political necessities of the hon. Member for Crawley (Laura Moffatt), but had a financial cost: some £50,000 a month of health money was taken away from the people of the United Kingdom because the subsidy to pay for the exercise came directly from the Department of Health. Additionally, there was a £200,000 study to investigate the possibility of building a new hospital at Pease Pottage, although it found that that would be economically impossible unless one wanted to bankrupt the entire health economy in east Surrey and north-west Sussex.

The right hon. Member for Darlington was correct about the Budget's political astuteness. In many ways, it did virtually nothing, and I suppose Conservative Members should be grateful when a Labour Chancellor does virtually nothing because that is usually much better than his doing anything at all. However, my hon. Friend the Member for North-East Bedfordshire (Alistair Burt) pointed out the totally non-Budget elements of the Budget—the acceptance of the Barker report and the appalling proposal that planning should take place at regional level. That represents a total demolition of local democracy because it will avoid responsibility being exercised by people on the ground who are closest to where planning decisions should be taken. They will not be able to decide, in the interests of people whom they represent, whether they want a liberal or restrictive planning process.

My hon. Friend the Member for North-East Bedfordshire referred to the excellent speech on Wednesday by our right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley). He talked about the length of the economic fuse in the hands of any Chancellor. The Chancellor claims credit for the current performance of the economy, but one should examine the trends that he inherited in 1997. Growth had been sustained since 1992–93 and the fiscal position was improving extremely rapidly. Inflation had been tamed—we had delivered inflation of 2.5 per cent. in 1997—and unemployment was falling so fast that it made a complete mockery of Labour's policy to deal with youth unemployment. Its election manifesto contained a target of dealing with 250,000 young unemployed people, but by the time it got into office, 167,000 of them had already found work. We had a 10 per cent. savings rate, and our future pension provision for the people of the United Kingdom was the envy of the rest of Europe. We also had a high position in the competitiveness league in the developed world. The Chancellor received a golden economic inheritance that was built on work done in the economy, which to a degree had started in 1976 when the International Monetary Fund began to dictate economic policy to the previous Labour Government.

The Chancellor has gambled successfully on his growth forecasts over the past year or two. His growth forecast last year turned out to be a successful gamble. His Budget presents us with a growth forecast for the next two years of 3.25 per cent., which is well above the trend. Nearly 20 years ago, when I was stationed in Germany with the Army, I spent some of my quieter evenings at the casino in Bad Oeynhausen indulging in a little gambling. A friend and I had a little system. We went around the roulette tables to find a trend, which we would bet against. For an uncomfortably long time, we kept leaving the casino with more money than we went in with. Eventually, the probability of that trend continuing meant that we went back where we started.

My point is that trends end. To rely on a presentation of economic growth of 3.25 per cent. for the next two years and 2.75 per cent. for 2006 is a pretty serious gamble against an underlying position that has wholly changed since 1997. Public expenditure is set to rise by £120 million a year by 2007–08. Private debt has risen by 93 per cent. to nearly £1,000 billion since 1997. The private savings rate collapsed from 10 per cent. down to a lowly 3.3 per cent. a couple of years ago. It is now at 5 per cent. Our pension provision is worsening rapidly from the position inherited in 1997, when the UK was the second largest relative investor in countries as remotely connected to the UK as Mexico. That investment happened because there was an enormous amount of money, managed by the City of London, that would provide for the future pensions of the people of the UK.

On the television programme "If . . . The Generations Fall Out", to be shown, I think, on Wednesday, people speculate that our future pensioners will not be properly provided for and there will be a huge battle between their interests and those of the working population. That was simply not the case in 1997. The Chancellor has presided over a huge missed opportunity.

The scale of private debt and public debt is accelerating. The simple fact is that those trends are not sustainable. There will have to be a reckoning, which will come at the cost of economic growth. We will need a much tighter fiscal policy, which will mean tax rises and, quite probably, expenditure cuts from the plans presented in the Budget.

7.52 pm

Mr. Mark Hoban (Fareham) (Con): I note that I am the fifth consecutive Opposition Member to speak. I wonder why so few Labour Members are prepared to defend their record in a health debate.

I want to deal with three aspects of the Budget as they affect my constituents. The theme is clear: we should never underestimate the impact of Budget speeches on individual lives. A sweeping gesture by the Chancellor in the Chamber might generate favourable headlines on Budget day, but it could have a long-standing, negative impact on our constituents' lives.

The first aspect has its origins in the 2002 Budget, when the Chancellor announced a zero-rate ban for corporation tax. Ministers told us that that was to stimulate enterprise. It was based on the false, and perhaps naive, assumption that only limited companies were entrepreneurial. We know, however, that partnerships, sole traders and other unincorporated businesses are also entrepreneurial. Many commentators explained that the measure would encourage unincorporated businesses to incorporate to reduce their tax bill—many hon. Members also made

that point. Indeed, I explained the problem both on the Floor of the House during the Budget debate and in the Finance Bill Committee.

The Paymaster General recognised what would happen, and I am grateful to *Taxation* for unearthing a quote from the debate in the 2002 Finance Bill Committee, in which she said:

"the underlying issue is whether the Government have struck the right balance between incentives to incorporate and to remain unincorporated . . . Surely small businesses will not look a gift horse in the mouth."—[*Official Report, Standing Committee F*, 16 May 2002; c. 116.]

Indeed, they did not. What was predicted at the time transpired. A flood of businesses wanted to incorporate to benefit from the lower tax bills that incorporation brought. It was the right thing to do. Who would pass up the opportunity to reduce a tax bill in such a straightforward way, particularly when invited to do so by the Paymaster General?

However, the increase in the number of incorporations led to the announcement last week of a 19 per cent. tax rate on profits distributed by small companies to minimise the tax benefit that owners of limited companies had, compared with those whose income from their businesses was liable to income tax. It was one of the Chancellor's six stealth taxes announced last Wednesday, taking the total from 60 to 66. It was obvious that that would happen. We knew that business would take advantage of that to reduce the tax bill and, as the Paymaster General said, no small business would look that gift horse in the mouth.

The Government should pay heed to a lesson: changes in the tax system have a behavioural impact. A tax system that is biased towards a particular type of economic activity or organisation will encourage people to move in that direction. The Government should not be surprised if that bias in the system is exploited by people taking advantage of it. Indeed, the further the tax system moves away from a neutral view on a type of economic activity or organisation, the more likely it is that businesses will take the opportunity to exploit that loophole and subvert the Government's objective. Indeed, how can businesses plan for the future if the Government can change their mind within two years about something as fundamental and important to business as changing the nature of taxation for small businesses?

The second aspect of the Budget that I want to touch on is the Lyons report on relocating civil servants out of London and the south-east. The Chancellor said that

"the Government are accepting and will implement the Lyons Review for the relocation of civil service jobs. We will relocate out of Whitehall a total of 20,000 public sector jobs, creating new opportunities in the regions and nations of the United Kingdom."—[*Official Report*, 17 March 2004; Vol. 419, c. 328.]

The core of the Lyons report focuses on the additional costs incurred by Departments of being in London and the benefits of dispersal to the regions that gain the jobs. Tucked away towards the back of the report, in appendix A on page 101, is the suggestion that nearly 1,000 jobs in my constituency should be transferred to Wales. Those are jobs at the Office for National Statistics in Titchfield. I have to confess that I had not realised that Titchfield was part of Whitehall, as the Chancellor sees it. Clearly, there is a poor grasp of geography in the Treasury.

I accept that we need to make savings in the running costs of government—my right hon. Friend the shadow Chancellor has made that case so persuasively that even the Chancellor has tried to catch up—but I wonder whether the Minister can tell me the likely cost savings of the move. As I said, the Lyons report was clear about the cost of locating Departments in London, but it was less robust on the costs of locating them in the south-east. If we add to that the circumstances of the individual department of the ONS—the national pay rates for its employees and the lack of a supplement for working in Hampshire—it seems that there would be no cost savings to be gained from transferring employees from Titchfield to Wales. Indeed, the ONS owns the building in Titchfield, so no rental costs will be saved by moving the employees and that department to Wales.

It is hard to see what cost savings will be brought about by relocation. Has an assessment been made of the impact of such moves on the local economy? The Lyons report states:

"Dispersal of government jobs is likely to have positive effects for regional economies with direct spending for departments and their employees creating jobs in addition to those relocated . . . this additional impact ranged from neutral to one extra new job for every two moved."

If that is the case for regions gaining jobs, surely the reverse is true for those regions losing jobs. What assessment has the ONS made of the impact of a move to Wales on the 1,200 to 1,300 employees at Titchfield and what are their chances of finding alternative jobs in the area? Many of those who work in Titchfield are working mothers, for whom the prospect of moving to Wales may not be practical. There are a number of employees whose family arrangements are tied up with living in the area. I understand that no assessment has been made of the number of people who are prepared or able to move out of the area.

One reason that the ONS is such a popular employer in my constituency is the flexibility it allows to those who have particular care obligations to their families, whether that concerns an elderly relative or children. The Government's aim is to encourage more women to work, and to encourage more single mothers to find work to support their family, but moving that department away from Titchfield is likely significantly to affect many of my constituents who work for it. The Chancellor seemed very proud to be shifting those jobs to the regions and nations of Britain, and he welcomed the move in his Budget speech, but do not let him think that what he proposed is welcome in every household in our regions and nations.

I turn finally to a point that my hon. Friends the Members for Reigate (Mr. Blunt) and for North-East Bedfordshire (Alistair Burt) made about the Barker report, published on the same day as the Budget. The report was significant; it announced that between 70,000 and 120,000 houses should be built to tackle supply-side problems in the housing market. That is another aspect of the Budget that sounds dramatic; it creates a sense of a Chancellor able to conjure up new houses, but it has consequences for my constituents. I want to see more people able to afford their own home, but the Barker report seems to be about moderating the real growth in house prices, slightly restricting that growth by building

[Mr. Mark Hoban]

additional houses. That approach is unlikely to develop the affordable housing that people in my constituency need.

My hon. Friends touched on some other, broader concerns. The Barker report recommended diluting the power that local councils can exercise over developments in their own area, by transferring more responsibility for planning to regional planning bodies. It states:

"Regional Planning Bodies and Regional Housing Boards should be merged to create single bodies responsible for managing regional housing markets, delivering the region's affordability target".

Miss Barker goes on to say:

"Even in the absence of elected regional assemblies, a streamlined institutional framework is possible and desirable."

If those proposals are accepted, the power of local authorities will be further diminished and the ways in which people in areas such as mine can hold their local councillors to account for planning decisions will be reduced.

The report also talks about land value. It says:

"Building on intensively farmed land would result in far smaller costs. These alternative land values are part of the framework within which the costs and benefits of housebuilding should be assessed."

It proposed:

"Moving towards an alternative approach, whereby land for development is assessed according to its relative value in society . . . including the implication that some Green Belt land should be re-designated."

There is no green-belt land in Fareham or south-east Hampshire, but there is some remaining farmland. If the value of that is further reduced to encourage development and to skew the cost-benefit ratio in favour of more development, we shall see a continuous stretch of development from Southampton to Portsmouth along the M27, all to achieve the goal of moderating the growth in house prices in the south-east.

Where is the infrastructure to support that additional housing? One of the biggest issues facing my constituents is the fact that the current infrastructure fails to meet the needs of the existing housing development in Fareham. Our schools, hospitals and roads are already threatened by planned development. Where will the resources come from to build new infrastructure? The main arterial routes in the area, the M27, A27 and A32, are already clogged with traffic. Only one NHS dentist in Fareham is accepting patients, and even he has a six-month waiting list. It is worth noting that when the Secretary of State for Health talked about increasing capacity throughout the health service, he did not mention dentistry.

Mr. Luff: A cavity.

Mr. Hoban: It was, as my hon. Friend says, a cavity in the Health Secretary's speech, but it causes people in my constituency a problem when they cannot find a dentist to meet their needs. The dentists with whom they are registered say that, because of the economics of dental practice, they can no longer accept NHS patients, so all patients are required to switch to private dental services. How much worse will those services become if more and more people are crowded into our area as a consequence of decisions by unaccountable and unelected regional planning and housing boards?

There is little cheer for my constituents in this Budget. The Chancellor is meddling yet again in the tax affairs of small companies, reversing some of the effects of the Budget of just two years ago. Jobs in Titchfield are being moved around the country as if they were a pile of chips being shunted across a roulette table by a croupier. More houses are being imposed on an area that cannot cope with the additional building already going on.

The Chancellor gives the impression that he thinks that the economy is like a machine: pull a lever, flick a switch here and open a valve there, and all will be well. He forgets at his peril that what he is playing with is not some theoretical model of the economy or a machine, but the lives of our constituents. He may welcome the headlines the day after the Budget, but the damage that he causes individuals and their families will last far longer than the glow of those headlines.

8.6 pm

Paul Farrelly (Newcastle-under-Lyme) (Lab): I am delighted to follow the hon. Member for Fareham (Mr. Hoban), not to defend the Budget, but to proclaim it and the opportunities that if offers the NHS, not least in my constituency and industrial north Staffordshire as a whole.

This is the eighth Budget under a Labour Government, though only the third that I, as a new Member, have had the pleasure of witnessing from these Benches. I remember, years ago, this time of year provoking pain, not pleasure—so much so that in the 1980s and early 1990s I used to go out of my way to stay out of the way, to avoid listening to news of tax cuts for the privileged few and yet more public service cuts affecting the neediest. Indeed, under 18 years of Conservative government, there was only one Budget that I can loosely associate with improving the health of the nation, or at least a tiny, precious part of it. That was when Nigel Lawson stuck 10p on the price of a packet of fags and my granddad, Tom King, a 40-plus-a-day man since he served in the trenches, said that he had had enough of those damned Tories, as he put it, and never lit up a cigarette again.

What a difference we have seen in our NHS since 1997, the year that my granddad died. By 2007–08, spending on health care will be more than double what it was a decade ago. That is an achievement that I wish my granddad had lived to see. Let us be clear what that increased investment really means. It does not just mean massive figures plucked out of the air; it means, by 2008, 80,000 more nurses than in 1997, 25,000 more doctors and the biggest hospital-building programme ever. It means that the NHS is safe in Labour's hands.

What of the Opposition? Have they learned the lessons of 1997 and 2001? They have certainly learned, from my right hon. Friend the Chancellor, to talk the talk—sticking, they say, to our plans for health for two years. However, when one puts those plans under a microscope, one finds that the reality is different. The shadow Secretary of State for Health, for example, says that he is committed to free access to health services,

based on need and not on the ability to pay. How does he square that with his so-called "patients passports"? Those self-same patients passports will, to quote him,

"allow them to take a proportion of the cost of NHS treatment to offset the cost of independent treatment, which can then be topped-up at the patient's own expense."

How does that make for free and equal access to health care? I noticed that he could not, or would not, answer the Secretary of State's intervention earlier, and no wonder. He certainly has a health plan. It is a plan to give those who can already afford to go private an even bigger helping hand, and it is a pauper's plan for the rest of the population and the NHS.

Under Labour, the NHS is certainly making progress; otherwise the Conservative party would not want to match our spending. Sadly, though, we have not yet found a cure for forgetfulness or the schizophrenic double-speak afflicting Opposition Front-Bench Members.

Mr. David Wilshire (Spelthorne) (Con): If the hon. Gentleman is so certain that the NHS is safe in his Government's hands, can he tell me why the Government are ordering my local primary care trust to cut spending by £17 million next year?

Paul Farrelly: Clearly, I cannot speak about the financial management of the PCT in the hon. Gentleman's area, but I can speak about the bewilderment that most of the population feels about the Conservatives' fixation with vouchers—now called "passports".

I shall speak about the successes and the continuing challenges in the NHS in north Staffordshire—an area with some of the worst and most complex health needs in the country. For decades, one of the biggest issues in our area has been hospital facilities that are housed on different sites in outdated, crumbling Victorian buildings. That is not good for patients or for staff, and it is certainly not good enough for the NHS in the 20th century, let alone the 21st. Patients who needed intensive care sometimes faced journeys of dozens of miles. The press labelled Stoke-on-Trent "the sick city". More than 20,000 people signed petitions crying out for a new hospital to replace the Victorian city general in Stoke-on-Trent and the North Staffordshire royal infirmary on a single site. They did not sign for patients passports, or visas, or vouchers; they signed for a new hospital on their doorstep, because if they or their families or friends were ill, they wanted to be treated as close to home as possible.

If we are to give patients better treatment—to give them that choice—we need to invest in more and modern capacity on their doorstep, which is precisely what Labour is doing in north Staffordshire. Under the Labour Government, work has started on a brand-new £350 million acute hospital on the site of the city general. Gone will be the days when patients were shuttled back and forth on trolleys and in ambulances between the royal infirmary and the wards of the city general. In its place, there will be a super-hospital with a state-of-the-art diagnostic centre, an accident unit, new intermediate care beds and modern wards with the best of facilities for the modern age. That hospital is just one of 114 new hospital developments commissioned since 1997.

Labour's ambitions in north Staffordshire do not stop there. As part of the £350 million project, there will be a brand-new community hospital on the crumbling Haywood and Stanfield sites in north Stoke. Before I entered Parliament in 2001, I chaired the north Staffordshire "Elderly Care for All" campaign, fighting for better elderly care locally. I remember only too vividly visiting experts describing those decaying hospitals as the worst that they had ever seen. Now, finally, after many years of flimsy promises, north Stoke is getting its own brand-new community hospital. In my constituency, Newcastle-under-Lyme, our local community hospital at Bradwell is expanding and developing to offer services such as minor surgery to people in the surrounding areas of Bradwell, Chesterton and Kidsgrove. Such services will complement those offered by acute hospitals and take the pressure off them.

We are not stopping there. We want to invest in primary care—in more local health care on the doorstep—to make sure that there is less need for people to go into hospital at all. In Newcastle-under-Lyme alone, within the north Staffordshire NHS LIFT—local improvement finance trust—programme, work is forging ahead on a brand-new £3 million health centre in Cross Heath, which is among the most deprived 10 per cent. of wards in the country. A brand-new £2 million-plus health centre is planned for Audley, serving the former mining villages in that area. In Clayton, work has started on a £1 million extension of the Kingsbridge health centre, and in the town centre, among other developments, a brand-new GP surgery opened earlier this month. Those are not merely figures plucked out of the air—£1 million in the Budget delivered in London here, another £1 million there. They are real achievements, which my constituents notice and which will improve their lives.

With our new primary care trust in Newcastle-under-Lyme, we are getting improvements just where we need them. I am always suspicious of continuous organisation change: often it is change for change's sake, or demoralising to NHS staff. However, in my constituency, I appreciate the closer working relationship with my local PCT than used to be possible with the old, more remote health authority. My local councillors appreciate that too. If the House will indulge me, as the first Labour speaker after several Opposition speakers, I shall name them: they include John and Gill Williams and Sylvia Butler in Cross Heath, and my good friend Eddie Boden, chairman of Staffordshire county council, who lives in Audley. Working with the PCT, they have played major roles in the improvements to primary care achieved as a result of the LIFT programme coming into their areas.

Despite all those advances, not everything in the garden is rosy. More NHS dentists are needed in my locality, as they are across the country. In specialist services, to give just one example, we in Newcastle and north Staffordshire urgently need to tackle the lack of any proper provision for diagnosis and support for people affected by autism or Asperger's syndrome, starting with kids of pre-school age and continuing through to give schoolchildren and adults the support that they need.

Across the board, we need to deliver all those better facilities, and more, because of the desperate health needs of the people of north Staffordshire. For years, the

[Paul Farrelly]

area depended on coal mining and pottery making—hard physical jobs, done in dirty, dusty and dangerous conditions. Given that the local diet was not the best, it is no wonder that under Labour the Potteries qualified for more investment as a health action zone. To deliver, we must attract and retain the extra doctors, nurses and consultants that Labour's policies and investment in the NHS are already generating. Too often in the past, north Staffordshire and other industrial areas have found it hard to fill vacancies, simply because in our area each job imposes greater demands on each professional than in wealthier, leafier areas.

Under Labour, the investment to tackle health inequalities is being made—nowhere more so than in the new medical school at Keele university in Newcastle-under-Lyme, which was given the green light by my right hon. Friend the Member for Barrow and Furness (Mr. Hutton) shortly after he became a Minister of State at the Department of Health in 1999. He is to visit Chesterton in my constituency next month: he will always be welcome there, and I hope that he will find time to open our new town centre practice. Our first medical students are now training at Keele and what has proudly become the University hospital of North Staffordshire. By 2009, Keele medical school will be hosting its full complement of 610 medical students. It is therefore already playing its full part in training extra new doctors for the country as a whole, and local people hope that many will choose to stay in north Staffordshire and help us to overcome our historical difficulties of recruitment.

Labour's investment in north Staffordshire's local NHS, which the Budget continues, is playing a vital role in a much bigger vision of the regeneration of the area as a whole. As well as playing host to a new medical school, Keele university is developing a science park, attracting businesses involved in medical technology and building what is known in the trade as a medical cluster. It is now the home of cutting-edge biotechnology firms such as Biocomposites—a company that develops synthetic devices for tissue regeneration. I was delighted to play a small part in its decision to relocate to Keele, rather than go to Florida or elsewhere overseas.

The new hospital and other health and regeneration initiatives such as housing market renewal provide opportunities to exploit and develop construction skills. Our regional development agency, Advantage West Midlands, has just backed a new construction skills centre of excellence in north Staffordshire. In the context of regeneration, we are looking closely at the Chancellor's plans to relocate Government agencies to the regions. Envious eyes are being cast over the National Institute for Clinical Excellence and health and safety bodies.

In our local NHS, we can continue to implement 21st-century health care only with the sort of investment that was confirmed by the Chancellor last week: a 7 per cent.-plus real-terms increase in resources each year to 2008. Patients want that investment. They do not want passports, visas or vouchers; they want investment in our NHS—investment that makes our NHS safe and that we can only trust a Labour Government to make.

8.18 pm

Mr. David Ruffley (Bury St. Edmunds) (Con): The Chancellor wanted this to be viewed as a political Budget, setting the battleground for the next general election. I welcome that view of the Budget, because it gives the Conservatives the opportunity to fight on our own ground, where the Chancellor of the Exchequer is naturally far weaker.

I say that for three reasons. First, the Chancellor does not have a reputation for being an efficient and proficient tackler of waste; nor is he good at delivering efficiency savings. For seven years he has been telling the country how wisely and prudently he has been spending public money. In his comprehensive spending reviews in 1998, 2000 and 2002, he invited us to believe that extra money would be tied to greater efficiency. He invited us to believe also that through his public service agreement system, Departments that delivered on targets would be rewarded and that Departments that did not succeed in hitting targets would be penalised. None of that ever happened; it was for the birds. Instead, there has been a 50 per cent. increase in the cost of running central Government Departments since the Chancellor came to office. That amounts to spending about £7 billion extra and meant last year that an additional 511 civil servants were employed every week. After seven years, and after all the fiddling and target setting, the Chancellor has announced that there will not be 130 PSAs. There will be fewer, and they will be measuring outcomes rather than outputs and inputs. He will be abolishing about 500 service delivery agreements.

On top of all that, we are given more promises, pledges and talk in the Budget about how there will be a substantial decrease in bureaucracy. We are told that there will be more proportionate inspection, greater incentives for better performance, and more local autonomy and flexibility. My verdict is that we have heard it all before from the Chancellor, for every year for seven years. After seven years of no action but plenty of talk, why should the country believe that he will be any more effective in future?

Conveniently, but I fear belatedly, Sir Peter Gershon has trotted along at the Chancellor's behest. He has told us that he can find efficiency savings of £20 billion a year by 2008. We are invited to believe that much of that can be done by getting rid of 40,000 civil servants—just for starters—in the Department for Work and Pensions and the Revenue and Excise departments. As most observers have said, that will probably account for £1.5 billion, so Sir Peter is a long way shy of the £20 billion that he noisily advertises.

As *The Economist* pointed out this week, the reality is that deep structural reform is needed for the Chancellor and Sir Peter Gershon to get anywhere near savings of £20 billion by 2008. There is a need for deep structural reform that only the Conservative party is advocating and explaining in detail. Answer comes there none from the Labour Benches on serious reform in the health service and serious structural reform in the Department for Education and Skills.

On efficiency savings and waste cutting, I like the way in which the Chancellor has come on to our ground. In principle, he has conceded that we have been right all along. However, he has done something more in his Budget by shooting himself in the political foot. He will

never be able to say again between now and the next election that cutting waste means a cut in front-line services. That is an argument that he wanted to push against the official Opposition. He is now unable to do that because he has conceded, on his own logic, that efficiency savings mean that front-line services can be protected. That has been our argument all along.

My second reason for arguing that there is a weakness in the Chancellor's political thinking, as expressed in the Budget, is that at the next election, the British public will be asking a basic question. They will want to know whether, for all the money that has been put into our important core public services, there has been a material improvement so that they can say, "Our local schools, hospitals, support services for pensioners and the local police force are better." I do not think that they will be able to answer that question in the affirmative.

We have seen a 22 per cent. increase in truanting in our state education system. The decline in crime began in 1993 when my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard), who is now the Leader of the Opposition, became the Home Secretary. That decline stopped in 2001 and it is now plateauing. In certain parts of the crime figures—for example, violent crime—we have seen some of the greatest hikes for a long time. Gun crime has doubled since 1997. Overall, the law and order story is not a good one.

Particular attention should be drawn to health. There should be more beds than administrators. When we left office in 1997, senior managers, administrators and estate staff numbered 196,700. In 2001, there were 224,030. That increase means that although the ratio of administrative staff to beds was 0:9 when the Conservative Government left office, it is now 1:1.

What about waiting lists? Some of the longest waiting times have been reduced. The more telling figures about waiting times for all other operations—the mean and median waiting times—tell a story of NHS decline. During 1999 to 2000, the mean waiting time in days was 90. For 2000–03, it was 99. The median figure for those same two years was 43 and 49 respectively. Those statistics do not come from Conservative central office; they are not even from the National Audit Office. They come from the Department of Health hospital episodes statistics table 2 from 1999 to 2003.

Probably most Members receive more mail about health than anything else. Despite the 37.5 per cent. increase in funding of the NHS, hospital activity based on finished consultant episodes—completed operations—has risen by only 4.8 per cent. The source of that figure is the Department of Health hospital episodes statistics from 1999 to 2002. Hospital admissions have increased by an average of only 1.9 per cent. annually from 1999 to 2002. Incidentally, that is less than the 2.9 per cent. annual increase from 1991 to 1999.

The OECD has reinforced claims that extra NHS funding has not been spent as well as it should have been. It added:

> "Productivity seems to have declined as the growth in the number of doctors, nurses, hospital buildings and equipment have (not yet) been fully reflected in a growing numbers of treatments. In fact, growth in the volume of health care output has slowed down compared to the first half of the 1990s."

That is because, as we have argued, the structures are not right and the Chancellor must take personal responsibility for the pace of radical health reform in the NHS. He has frustrated serious reform based on the foundation hospital model because, let us face it, he is pandering—that is the right word—to the Labour movement. He thinks that if he argues for a publicly funded health service with no additional private sector involvement—or as little as possible—he will curry favour with his client groups. He is responsible for slowing down the radical reform that the NHS desperately needs.

Thirdly, the Budget has great political weaknesses because of its provisions on taxation. The Red Book confirms the Chancellor's tax addiction. By 2008 the tax burden will be 38.3 per cent.—the highest for just over 20 years. We have had 66 tax rises since the Chancellor took office, and the tax take under his chancellorship is up 50 per cent. in cash terms, which is equivalent to about £5,000 more tax per household since 1997. However, the British public should worry about the path of taxation, as he has indulged in a borrowing binge. His borrowing figures are four times higher than he predicted at the last election. The Institute for Fiscal Studies, the National Institute of Economic and Social Research and *The Economist* all predict that he will break his golden rule at the start of the next economic cycle which, conveniently, will occur in spring 2006, after the likely date of the election. They quantify the gap as at least £10 billion a year, and it must be plugged with either spending cuts or tax increases, or a mixture of the two. It is more likely that there will be £10 billion-worth of tax increases.

During the last election campaign, the Chancellor was Trappist-like in his refusal to talk about his intentions on tax. After he won that election, however, he introduced hikes in national insurance, thus breaching his promise not to break the upper earnings limit. If the Chancellor of the Exchequer is confident in the Budget that his numbers add up, that he will not break the golden rule at the start of the next economic cycle in spring 2006 and that he will not have to raise taxes, the Financial Secretary and the Economic Secretary, who are in the Chamber tonight, will have no difficulty in giving the House and the country a guarantee that there will be no tax rises and that, because of the Budget judgment, there is no need to raise taxes next year or the year after. If they will not do so, the public and the press will be entitled to recall that the Chancellor has form—and previous. He goes to the electorate denying that he has any intention of putting up tax, but after the election does precisely that. When they have worked out that he has form—and previous—they will be entitled to conclude that a vote for Labour is indeed a vote for third-term tax increases.

8.32 pm

Mr. Peter Luff (Mid-Worcestershire) (Con): Ultimately, our debate on the Budget raises a fundamental question—who knows best how to spend our money, the Chancellor or the people, the taxpayer or the tax raiser? In their hearts, most people know the answer to that question. The Chancellor could do himself a great service by listening to the arguments that have been made. He started badly in the debate on Wednesday, as he ignored the two speeches that

[Mr. Peter Luff]

followed his statement, and chatted to his friend, the Prime Minister, on the Front Bench. He would have done well to listen to those speeches, because in their different ways they were important contributions. He should listen to independent commentators such as the ITEM Club, which today made confident predictions about the black hole and a third-term Labour tax rise, about which my hon. Friend the Member for Bury St. Edmunds (Mr. Ruffley) has rightly spoken. The British people believe that those third-term tax rises are inevitable, and the Chancellor should listen to them, as opinion polls show.

The 2005 election, assuming that that is when it takes place, may be a bad one to win, because of the serious economic problems that the Chancellor of the Exchequer will leave his successor. He, of course, hopes that someone else will succeed him as Chancellor, as he hopes to be Prime Minister then. He hopes that he can blame the new Chancellor for problems of his creation. We have to be honest about the fact that the economy is doing fairly well at present—I do not think that anyone would argue against that. There are looming issues, such as the trade deficit and the appalling savings ratio, which have been mentioned throughout our debate. The truth, however, is that employment is pretty good and people are fairly comfortable. The Chancellor has achieved that with two good decisions and two pieces of good luck. The first of the two good decisions was independence for the Bank of England, which sent a powerful signal to the financial markets about his seriousness of purpose. The other decision, or rather non-decision, was not going into the single European currency—a wise course of action, and I hope that the Chancellor continues to prevail in the argument with the Prime Minister on that.

The Chancellor has had a couple of bits of good luck, though. One relatively minor but nevertheless significant piece of good luck was the enormous revenues that came from the 3G licence sale, for example, which made a huge contribution to bringing down the national debt. The reduction in the national debt owes a lot to that bit of good luck that fell the Chancellor's way. The other piece of good luck is the one that Labour Members always snigger at when it is mentioned—the golden economic heritage that he had when he took over as Chancellor. *[Interruption.]* I think I heard a few mumbles of discontent from the Labour Benches.

If one looks at the Red Book, as I have done in some detail, one does not have to be a statistician to look at the graph on page 21 showing the inflation statistics and to realise that inflation has been pretty stable since mid-1993, which is a good long time before the 1997 general election. Then there is the matter of growth. The Chancellor allowed himself a few jokes in his Budget speech on Wednesday. He rather wittily corrected himself and said that he had accidentally misled the House. The period of sustained growth was the longest not for 100 years, but for 200 years. He apologised for that omission. What he did not say is where that period began.

The Red Book tells us on page 15

"with GDP now having grown for 46 consecutive quarters".

Let us count back the quarters. Four of them in 2003, four of them in 2002, four of them in 2001, four of them in 2000, four of them in 1999, four of them in 1998 and the first couple, ahead of the Labour party's victory in the 1997 election, in 1997. That makes 27 quarters under Labour's stewardship. Then, of course, there is one in 1997 for the Conservative Government, another four in 1996, four in 1995, four in 1994, four in 1993 and a couple in 1992, making 19 quarters on our watch. Yes, it is true that there have been 46 consecutive quarters of growth, but the credit for that belongs to previous Conservative Chancellors of the Exchequer.

The present Chancellor's achievement is, for once, not to mess that up, and for that he deserves some limited congratulations. Although he may not be ruining it, there are some worrying signs. The success that he boasts about so confidently from the Dispatch Box is much more limited in reality. The truth is that if one throws money at a problem, some of it will stick and a bit of the problem will get better, but for the amount of money that is being thrown at the problems of this country, things have not got as much better as they ought to have got. And money has been thrown.

There are guiding lines in the Red Book. On page 189, with reference to income tax, we are told:

"The starting and basic rate limits are increased in line with statutory indexation and there are no changes to the income tax rates."

That sounds tremendously reassuring, but table C8 on page 256 shows that over the period 2002–03 to 2004–05 income tax take by the Chancellor will have gone up by 13.5 per cent., social security contributions by 20.3 per cent., value added tax by 15 per cent., fuel duties by 10.5 per cent., council tax by 18 per cent. and total current receipts by nearly 15 per cent. He has taken a huge amount more of our money from us. Since he became Chancellor he has taken in excess of £1,500 more for every man, woman and child in the country. With that kind of extra money, he should be able to do a better job.

The tragedy is—I am indebted to Ruth Lea in her excellent pamphlet, "The Price of the Profligate Chancellor", for drawing my attention to this—that the people who are paying the highest price for that are not the rich, nor those on middle incomes, but the poor. She draws my attention to a table derived from the work of the Office for National Statistics, which shows that while the percentage of gross income paid in tax is 35.6 per cent. on average, for the poorest quintile—the bottom 20 per cent—it is 42.1 per cent. Increased taxes hurt the poor. That is a message that the Chancellor needs to learn. He has certainly taxed them.

We have seen a steady growth in taxation as a percentage of GDP, and we have seen the complete and abysmal failure of the Chancellor to predict his borrowing. We are told on page 3 of the Red Book at paragraph 1.13, and it is repeated verbatim at paragraph 2.38 because the Chancellor is so fond of this:

"The estimated 2003–04 outturn for the public sector current budget shows a deficit of £21.3 billion compared with projected deficits of £19.3 billion and £8.4 billion in the 2003 Pre-Budget Report",

and so on, with the Chancellor appearing to be quite confident about the relative increases in borrowing.

Again, I am indebted to Ruth Lea for showing us the truth about those borrowing figures. Actually, the increase in the Chancellor's own predictions has been

shameful. In the 2002 Budget, he said that public sector net borrowing for 2002 would be £11 billion, but we now learn that it worked out at £22.9 billion—an increase of £11.9 billion. For 2003, the figure has moved from £13 billion to £37.5 billion, so his error is £24.5 billion. For 2004, he has already increased his estimate from £13 billion to £33 billion—an increase of £20 billion. For 2005 and 2006, he is confidently predicting modest reductions in net borrowing. Let us see what happens, as the trend is far from encouraging.

Let us turn to spending. On page 9 of the Red Book, we read:

"The Government's strategy is to deliver improvements in public services through sustained investment and reform to ensure that taxpayers receive value for money."

We are all in favour of taxpayers receiving value for money, but in an extremely unconvincing performance at the start of the debate, the Secretary of State for Health failed to answer the charge that that simply has not happened in the health sector. The only period for which I have figures is 1996 to 2001. In that period, the number of whole-time equivalents for managers in the national health service rose by 15.5 per cent., while the number of whole-time equivalents for nurses, midwives and health visiting staff rose by 7.3 per cent. In other words, the growth in managers was running at twice the rate of the growth in front-line health professionals. I think that that should worry the Government.

The Chancellor is fond of talking about enormous gains in employment. If we look at the figures, we see that between September 2002 and September 2003, there was an increase of 153,000 people in the public sector and of 105,000 in construction. To be fair, much of that increase is coming from capital investment, but largely, although not exclusively, it is PFI investment that is again funded by the Chancellor. In fact, 258,000 of the jobs are public sector jobs, while the number of manufacturing jobs fell by 103,000 in one year.

Paul Farrelly: The hon. Gentleman is being very forensic, but perhaps he is being a touch forgetful. Will he explain to the House whether the 1987 stock market crash, the years of negative equity, withdrawal from the European exchange rate mechanism and the years of imprudently counting one-off privatisation proceeds as negative Government expenditure were, to pick up his theme, bad luck, accidents or acts of God? Or were they were simply bad policy by a previous Conservative Government?

Mr. Luff: The hon. Gentleman leads me into a whole new speech that I would dearly like to make, destroying the analysis that he has just offered the House. In essence, the current Chancellor has faced relatively benign economic situations nationally by comparison with those faced by previous Chancellors. I know that the hon. Gentleman was not in the House at the time, but if he would care to remember some of the circumstances that the last Conservative Government faced, including the consequences of German reunification in particular, he would paint a very different picture. As for fiddling statistics, this Chancellor's treatment of issues such as PFI debt for the tube, and tax credits, which count as negative income tax, is fiddling statistics on a spectacular scale.

Paul Farrelly *rose—*

Mr. Luff: I shall happily give way a second time.

Paul Farrelly: If we indeed inherited a golden inheritance, to use the hon. Gentleman's own words, has he ever thought that after 1993, things simply could not have got any worse?

Mr. Luff: That is the voice of a man who believes his own propaganda—something that I try very hard not to do. I shall happily take the hon. Gentleman to the bar after this debate, sit down and show him the economic series. The fact is that everything started getting better from 1993. Every economic series that one looks at shows that plain, simple and straightforward fact. It would do the House a great service if all Labour Members—I do not blame the hon. Gentleman in particular, as he is following a lead given him by people such as his Prime Minister and Chancellor—looked at the facts and saw what actually happened. If he did so, he would see just how wrong he was in his assertion and its implications.

Before that intervention, I was discussing public sector employment and productivity. The previous speaker, my hon. Friend the Member for Bury St. Edmunds (Mr. Ruffley), gave us a fine analysis of productivity in the health sector, and again, the available statistics, which come from the Office for National Statistics publication on economic trends from July last year, only go up to 2001. Intriguingly, they show roughly no change in public sector productivity in 1996; a 1 per cent. improvement in 1997; and—those were years of austerity in public expenditure—another 1 per cent. improvement in 1998. As we get into the years in which the Chancellor increased spending, however, productivity fell by 2 per cent. in 1999; by 1 per cent. in 2000; and by 2 per cent. in 2001. It should surprise no one that if money is thrown at a system faster than the system can absorb it, the system will not spend it wisely.

The Chancellor's Budget strategy raises some important questions. He is spending to the hilt and hoping to get away with it, and that is having some strange consequences at a local level in my constituency. I shall highlight the example of education spending—I unreservedly welcome the increased capital expenditure on schools in my constituency. On Friday last week, I opened a new classroom—the increased capital expenditure is clearly having a beneficial effect and I do not pretend that it is not.

Revenue expenditure is sadly a big issue in Worcestershire, however. By increasing education expenditure in real terms, the Chancellor is bizarrely creating a worse problem for Worcestershire schools, which are falling behind their neighbours because of the rigged funding formula. Straight percentage increases in expenditure on schools means that Worcestershire schools will fall relatively further behind because of the iron law of compound interest. I urge Treasury Ministers to talk to their ministerial colleagues in the Office of the Deputy Prime Minister and say, "If we are

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putting extra money into schools, we must ensure that it is spent fairly across the country; otherwise anomalies between local education authorities will grow, with very serious consequences for the children in the local education authorities left behind."

The Red Book—I do not know why it is called that because it is a white book—is the Chancellor's personal manifesto. Governments used to publish about one third of its contents; the other two thirds is public relations, spin and puff. The Chancellor talks glowingly about jobcentres on page 84 and about the role of primary care trusts in helping to address local need on page 150. I repeat my plea, which I have already made twice in this Chamber and intend to make again tomorrow at Health questions, for the Government to examine the consequences of not giving true independence to primary care trusts but running them from the centre, through strategic health authorities, while claiming that they are locally organised.

That lack of independence has destroyed eight important health projects in south Worcestershire. One such project at Droitwich Spa in my constituency was intended to include a major new Jobcentre Plus, a police facility, a county council facility, a district council facility, a voluntary facility and a new health centre. Arbitrary changes to funding rules mean that we will not get that investment and that the whole project is at risk, which is completely contrary to the Red Book.

We often hear Labour Members discussing our plans for Home Office expenditure, but I am not too impressed by the Government's plans for Home Office expenditure. Some 300 additional police officers are coming on stream this year in the West Mercia constabulary area, which is welcome. However, who has paid for them? Not the Home Secretary or the taxpayer nationally, but the council tax payer, through phenomenal increases in the police precept. The trouble is that those phenomenal increases are building huge resentment not against the Government—as they should do—but against the police. They lead people to ask, "Why am I not getting the police service I expect for the money that I am being forced to pay?" I urge Ministers to examine that question seriously. There have been 33 per cent. and 15 per cent. increases year on year, and the overall increase in the West Mercia constabulary's precept since the Government came to power is nine times the rate of inflation, which is simply unsustainable and creates problems for the management of the police.

In a final footnote to my speech, I am disappointed to see the Chancellor's disclosure on page 116 of the Red Book that he wants to give orphan assets, which are unclaimed assets in banks, building societies and—now we learn—life assurance companies, to charity. The victims of failed occupational pension schemes should have first claim on those assets, which would address a real and urgent need caused by a problem that was not of people's own making and which the Government are morally obliged to do something about. The obvious way to do it is through the unclaimed assets, but the Government are turning their back on that route. That is distressing.

I trust the people of this country to spend their money better than the Chancellor of the Exchequer, and I look forward to taking that battle to the people in an imminent general election.

8.50 pm

Mr. David Wilshire (Spelthorne) (Con): May I start, Mr. Deputy Speaker, by apologising to the House? When I originally put in to speak, I thought that I could be present throughout the debate, but my duties as an Opposition Whip made life difficult, as I explained to Mr. Speaker earlier. I am sorry not to have heard all the speeches.

Every time I hear the Chancellor or the Secretary of State for Health, I am reminded how desperately out of touch with reality they are. As my hon. Friend the Member for Mid-Worcestershire (Mr. Luff) said, they have come to believe their own propaganda. If everything is so wonderful in the NHS, why do my constituents face £17 million-worth of cuts year on year at the Government's insistence? If the NHS is safe in the hands of this Labour Government, why are they trying to privatise part of my local hospital? While Ministers stand at the Dispatch Box and spin away about an NHS utopia, my constituents know different—they know the truth.

I want to tell the House about the reality of the NHS in my part of Middlesex. My local general hospital, Ashford, started as a workhouse. In 1987, when I became the local MP, it was mainly a collection of wartime temporary prefabs. During the time of the last Conservative Government, it was completely rebuilt. Since 1997, it has suffered cut after cut. In 2000, this Government axed its accident and emergency department, scrapped all its intensive care beds, and stopped in-patient paediatric services. Now, they are at it again. This year, they want to scrap the emergency department, which they gave us when they axed the A and E; scrap all the high-dependency beds, as well as the intensive care beds; and close all 150 medical and acute surgical beds. If they have their way, Ashford hospital will have fewer beds than when it was a workhouse, and my constituents will be left with a first-aid post by day and a telephone to ring for a GP deputising service at night. The reality of the NHS in Spelthorne is not what the Chancellor's spin claims it to be. Small wonder that a former A and E consultant at Ashford said of the cuts that the Government have been making, "People will suffer and some will die."

That is the reality of what this Government are doing to the NHS in my constituency. The way in which they treat the NHS in Surrey is a downright disgrace. It is underfunded so that money can go to Labour cronies, inadequate allowances are made for the additional costs of providing services in the south-east, and the longevity of my constituents is completely ignored when it comes to working out the demands on services. Listening to the Chancellor last week, one would have thought that the Government would do something to help; but not a bit of it. Their response to the problems in my constituency is to demand more and more cuts.

If I look back, I can see that the rot set in when the Ashford trust was merged with the St. Peter's trust. That was an attempt to save money by shifting services out of Ashford and into St. Peter's. The result was predictable:

St. Peter's could not cope. In due course, a damning National Institute for Clinical Excellence report into its maternity services produced another crisis.

All that led to something else: no stars when the Government produced their first little league table. The Government brought that on themselves. What did they do? They sacked the chairman and the chief executive and had the bright idea of franchising the management of the trust. The purpose of the franchising exercise was made clear—"Sort out the mess that we, the Government, have made of the services and end the overspending." The Government received and accepted a proposal, but to this day, they refuse to publish the franchise plan. They will not tell us what they agreed and what was meant to happen. I have asked time and again only to be answered with a refusal to publish.

That probably does not matter now because another financial crisis has overtaken the trust and the franchise plan to which I referred is irrelevant. The current crisis is even worse. The Ashford and St. Peter's Hospitals NHS trust is now breaking the law because it overspends by £17 million a year. On top of that, it has an inherited debt. I note that the Government wrote off the debts of some trusts in some places but because the trust is based in Surrey, which they do not like, I guess that our debt will not be written off.

Paul Farrelly: I am loth to interrupt the hon. Gentleman in full rant, but earlier, I described some of the advances in north Staffordshire, and I should point out that one of the Labour Government's first decisions in 1997 was to give the go-ahead to a brand new hospital in Amersham. I know that because I contested Chesham and Amersham in the general election in 1997. Would the hon. Gentleman describe the hon. Member for Chesham and Amersham (Mrs. Gillan) as a Labour crony?

Mr. Wilshire: No, I would not. When I asked the hon. Gentleman about £17 million-worth of cuts in my constituency, he said that he did not know the position there. Similarly, I do not know the position in Chesham and Amersham, but I stress that the whole of the south-east suffers the same problems and I have no doubt that a Buckinghamshire Member of Parliament would recount that their local health services face the same difficulties caused by having to pay bills and provide services with the money that the Government give them.

Mr. Lansley: If the hon. Member for Newcastle-under-Lyme (Paul Farrelly) had been present in Westminster Hall three weeks ago, he would have heard Members of Parliament from Buckinghamshire making the same point about the unfairness of the financial distribution in the NHS and the deficits in Buckinghamshire.

Mr. Wilshire: That is no surprise. Every time I talk to a colleague from the south-east, I hear the same story.

Mr. Luff: I believe that my hon. Friend the Member for Chesham and Amersham (Mrs. Gillan) made that very point at Prime Minister's Question Time last week, and the same complaint as my hon. Friend makes now.

Mr. Wilshire: I must read *Hansard* afterwards. I am sure that that would give the hon. Member for Newcastle-under-Lyme (Paul Farrelly) and me the answers that we need.

My trust is breaking the law by overspending by £17 million. The Christmas before last, the position became so bad that suppliers refused to supply the trust until it paid its bills. That is what the Government have done to a trust that tries to provide the services that my constituents want. Their response to the new crisis is not that that the Chancellor boasts about. Given the amount of taxpayers' money that the Chancellor claims to be giving away, one would have believed that we might get some of it. But no, all we have is a loan of £14 million so that we no longer break the law. I must emphasise that the amount loaned is £14 million, not £17 million. There is also a little sting in the tail in that if my trust is good, does what the Government order it to do and makes cuts, keeps quiet and does not complain, the Government will convert the loan into a grant. However, they will do that only if the trust makes the cuts.

Last September, another interesting development occurred. The Government trumpeted the creation of diagnostic treatment centres—I believe that that name has subsequently been changed. They claimed that that would mean new facilities, more staff and more treatment—the usual spin that we get from the Chancellor and the Secretary of State for Health. They told me that a company called Mercury Healthcare would open such a centre at Ashford. We then discovered why it was that the Government want services moved out of Ashford—so that the Government can privatise part of it. It occurred to me that that amounted to certain hypocrisy, because Labour Members are always accusing my party of wanting to privatise the NHS, but in my constituency the Government are trying to privatise part of the NHS.

To get to the bottom of this curious development, I thought I would ask Mercury Healthcare all about the new facilities, extra staff and extra treatment on offer. I was dumbfounded when I discovered the truth. Mercury Healthcare is not going to provide any new facilities. It is going to take over one of the wards that has been emptied out by the cuts that the Government have ordered to be made. It is going to take over the theatre, which will no longer be used by the NHS, as the patients have been moved somewhere else. Mercury Healthcare is not even going to employ anyone extra, because it intends to take over the staff that the Government have freed up at my hospital. So much for the spin and the boast about using the private sector to do more, to do it more quickly and to provide better facilities. It is just not true. NHS wards, NHS theatres and NHS staff are to be privatised by this Government, and they have the nerve to accuse us of wanting to do that.

Just after Christmas, somebody within the trust had a little word with me and said, "Have you asked how the Government's plans to produce this treatment centre are going." I said, "No." I therefore made some inquiries. What did I discover? They had got rid of Mercury Healthcare. I have tabled question after question since, and the Government refuse to tell me when they broke off the negotiations or why. All that they do is point me towards yet another press release, which was issued on 17 February this year. What does it say? Surprise, surprise, five more treatment centres will be opened by the Government, to provide new facilities. Who will run them? Mercury Healthcare—the company sacked from Ashford. The Government take them off

[Mr. Wilshire]

one job, put them on another, and claim that they have provided extra centres. That is the spin—that is the way in which this Government act. That is what happens when the Chancellor gets to the Dispatch Box. He tells a tale which he hopes that people will fall for, but they will not when they know the truth.

Just as a little footnote, the Government still hope to have a privatised facility at Ashford. They still want to get rid of a ward and to get rid of the theatres. They still want to hand over some NHS staff, but now they want to hand them over to a private Swedish company. That is the reality of privatisation—they cannot even use British; they give away their facilities to somebody from abroad.

The reality of the NHS for my constituents is as I describe it, not as the Chancellor claims. The reality is suffering—let us remember that an A and E consultant said that it may even result in death—not what the Secretary of State claims. As a result of this Budget, and as a result of this Government, my constituents are facing cuts in spending, not more spending. They are facing cuts in services, not improved services. To add insult to injury, they are facing the privatisation of their NHS.

Last Thursday we were treated to the usual round of spin, boasts, claims—all the false things that we have come to associate with a Government who cannot distinguish reality from fiction. Tonight, like it or not, the Government must face the truth—the truth as my constituents see it: the truth that led 12,000 local people to sign a petition pleading with the Government not to make cuts. There seems to be no sign whatever, at least at the moment, that the Government are paying any attention to that petition. From them it is all spin and no delivery; all waffle, and a complete refusal to listen to my constituents or provide them with a decent NHS.

9.5 pm

Mr. Stephen McCabe (Birmingham, Hall Green) (Lab): This may be the only thing I shall have in common with the hon. Member for Spelthorne (Mr. Wilshire) this evening, but like him, I must begin by apologising for being unable to be present for the whole debate. I had other work commitments earlier.

I congratulate my right hon. Friend the Secretary of State for Health on the commitments that he announced earlier. I note that rather than supporting those advances, the hon. Member for Bury St. Edmunds (Mr. Ruffley) wants to proceed against the non-medical staff in our national health service. I am not sure that I want a health service bereft of security staff: sadly, we need them to protect our nurses nowadays. I do not particularly want to make grand savings by wiping out gardeners in our hospital grounds. I think that medical secretaries do a useful job, indeed an essential one. I think that computer programmers and technicians are crucial to the NHS. By all means let us phase out jobs that we no longer need, but let us not kid ourselves about the people whom the hon. Member for Bury St. Edmunds has in his sights.

It seems to me that the test of a party's attitude to the NHS is what it does in government. Given the official Opposition's track record, their ever-changing commitments and the constant mantra that their promises are no more than work in progress, it is hardly surprising that many of us have adopted scepticism bordering on cynicism.

I welcome the Budget, which, as the Chancellor rightly pointed out, hails one of the country's longest sustained periods of growth. I am proud to be a member of a party whose Government can boast the lowest inflation for 30 years and the lowest unemployment since 1973. Despite all attempts by those with a very different agenda to paint an altogether different picture, I am delighted that our Chancellor has ensured that our debt is the lowest of any in the G7 industrialised economies. When I think of what the situation was like when I worked with unemployed youngsters in the late 1970s and early 1980s, I know that this country has been transformed. At that time in the west midlands, it was a novelty to meet a kid who had a father in work—or even a male relative who had had a chance to work.

Of course there are challenges ahead. There are currently 555,000 vacancies in the economy. We cannot ignore the investment in higher education and skills training that the Governments of India and China are pouring into their economies. I welcome the Chancellor's announcements about education generally, but I particularly welcome the proposals for a new deal for skills and the 10-year framework for investment in the UK's science and innovation base.

There is an area in which I think we might do a bit more. I want to focus briefly on energy, and renewables and carbon dioxide emissions. It is not clear to me that the Budget has paid quite the attention to those matters that some of us might have hoped. In this country, every year, an estimated 600,000 tonnes of coal mine methane seeps into the air from around 1,000 abandoned or disused former coal mines. That state of affairs, I am told, could continue for the next 50 to 100 years. Coal mine methane has a global warming potential 23 times greater than that of CO_2. Capturing coal mine methane and converting it to electricity reduces global warming potential and CO_2 emissions by nine times more per kilowatt generated than can be achieved by wind power.

Why, one may ask, is that area of the renewables market not at the forefront of our energy thinking? The answer is that many companies simply cannot afford it in today's cut-throat, competitive energy market. However, a small shift in the renewables obligation could change all that, and it seems strange that that does not happen given that methane captured from landfill sites or sewage farms is covered by that process. The German Government, I understand, included coal mine methane in their renewables legislation. It could be helpful in terms of energy, reducing emissions and the cost to the health of communities, if I could persuade colleagues at the Treasury to have another look at that.

Paul Farrelly: I did not expect to intervene on the subject of coal mine methane in a health debate but I suppose that there is a health spin-off. I remember my dad converting from methane—the old town gas—to North sea gas years ago. Does my hon. Friend agree, notwithstanding his point about coal mine methane, that it is different from coal bed methane, and that we do not want a lot of mining companies trampling over

virgin greenfield land trying to tap into seams of coal under the ground, as they tried to do in north Staffordshire after stripping assets out of local pits?

Mr. McCabe: My understanding is that, although health has served as part of the focus for the debate, it is an economic debate on the Budget and we are relatively free to range across subjects, but I take his point. What he describes would be entirely unacceptable and bears no relationship to the matter that I was describing, which is about trying to recycle coal mine methane in order to produce electricity and in so doing relieve the stress on the environment. I am grateful to him for making that point.

I am aware that the Budget has been well received in a great many quarters. School teachers in my constituency have told me about their plans to build on the progress that they have been able to make. They are already describing equipment that they will purchase and renew. They are already planning what to do for children in the years ahead. People who work in the skills and training sector are already looking forward to what we can do to develop and boost areas of our economy in which we have real difficulties and deficiences.

I understand that the director general of the Confederation of British Industry has welcomed the Budget. I noticed that not too many Members on the Opposition Benches referred to that today. Of course, pensioners know the difference between what is really in their pockets and what they have a real guarantee of receiving, and promises that are ever out of reach.

There is really only one obvious place where the Budget has not been welcome: the Opposition Benches. Rather than acknowledging demands for education, training and investment, rather than celebrating the low level of Government debt compared with that of our G7 partners and rather than congratulating the Chancellor on helping this country to avoid the recessions that have done so much damage to the American and Japanese economies and to those in the eurozone, Opposition Members have insisted that this is a Budget that we cannot afford.

I have listened with fascination for some time now to the arguments advanced by the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) and by the right hon. Member for West Dorset (Mr. Letwin). They like to tell us that they are changed men—new men, as one of them suggested earlier today: the right hon. and learned Gentleman would like us to forget all about his past.

Paul Farrelly: Is my hon. Friend puzzling, like me, about the real agenda behind Conservative policies? I shall quote what the current chairman of the Conservative party has said about reconstruction:

"As one of, I think, the unreconstructed Thatcherite free-marketeers in the shadow cabinet, I'm a great believer genetically in markets . . . The biggest problem that we have in the NHS is that it is not a proper market."

Does my hon. Friend agree that the choice that the Budget poses is Labour investment in the NHS or Conservative cuts and wholesale privatisation of the NHS?

Mr. McCabe: I am certainly not puzzled. I could not agree more with those comments.

The right hon. and learned Member for Folkestone and Hythe would like us to forget about his past; but, I remember, as do millions of others, what happened to the economy of the west midlands the last time a Conservative Government implemented the policies that the official Opposition now advocate. I have heard the Tories telling us that people are best at deciding how best to spend their tax money, but I remember that Lady Thatcher, as she now is, boasted in 1979 that income tax was too high and that the Conservatives would reduce it and pick up the lost revenues by indirect taxes. That is exactly what they did. It is true that the Conservatives reduced income tax when they came to power in 1979, but in their first Budget, VAT on what were then called luxury items rose from 12.5 per cent. to 15 per cent. and VAT on everything else rose from 8 per cent. to 15 per cent.—virtually double. That is how they believe in people spending their own money.

Mr. Lansley: While the hon. Gentleman is talking about income tax and VAT, perhaps he would like to tell the House and, in turn, his constituents that the Chancellor expects to increase the take on income tax by £15 billion and the revenue from VAT by £10 billion in the next financial year—so there will be more taxes and more taxes again from the Chancellor.

Mr. McCabe: I have no problem with increasing the tax yield in an expanding economy. I do not know anyone, other than the hon. Gentleman, who would find that a problem. The way that the Conservatives trust people to spend their money is by creating the illusion of tax cuts by banging up the VAT rate. That is what they did in 1979, when they also taxed sickness and unemployment benefits and doubled the cost of NHS prescriptions. In their second Budget, they doubled the cost of prescriptions again. While they were doing all that to the British people, they cut public spending on education, schools, health, transport, housing and most other areas. In fact, they cut spending on anything that really mattered. That is the real record, but the Tories talk about affordability and waste. In fact, they were so successful in 1980 that their second Budget was described as the meanest by any Chancellor since 1931.

What was the effect of that great Tory approach? It was the collapse of industries like a set of dominoes right across the west midlands. We were plunged into recession and millions were thrown out of work. Senior managers and factory floor workers were all the same. Many never worked again, and their sons and daughters became the generation who lived in the workless twilight zone of Tory Britain—a generation purged of opportunity and condemned to be the victims of economic madness, Tory obsessions and Tory prejudice.

Alistair Burt: I am deeply moved by what the hon. Gentleman says but, if that is the case, why on earth did his constituents not vote for socialism at the past two elections? Why do those on the Government Front Bench parade a modern mixed economy? Why do they talk about all the reforms that the Conservative Government introduced on which the Chancellor is now

[Alistair Burt]

basing the success of his economy? What happened to the socialism that the hon. Gentleman is spouting about? It never worked and never appeared—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. This is meant to be an intervention, not a speech.

Mr. McCabe: The hon. Gentleman should be deeply moved, but he appears to have missed the fact that my constituents and the British public voted in the last two elections for economic sanity as opposed to the economic madness that they suffered under him and his lot, and would do again. At the time that the Tories were doing all that to the British people, they were boasting that it was a price worth paying. I say any price is worth paying to avoid going back to those desperate years.

My experience and that of most of my constituents and a whole generation in the west midlands tells us that cheap soundbites about credit card Budgets are nothing more than a cover for cuts, recession and untold misery at the very time that we need investment, expansion and growth. That is why I am clear that there is only one man capable of delivering on the British economy. That is why I am delighted to back this Budget.

9.22 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): I am entertained by the hon. Member for Birmingham, Hall Green (Mr. McCabe); I enjoy listening to him. He was at risk of speaking in a way that was interesting and that reflected a certain amount of expertise. The problem is that that was restricted to his discussion of coal mine methane. Everything else was neither interesting nor displayed any expertise whatever.

Still less did the hon. Gentleman's remarks have anything to do with health. Of course, he was right to say that he was free to talk about other issues, but it is surprising that so few Labour Members have sought to talk about health. Presumably, in Cabinet, the Secretary of State sought a debate on health because he saw it as a priority issue for the Government. However, Labour Members did not agree with him. Thirteen speeches have been made by Back Benchers; nine of them were made by Conservative Members and all but one—I shall return to that point in a minute—spoke about the substance of the issue of health and with experience of their constituencies. Just four Labour Members made speeches and only three of them spoke about health. Apart from the speech of their Front-Bench spokesman, what was the Liberal Democrat contribution? Nothing.

I am used to Conservatives winning the argument, but I normally expect the Government at least to mount an argument. However, they did not even do that; they simply caved in. They hope that no one is out there watching and that no one cares whether Parliament debates the Budget—still less debates health. Now, for once, we have it on the record that we care about health and what is happening to the NHS. We care about the health experience of our constituents, and we are prepared to debate the substance of the issue.

Let me say a few words about the Secretary of State's speech. He was invited to blame his predecessor for the current situation and verged on doing so—we are pleased that his predecessor, the right hon. Member for Darlington (Mr. Milburn), is with us and that he contributed to the debate—but in truth, he actually blames his predecessor but one. He made that perfectly obvious when he said that the Government made a start on remedying what they saw as the failings of the NHS with the NHS plan in July 2000. Everything that came before that represented two or three years of completely wasted time—although we have had pretty much six years of wasted time from the Government.

The Secretary of State made one or two points of substance to which I want to respond. He talked about the additional money in the Budget that is intended for clinical research, which I welcome. As chair of the all-party group on stroke, I welcome the fact that he has included stroke among the three diseases—Alzheimer's, stroke and diabetes—on which there will be an additional emphasis on clinical research. I hope that he and his colleagues will ensure that research on stroke is directed not only at the disease itself, but at rehabilitation and how we can best achieve that.

If I may digress for a moment, it is interesting to note the lack of research on stroke compared with the main diseases of cancer and coronary heart disease, so the announcement is extremely timely. We need to begin to understand better the circumstances in which we could intervene early during stroke management and stem the extent of the disease. In the past, we tended to say that if people have a stroke, they are admitted, and that if we are lucky, they are admitted to a specialist stroke unit. Perhaps the Government will be able to tell us at the end of next week how many people are admitted to specialist stroke units. Unfortunately, the figure will not be 100 per cent., which ought to be the target in the national service framework for older people.

In the past, we tended to say that the degree of disability and deficit that results from a stroke is pretty much fixed and that the effects can be mitigated only through rehabilitation. However, in the future—perhaps research will enable us to identify this—we may be able to use new treatments such as Desmosteplase, which is in use and licensed in America. Although imaging is required for such treatments, their use in early intervention tends to reduce the extent of stroke deficit. Tens of thousands of people are affected by stroke each year and we might be able to reduce the extent of their disease. I welcome the research on stroke. When we discuss health, it is important to talk about health issues rather than only funding and how much money should go where, which is why I welcomed what the Secretary of State said.

The Secretary of State briefly mentioned drugs for children. I commend the work carried out before the 1997 election by the Select Committee on Health under the chairmanship of my hon. Friend the Member for Broxbourne (Mrs. Roe). The Committee published reports on children's health just prior to that election, one of which drew specific attention to the lack of clinical trials of such drugs, and especially the lack of drugs for which there were protocols on, and indications of, the extent to which they were suitable to be prescribed to children. It is important to begin to remedy the problem so that we have greater confidence in the system.

I reiterate the point of principle on which our approach to the NHS is based, which my hon. Friend the Member for South Suffolk (Mr. Yeo) set out: it should be free at the point of use and based on need, not on the ability to pay. The Secretary of State retreated in confusion on that point. He argued at the Dispatch Box that we should spend more in the private sector than my hon. Friend suggested.

Dr. John Reid: There is no confusion. I ask a question to which I did not get an answer—perhaps the hon. Gentleman can enlighten us. The hon. Member for South Suffolk (Mr. Yeo) insisted that the Conservative party is committed to equity of access. How can two people have equal access to an operation if that is dependent on them both having half the cost of the operation?

Mr. Lansley: The Secretary of State misses the point again. We have made it clear that the patients passport will be a mechanism for the delivery of patient empowerment. It will give patients control over their health care. It is astonishing that he does not understand when he is playing grandmother's footsteps with the Conservative party.

At the Conservative party conference in Harrogate two or so weeks ago, my hon. Friend the Member for South Suffolk made it clear, just as we made it clear at our last party conference that we wish to extend the patients passport to chronic disease management, that we are starting work on how we will achieve that, as he reiterated today. It involves placing particular emphasis on diabetes and asthma, as early diseases that would qualify for that approach, and empowering patients to control their health care. That happened on the Saturday. Lo and behold, the following Thursday, the Secretary of State went to a conference organised by *The Guardian*—the type of event to which he tends to go—and announced that he intends to focus on chronic disease management and self-management of such diseases, with an emphasis on diabetes and asthma. We are forging the way in the health debate.

The Secretary of State needs to persuade his hon. Friends of his policies. The hon. Member for Newcastle-under-Lyme (Paul Farrelly) spent most of his speech attacking the concept of patient empowerment. He is not interested in the idea that someone might choose the type of health care that they receive and where they receive it. He wants the money spent in his local hospital and does not want anyone to choose anything else.

Paul Farrelly *rose—*

Mr. McCabe *rose—*

Mr. Lansley: I shall give way to the hon. Member for Newcastle-under-Lyme, because I just referred to him.

Paul Farrelly: I welcome the hon. Gentleman's return to the Front Bench. He was a talent wasted on the Back Benches. I also know him to be a reasonable man. Does he truly believe in the voucher, the visa or the passport policy, or is it something that he inherited?

Mr. Lansley: Before the hon. Gentleman chides me on policy, he should find out about his party's policy, because the Government have been chasing us. For heaven's sake, it is his party's policy increasingly to use the private sector. The Government have been buying services at 143 per cent. of the NHS cost. According to the *The Times* today, they are negotiating for bulk purchasing in the private sector. We want independent health care providers to stand alongside NHS providers. Our interest is in ensuring that patients get the health care they need and not to be hide-bound by an idea of who provides it, whether it is NHS owned or independent.

The detail of the Government's plans often reveals that choice is limited. Rather than providing choice at the point of referral, it is choice after six months. As my hon. Friend the Member for South Suffolk said, it is not a choice of any hospital across the country—a genuinely national health service—but a choice of the specific hospitals that the Government say people can go to. My hon. Friend the Member for North Dorset (Mr. Walter) told us about his constituents who were not allowed to be referred to the Royal Surrey County, even though that was their choice. Just as this Government did away with extra-contractual referrals and out-of-area treatments, and have introduced limited choice within the NHS, only a Conservative Government will restore choice to my hon. Friend's constituents.

Mrs. Patsy Calton (Cheadle) (LD): Will the hon. Gentleman give way?

Mr. Lansley: No, I have only a few minutes left and the Liberal Democrats did not participate in the debate to any extent.

The right hon. Member for Darlington made some important points. I want to mention just one—his conversion to increasing home ownership, as one of my hon. Friends put it. Given the right hon. Gentleman's record at the Department of Health, surely he could help to shift the definition of affordable housing away from a definition of social housing, which is geared to the rented sector and, in particular, the housing association-owned rented sector, to one that offers opportunities of equity stakes for those in key-worker housing. That would be enormously helpful. That is what people around Addenbrooke's hospital in my area want. They do not want to rent. They want the opportunity to buy, and if they cannot buy the whole of a property, they want to have some equity in it.

I must not be too unfair: the hon. Member for Sutton and Cheam (Mr. Burstow) did make a speech. He talked about our policies, but he neglected, so far as I could tell, to say anything about Liberal Democrat policies. In particular, he neglected to tell anybody that the Liberal Democrats appear to be opposed to patient choice, but he did talk about public health.

The Secretary of State did not talk about public health very much. In particular, he did not give us the opportunity to ask him why he supposes that, in a recent survey of doctors published in "BMA News", 78 per cent. of those who responded said that they were not confident that the Government could or would achieve significant improvements in public health. That is exactly why my hon. Friend the Member for South Suffolk and other colleagues put improvements and a

[Mr. Lansley]

new strategy for public health at the forefront of our policies—there is no confidence in the Government on that matter.

Mrs. Calton: One thing that the hon. Gentleman failed to note is that my hon. Friend the Member for Sutton and Cheam (Mr. Burstow) asked where the £1 billion of dead money for the patients passport is. I should be grateful for an answer.

Mr. Lansley: I should be glad to answer the hon. Lady, who at least had the patience to listen to the whole debate, but I confess that I do not remember the hon. Gentleman saying that. I must have been in the midst of a rather dull debate. Since the hon. Gentleman had nothing to say about his own policy, however, I shall not bother to say too much. If the hon. Lady wants to chide us about policies, she might like to remind the House that in the debate on foundation hospitals she was against the principle of those hospitals, but when challenged on the fact that in her constituency she supported Stockport district general hospital, which I have visited, in becoming a foundation trust, she said, "Well, of course, in the Liberal Democrats, one changes one's principles according to the circumstances."

Mrs. Calton: Will the hon. Gentleman give way?

Mr. Lansley: No, I have given way to the hon. Lady once, and that is enough.

The hon. Member for Luton, North (Mr. Hopkins) told us a little about his views on the Budget, which should worry the Chancellor because, basically, that consisted of agreeing with the Chancellor that his borrowing an enormous amount of money was a good thing and, if there was one criticism, it was that he was not going to put the price of alcohol up by 10 per cent. I am not sure how that will go down in Scotland, and with the Scotch Whisky Association.

My right hon. Friend the Member for South-West Norfolk (Mrs. Shephard) departed from the subject of health to tell us some very important things about biofuels. If I may, I will simply say that, from my perspective in East Anglia, I share her view of the importance of giving credibility to the Government's acceptance of the EU biofuels directive and their commitment to 2 per cent. biodiesel by 2005, and the necessity of showing how those targets will be achieved.

The hon. Member for Plymouth, Sutton (Linda Gilroy) told us about Derriford hospital and went into the subject of payment by result, which I hope Ministers will take note of. I must confess, however, that I would be surprised if she got much of a reception among her colleagues for her criticism of the market forces factor, since that is one of the components of a distribution factor that so benefits the constituencies of Labour Members as compared with the way in which NHS resources are distributed among Conservative Members' constituencies.

Linda Gilroy: Will the hon. Gentleman give way?

Mr. Lansley: No, I do not have time. I must respond to the points made in the debate.

My hon. Friend the Member for North-East Bedfordshire (Alistair Burt) made some very important points, and I want to echo two of them. The first was about the GP contract. I know from correspondence with Bedfordshire Heartlands PCT that it is concerned about where the money will come from. That concern has recently been reflected in "Health Press". The cost to the trust of running an out-of-hours service is to rise from £1 million to £1.9 million, and the Government's proposals, including the recent announcement by the Minister of State, Department of Health, the right hon. Member for Barrow and Furness (Mr. Hutton), will only take it to about £1.5 million, so it is looking at finding £400,000 from somewhere to maintain the service.

On a positive point, I shall not chide the Minister of State because I hope that he will be able to deliver for my hon. Friend on the subject of the Primrose appeal and the associated costs. I leave that with him. We will thank him if he is able to deliver satisfaction for the appeal by turning charitable donations not into tax but into the cancer centre for which they were subscribed.

My right hon. Friend the Member for North-West Hampshire (Sir George Young)—*[Interruption.]* It is all very well the Secretary of State not listening to me speak—I am used to that—but neither he nor any of his colleagues at the Department of Health came to hear my right hon. Friend speak. They would have learned a great deal had they done so, and I recommend that they read his speech tomorrow, because it illustrated the problems that are being experienced in the areas represented by Conservative Members. Deficits of more than £20 million are reported in Hampshire and Isle of Wight strategic health authority and in the Surrey and Sussex strategic health authority, and similar deficits are anticipated at the end of December in the Norfolk, Suffolk and Cambridgeshire strategic health authority. Then—lo and behold—came the hon. Member for Newcastle-under-Lyme (Paul Farrelly) to say that no deficits were reported in his area. Well, that is a surprise. I wonder how that happened.

My right hon. Friend the Member for North-West Hampshire also made it clear that the Secretary of State had managed to come to the Chamber and give a speech about health but not talk about all the things that people working in the health services are talking about. They are talking about NHS IT, GP contracts, consultants' contracts, the European working time directive, payment by results, the tariff, and foundation trusts, but the right hon. Gentleman mentioned none of those subjects. People in the NHS might wonder why he omitted them from his speech, but we do not. He missed out all those things because they are problems, and the Secretary of State did not come here to dwell on the problems. He came here to talk about our policies, not about his.

My hon. Friend the Member for North Dorset spoke about the problems that his constituents are experiencing, and my hon. Friend the Member for Reigate (Mr. Blunt) referred to the European working time directive. The hon. Member for Newcastle-under-Lyme—I am sorry to mention him again—spoke about Keele university and all the additional medical students training there. Well, good—they will be needed, because the BMA estimates that if Labour Members of the European Parliament, who voted to get rid of the opt-

out from the working time directive, have their way, by 2009 we will need 9,900 more junior hospital doctors to cope with the demands of that directive. Those demands will hit us this August, and they are causing many in the NHS real concern.

My hon. Friend the Member for Fareham (Mr. Hoban) referred to relocation issues—I suppose that last Wednesday's announcement of 1,000 jobs to be lost to his area hit like a Titchfield thunderbolt. He also spoke about lack of accountability in planning and housing in the south-east and the east of England. I entirely share his view: that is a disgrace.

I have referred to the hon. Member for Newcastle-under-Lyme sufficiently. My hon. Friend the Member for Bury St. Edmunds (Mr. Ruffley) reminded the House that only the Conservatives can offer the real structural reforms that are required. My hon. Friend the Member for Mid-Worcestershire (Mr. Luff) drew our attention to the tax increases that already appear in the Red Book, quite apart from the further tax increases that will be required if the evidence of revenue shortfalls and overruns in borrowing is accurate. My hon. Friend the Member for Spelthorne (Mr. Wilshire) quoted personal experience of the effects on the NHS in his constituency, which comes within the North West London strategic health authority—

Mr. Wilshire: Surrey and Sussex.

Mr. Lansley: The Surrey and Sussex SHA, which also covers the constituency of our hon. Friend the Member for Reigate and which anticipates deficits of more than £20 million.

The debate was pretty much a walkover. We know what the link between the NHS and the Budget is. As my hon. Friend said, the Chancellor is in the casino; he is playing not with his own chips, but with ours, and he looks like he might lose. When he cannot manage the risks, who will take the losses? It will be the NHS that has to pay. Just as we have seen him do in the past, the Chancellor will make promises on which it is impossible for him to deliver. The Conservatives have the policies that will ensure that we can support the NHS with the resources that are required to improve health care to the standard that we need, and those resources will not be prejudiced by future demands for additional taxation or a collapse in the public finances. Only under the Conservatives can the NHS be safe.

9.44 pm

The Economic Secretary to the Treasury (John Healey): We have had a good debate. I shall do my best to deal with the points that have been raised in the time that is left to me, which will be less than the time that was available to the hon. Member for South Cambridgeshire (Mr. Lansley). I shall pay particular attention to those who contributed to the debate and still remain in the Chamber.

A central fact at the heart of the Budget statement and this debate is that since 1997 Britain has sustained growth through not one but two economic cycles. Since 2000, our growth has outperformed the EU area, Japan and even the United States. Since 1997, Britain is the only developed country that has grown in each and every quarter in spite of the recent world downturn, and in spite of our record, which was that Britain was usually first in and last out and suffered more in any world downturn that we experienced.

On Wednesday, my right hon. Friend the Chancellor of the Exchequer confirmed that last year the British economy grew by 2.3 per cent., meeting the Treasury's expectations and confounding the predictions of Opposition Members and many individual commentators. It was only in November 2003 that the shadow Chief Secretary to the Treasury said:

"There are now growing threats to growth and stability."

In April last year, the then shadow Chancellor and now Leader of the Opposition said:

"The Chancellor has misrepresented Britain's economic prospects in the past and he is now once again being less cautious than independent experts."

In addition to sustained growth, we have had the lowest inflation for 30 years, the lowest interest rates since 1955 and the lowest levels of unemployment since the 1970s. Britain is closer to full employment now than it has been for a generation. New unemployment figures published on the day of the Budget show that since 1997, 1.8 million extra jobs have been created in the British economy, with 1.3 million in the private sector.

This economic position is supported—it will continue to be supported—by the fiscal discipline that is at the heart of our strategy for long-term stability. We have met our fiscal rules. In addition, debt this year is just 33 per cent. of national income. Net borrowing is 2.4 per cent. of GDP and falling over the forecast period. Both figures are lower than in the past, and both are lower than the rates of our major competitors in the industrialised world. The challenge now is to combine this new confidence in Britain's economic potential with a new determination to make the long-term reforms and investment that will secure stability and growth for the future.

My right hon. Friend the Chancellor of the Exchequer set out in the Budget some of the necessary investments that we have to make in science, education, skills and enterprise in our country's wealth-creating and job-creating base. He made it clear that he will not neglect the need for long-term investment and will impose an annual balanced budget rule. A policy in contradiction of that, whether imposed by a future Government or by a rigid interpretation of the European stability and growth pact, would repeat the mistakes of Britain's stop-go past and put at risk our stability and growth. It would be a return to stop-go for the economy and a go-stop for public services. My right hon. Friend the Member for Darlington (Mr. Milburn) and the hon. Member for Sutton and Cheam (Mr. Burstow) made the link between a sound economy and strong public services much clearer in their contributions.

My right hon. Friend the Member for Darlington said that health investment performs an economic function. He added that NHS reforms have delivered health benefits and economic benefits. He went on to say that the same is true in spades for education and child care. That is why the debate has been dominated by public service spending plans. At the same time, it is an essential part of the debate about Britain's economic management and prospects for the future.

The hon. Member for South Suffolk (Mr. Yeo) made what he termed an important announcement. He said that a future Tory Government would not introduce tax

[John Healey]

relief on private health care insurance. That is the unmistakeable sound of a hasty retreat. It is the unmistakeable sign of a policy that is at sixes and sevens. Neither the hon. Gentleman nor the hon. Member for South Cambridgeshire answered the challenge of my right hon. Friend the Secretary of State when he asked, given the patient's passport plan, how could they honour the pledge that was made this afternoon that there would be equal access to all in the NHS, free at the point of delivery.

Let us be clear: the plans for health and the health passport would take money out of the NHS to subsidise the private health care industry. It would be used to help the privileged few to jump the queue. Most hard-working families could not afford the £8,000 that they would need to find for a heart bypass operation. They would not be able to find £5,500 for a knee operation, or £4,000 for a hip replacement operation. It is a plan to promote private health care and it would end an NHS free at the point of use—that is what the hon. Member for South Suffolk espoused as the new Conservative path.

Pupil passports were mentioned in the debate, and Conservative spokesmen are at sixes and sevens over that policy too. On 22 February, the shadow Chancellor said that the money for pupil passports could be used for "cheap private schools" and that parents could top it up. Over the next fortnight, that was confirmed, repudiated, reconfirmed and repudiated again. On 11 March, the shadow Chancellor ruled out using the passport at fee-paying schools. Five days later, the hon. Member for South Suffolk said that parents could spend the passport at fee-paying schools, but could not top it up. The policy has changed half a dozen times in half a dozen weeks, so can anyone be confident that it is not about to change again? It is clear, however, that money will be taken from mainstream schools to subsidise the private education sector and help the privileged few at the expense of every other pupil and student.

I shall pass over the contributions of the hon. Member for Sutton and Cheam, who is not in the Chamber, and of my hon. Friend the Member for Luton, North (Mr. Hopkins) who, sadly, is no longer in his place. He welcomed the public investment, and I know that he will warn his constituents of the jeopardy to transport and the other things that he mentioned if the Opposition should ever assume office. The right hon. Member for South-West Norfolk (Mrs. Shephard) takes a special interest in biofuels, and she makes sure that I do too. I appreciate her welcome for the Budget measures that she described as positive. I accept that she wants us to go further, but she will welcome the confirmation in the Budget that we are prepared to consider and consult on a biofuels obligation. The right hon. Member for Fylde (Mr. Jack) and my hon. Friend the Member for Sherwood (Paddy Tipping) will do so too, and I look forward to further representations from the right hon. Member for South-West Norfolk and the all-party alliance that she has established.

The hon. Member for North-East Bedfordshire (Alistair Burt) was poetic about the undisturbed peace in Biggleswade last week. I am glad that he welcomes the extension of the VAT scheme as a zero rate on the repairs of listed churches. He was concerned about the Macmillan Primrose appeal, and asked me to investigate. In recent months, I have been much more heavily involved in the issue than he might expect, and I can confirm that the Government have given a commitment that the NHS will meet the VAT costs of projects deemed to be priorities of local cancer networks.

The right hon. Member for North-West Hampshire (Sir George Young) wanted a stronger link between NHS investment and improvements in the service—a point to which I shall return. He asked about photodynamic therapy for people with macular degeneration. I suspect that he knows that the National Institute for Clinical Excellence issued guidance in September, and in the same month the Department of Health issued guidance to vary the usual three-month funding directive because of the need both to expand services for those patients in a planned way and to recruit and train staff across the country.

The hon. Member for North Dorset (Mr. Walter) raised the case of a constituent and funding for his treatment. It is impossible for me to respond, but I am sure that my right hon. and hon. Friends from the Department of Health will consider it, along with the comments of the hon. Member for Spelthorne (Mr. Wilshire), who made a heated contribution about the position of his local NHS trust. The hon. Member for North Dorset complained about the operation of NHS Direct, but last year it received more than 6.3 million calls—almost three times the number of calls it received three years ago. Increasingly, it is gaining the support of patients and the medical professions, and it is part of the reformed service delivery that we need in future. He tried to use detailed figures to argue that the Budget showed that the Government will break the golden rule and that it confirmed tax rises in future.

The hon. Member for Bury St. Edmunds (Mr. Ruffley) tried to do the same. I say to them both that precisely the opposite is true. We have kept every promise that we have made on tax and we will continue to do so. We have met the fiscal rules that we have set and will continue to do so. We have set out our commitments to invest more in public services. We have shown that they are fully funded, and they are fully funded on the cautious case that one would expect of a Government.

The hon. Members for Reigate (Mr. Blunt) and for Bury St. Edmunds commented on productivity in the NHS. The definition of productivity is narrowly focused on what consultants do, and they make up only 7 per cent. of what the NHS does. I remind hon. Gentlemen that in March 1997 over 30,000 patients were waiting more than 12 months for treatment. At the end of January this year the figure was 36.

My hon. Friend the Member for Birmingham, Hall Green (Mr. McCabe) mentioned coalmine methane, and I will consider the points that he made. I remind him that we have already exempted the generation of electricity from coalmine methane sources from the climate change levy, and we have put in place an unprecedented level and length of support to underpin the renewables obligation.

Despite the Opposition's efforts to run down the improvements, our past investment in health was demonstrated by the practical changes that my hon.

Friends the Members for Plymouth, Sutton (Linda Gilroy) and for Newcastle-under-Lyme (Paul Farrelly) described in their constituencies. Every Member of the House can see that progress is being made in their constituency. In my own area in South Yorkshire there are 1,170 more nurses attending to patients in the NHS now than there were in 1997. Our investment in health nationally has already led to an increase of 67,500 nurses and 19,000 doctors since 1997. We have funded the largest ever hospital building programme, improved GP premises, increased the number of beds and decreased waiting times for operations and emergency care. In answer to the hon. Members for Reigate and for North-East Bedfordshire, I point out that last year elective admissions increased 21 per cent. on 1997. That is equivalent to almost 1 million extra hospital admissions. That is no trifling increase in output, as the hon. Member for Reigate suggested.

In the Budget we have allocated an additional £100 million to NHS research and development. I am glad the hon. Member for South Cambridgeshire (Mr. Lansley) welcomed that. Together with increases to the Medical Research Council, we expect the increase to exceed £150 million per year.

On education, we have announced in the Budget £8.5 billion extra for UK education in 2007–08 compared with 2005–06—an average annual increase of 4.4 per cent. in real terms across the 2004 spending review period. There will be more bad news for the education sector if the Tories get in. Andrew Neil asked the shadow Chancellor the day after the Budget whether he would match the extra spending on education. The answer:

"No, we'll stick with our plan."

We have outlined proposals to boost productivity and growth in the economy through a new deal for skills and a 10-year framework for investing in the UK's science and innovation base. Any serious debate in the House or in the country must set out these Labour commitments alongside the plans of the Opposition. The shadow Chancellor has made it clear that he would impose a two-year cash freeze, which means a 5 per cent. real-terms cut. We look forward to hearing how his Front-Bench colleagues will explain to local councils the projected cut of £2.4 billion, how they will explain to those who need child care the projected cut of £340 million, even before the new Budget announcements were taken into account, and how they will explain to those who are most impoverished and most needy across the globe, and to those who try to help them through international development, the projected cut of £229 million.

The shadow Chancellor has committed the Tories to 5 per cent. cuts in the law and order budget. That is the equivalent of sacking 1,300 police officers. At a time when we are stretched in Iraq, Afghanistan and Kosovo, he has committed them to cut the defence budget by 5 per cent. in real terms. It is not just that they leave us defenceless at a time when we need defence, insecure when we need security and weak when we are in troubled times. It is worse than that. All the major investments we need for the future, they would cut. The very drivers of prosperity would be cut—science cut, skills cut, transport cut, apprenticeships cut, university places cut, further education courses cut and workplace training cut. This Budget and this Budget debate make clear the choice before the British people: cuts, charges and privatisation under the Tories—

It being Ten o'clock, the debate stood adjourned.

Debate to be resumed tomorrow.

COMMITTEES

Foreign Affairs

Ordered,

That Richard Ottaway be discharged from the Foreign Affairs Committee and Mr Andrew Mackay be added.—*[Mr. John McWilliam, on behalf of the Committee of Selection.]*

Treasury

Ordered,

That Mr David Ruffley be discharged from the Treasury Committee and Mr David Heathcoat-Amory be added.—*[Mr. John McWilliam, on behalf of the Committee of Selection.]*

Longlevens Post Office

Motion made, and Question proposed, That this House do now adjourn.—*[Paul Clark.]*

10 pm

Mr. Parmjit Dhanda (Gloucester): There can be few occasions on which a Member of this House relishes being forced to rewrite his or her speech just hours before a debate. This, however, is such an occasion. It is also an occasion that has taught me something about the strength of this Chamber and of Adjournment debates, and about the difference that they can make. I have had to amend my speech several times during the day because of the negotiations that I have been in with the private sector today. I shall elaborate on that and on the effect of those discussions, which have been very positive with regard to issues that affect my constituency.

Five hours ago, my constituents in Longlevens were despairing at the prospect of losing their local post office. I shared their anger about the way in which they had been treated. I knew how important it was to save that vital service, so in recent weeks, I have worked with local people in Gloucester, organising petitions, meeting them in Parliament and even raising the matter with the Prime Minister two weeks ago in Prime Minister's Question Time.

This evening, we took several steps forward towards achieving a result, although we still have some way to go to resolve the issue totally. I would like to take this opportunity to explain the background to the situation, to discuss the points still to be resolved and to seek the Minister's advice on the wider issues raised by the recent controversy in Longlevens in my constituency. It is a controversy from which I believe that there is a great deal to learn, and my experience of today shows that some learning is going on at the present time as a consequence of the experience.

In recent years, it has become a commonplace that communication has been transformed somewhat by innovation. For many of us, air mail has been replaced by e-mail and the lick of a stamp has been superseded by the click of a mouse. In such circumstances, it can be all too easy to forget the importance of our local post offices. The residents of Longlevens in my constituency value their local post office enormously. Unfortunately, that service was recently put in great danger. The licence for the Longlevens branch has very recently been acquired by Tesco, which gave just three months' notice that it intended to close the branch to create more space in its local store. My constituents in Longlevens are unhappy about the way in which the decision was taken, and so indeed am I. I am also concerned about the wider implications of closing the post office in terms of the national picture, and I hope that the Minister will be able to elaborate on that point.

That is why my office and I were so pleased this evening when I received the latest fax from Tesco; I have had two faxes during the day. It has now said that it will not shut the post office on 8 May, as it had originally intended. It has made this promise:

"it will remain in the One Stop"

store

"while we search for a new location."

Of course, there is still much more to be done, and a new location in Longlevens must still be found, but I welcome this significant step forward by Tesco.

I shall elaborate on that letter, which contains three key concessions made today. First, Tesco says:

"Following our conversation earlier today . . . the resignation date of 8 May has been withdrawn."

I certainly welcome that.

Secondly, on a financial level, Tesco says:

"We understand that the cost of relocation may be deterring some of those who might consider taking on the relocated post office business. To overcome this, we have agreed with Post Office Ltd. an alternative arrangement whereby the contract transfers directly from Tesco to the new business. This would enable Tesco to significantly reduce the potential cost of relocation—we will not seek any goodwill payment for transferring the post office as a going concern and will contribute to the cost of physically relocating the post office."

I also welcome that.

Equally significantly, Tesco made a third concession hours before this debate, when it said:

"In order to maximise the opportunity for a post office to be transferred, it will remain in the One Stop"

shop

"while we search for a new location."

I welcome all three concessions.

It may help if I go into further detail about the issue in Gloucester. In January 2003, Tesco purchased the T and S Group, which owned 318 stores containing post offices nationally. Although it stated that it would retain many of those post offices, reports suggest that up to 100 of them could close. It promised that it would give six months' notice wherever possible before closing a post office. In the case of Longlevens, however, it decided that it would only give three months' notice.

I say to Tesco, "Why the rush?" Post Office Ltd. is due to publish its area plan in the third quarter of this calendar year detailing the need for local post office provision in Gloucester. Tesco pre-empted the plan by deciding to close Longlevens before it saw what the plan had to say. It also failed to seek the views of local people, who were utterly dismayed by the total lack of consultation. Indeed, the public interest did not seem to feature in its initial calculations.

In my view, that is evidence of a wider lack of strategic thinking about the future of post offices in Gloucester and a lack of effective co-operation between Post Office Ltd. and Tesco. This incident, and others like it, threatens to undermine the Post Office Ltd. urban reinvention programme. Under the programme, the Oxstalls branch, which is also in Longlevens, was recently closed. Since Longlevens is just 0.9 miles away from the Oxstalls branch, it was subsequently designated as a "receiving branch", but now it, too, is threatened by closure, and its future remains uncertain. Post Office Ltd. is obliged to ensure adequate provision for customers in this area. If two neighbouring branches close within months, how can that obligation possibly be kept? The simple answer is that it cannot.

The closure seems to have surprised Post Office Ltd. as much as it surprised me and, indeed, everybody else. The situation could be exacerbated further because of uncertainty about the future of the nearby Barnwood post office. A planning application has been submitted

that would involve the Barnwood site being knocked down to build flats. The operator of a nearby filling station has, however, indicated its willingness to take on the post office in Barnwood on its own site, but it is reluctant to do so until Post Office Ltd. has clarified its views on the future of services in the area plan, which will not be ready until autumn this year.

As a consequence of that, it is not inconceivable that one 12-month period could see the closure of Oxstalls, Longlevens and Barnwood post offices, resulting in a massive gap in post office provision in the north and north-east of my constituency. If one draws an imaginary circle with a 1-mile diameter around the Barnwood post office, as I have, one will see that the community that it serves includes part of the Elmbridge and Longlevens communities, which would be hit again.

In those circumstances, it is not surprising that the local community in Longlevens has come together in opposition to the plan. I cannot overemphasise to my hon. Friend the Minister how strongly local people feel about this. Thousands have signed petitions such as those organised by me and by *The Citizen* newspaper, and many more have phoned BBC Radio Gloucestershire, particularly the Mark Cummings mid-morning show—all calling on Tesco to think again. Tesco's letter demonstrates that it has listened, to some extent, and I welcome the dialogue that it now seems willing to take part in.

The closure of any post office will cause unhappiness among its users, but I think that I have shown that the situation in Longlevens is particularly serious. Since neither you, Mr. Speaker, nor my hon. Friend the Minister have, to my knowledge, had the privilege of visiting Longlevens—although you are both welcome at any time—I want to talk a little more about the community there. Longlevens is a thriving neighbourhood with between 8,000 and 9,000 residents. On the same street as the post office is a wide range of shops, including the Co-op supermarket, a bakery, a pharmacy and a greengrocer. As the Post Office itself would agree, the post office is not an isolated, struggling service that cannot be justified economically or socially, but in many ways the hub of its local community.

Longlevens post office is especially valued by local pensioners. More than 22.8 per cent. of the population is aged over 60—that is higher than the average for Gloucester, which is in turn higher than the average nationally. Many of those pensioners are worried that they will no longer be able to rely on having such an important amenity at a close walking distance. Can we really expect them to walk several miles once or twice a week to what will, for some of them, be an unfamiliar part of town? The benefits that they derive from the post office do not relate solely to the transactions that are processed there. For many lonely senior citizens, a weekly or twice-weekly visit to the post office and other nearby shops is an important means of maintaining social contact with others.

That point was well made by my constituent, Jackie Dee, who runs the greengrocers two doors from the post office, and who visited Parliament with her family a fortnight ago on Wednesday. Jackie and her family feel a strong sense of duty towards their local community. They know their customers well and provide them with a valued service and friendship. It is their friends and customers who will lose out as a result of the closure of the local post office. To rub salt into their wounds, Sir Terry Leahy, Tesco's chief executive, told one of my constituents—presumably in a circular letter or round robin—that the post office counter would close to provide space for a much wider range of fruit, vegetables and healthy eating options. But residents can already get that at the greengrocers run by Jackie Dee just two doors away from the post office, as Tesco could easily have discovered with a little local research—what residents want is a post office.

What can be done about the situation? In recent weeks, I have engaged constructively with local people, Tesco, Post Office Ltd. and Postwatch, which has been very helpful. It would be foolish to make any decision on the future of the post office in Longlevens until POL has published its area plan. After all, that document will provide the context for taking strategic decisions about the future of post offices.

I therefore asked Tesco to defer a final decision until the area plan was made available. Until earlier this evening, the last trading date was set to be 8 May. I asked Tesco to postpone that and give the people of Longlevens the same extensive period of notice as it gave other post offices that it intended to close elsewhere. I welcome its response, which was made only hours before the debate. I also seek a specific guarantee that Tesco will not close the post office until an alternative location has been found and is ready for business. The guarantee, "while we search" in the letter should ideally read, "until we have found" a new location.

I understand that the Co-op has shown an interest in taking over the local branch from Tesco and would keep it in Longlevens. A local church and shops are also being pursued as possible relocation options. I should be grateful if the Minister encouraged Post Office Ltd. to take into account, when drawing up its area plan, the uncertainties surrounding the future of the post offices in north-east Gloucester. It should take all necessary steps to meet its obligation to ensure adequate provision for customers in Longlevens.

The people of Longlevens have made a strong case for keeping a post office in a central location in the neighbourhood. We know that such a post office is economically justifiable as well as socially desirable. Post Office Ltd. would agree with that. We know how hard local people are prepared to work to ensure that their voices are heard. We also know the Government's commitment to investing in strong communities. I therefore hope that if we all—the Government, the Post Office, Tesco and, most important, local people—work together, we can save the service and ensure that Longlevens remains a thriving community and a great place to live.

I confess to being a Tesco cardholder, like many people in Gloucester. I shop at the Tesco store on the cattle market site in my constituency at the weekends. I have held street stalls there; the staff are always friendly and accommodating. That also applies to the staff at the Quedgeley Tesco supermarket, where I have held many surgery sessions. They have been helpful in the past and I am sure that they will be again in future. That is why I believe that it is important that Tesco works with the local community and retains a good relationship.

[Mr. Parmjit Dhanda]

Headlines such as "Church attacks Tesco on Post Office closure" and "Boycott threats over closure plans" in *The Citizen* demonstrate the strength of local feeling on the issue. I intended to say, "By at the very least extending their date of notice until we can secure an alternative site for a post office in Longlevens, Tesco can help redeem itself", but it has already gone a long way towards doing that today. In many ways, it is a shame that it has taken until today for that to happen, but I welcome the decision none the less.

I hope that Tesco will now work with Post Office Ltd., Postwatch and local communities on the reinvention programme to stop the same thing from happening around the country. Earlier today, I was informed of similar incidents in Aylesbury and Swindon. As a result of Prime Minister's Questions and the Adjournment debate, I am conscious that Longlevens has the most famous post office in the country. However, all I want is to ensure that the community continues to have a post office. I am determined that we will succeed.

10.19 pm

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): I congratulate my hon. Friend on securing this debate and, as we have heard, on the developments for which this debate has provided a catalyst. I am grateful to him for letting me know the concerns that he wanted to raise, which gave my officials an opportunity to make some urgent inquiries today.

My hon. Friend spelled out clearly the importance of good access to the local post office, and he highlighted the implications of Tesco's intention to remove the post office from its store at Longlevens. Of course, Tesco's decision is a commercial matter for the company. It does not stem directly from Government action, but I recognise the uncertainty that it has placed in the minds of my hon. Friend's constituents, and I want to respond to a number of the important points that he has made. We all share concerns about the future provision of post office services in our constituencies. The Government are fully committed to maintaining a viable nationwide network of post office branches.

The Post Office is undertaking a restructuring programme of its network in urban areas. I have responded in a number of debates in this Chamber and in Westminster Hall to hon. Members who are anxious to make sure that the rationalisation of post offices in their areas does not disadvantage their constituents. Recently, I have heard from a number of hon. Members who are concerned, like my hon. Friend, about Tesco's intentions for post offices within its stores. Tonight's debate will help to clarify what is going on and, I hope, help to alleviate some of the current uncertainty.

The Longlevens post office has not been proposed for closure under the Post Office Ltd. urban post office reinvention programme. It is necessary to draw the distinction that a removal from a Tesco store does not equate to a permanent closure of a post office if the service can continue, as my hon. Friend has argued, from somewhere else nearby.

My hon. Friend rightly made the point that Tesco acquired the T and S group chain of stores at the end of 2002. Tesco took over the post office contracts for the individual sites and is reviewing how many of those post offices will be retained. The group includes stores trading under the One Stop and Dillons names, containing 318 post offices, as he said. I welcome Tesco's assurance that it will work closely with the Post Office when reviewing its stores with post offices.

Mr. Dhanda: Is there not a point to be made about tying in consultations with urban area plans as well as post office reinvention?

Mr. Timms: My hon. Friend is quite right.

Discussions have been held between Post Office Ltd. and Tesco. Tesco undertakes site-by-site review, and in a minority of locations where it chooses to establish a Tesco Express format, and where the site is consequently not large enough to continue to operate a post office branch, the company may wish to end the post office contract. To date, Tesco has confirmed that it intends to remove post offices from 37 stores that are to be converted to the Tesco Express format. It has also confirmed that it will retain around 260 post offices that operate from former T and S stores, including more than 200 in existing One Stop and Dillons stores and another 50 or so in those that are converted to Tesco Express stores.

On that basis, I can confirm that the figure suggested by my hon. Friend—that about 100 post offices might go—is certainly too large. On the basis of the information that Tesco has given me, the number will be significantly less. It will not be more than 58, I think, and a decision has so far been made on only 37.

Mr. Dhanda: Will my hon. Friend give way?

Mr. Timms: I must continue in order to make sure that I put on the record points that will be of wide interest in the House.

Any decision by Tesco to terminate its contract and to remove a post office from one of its stores is, of course, a commercial matter for the company. But I know that the House would join me in urging Tesco to give careful consideration to the effect on its customers of such a decision.

The history of the post office network can be traced back as far as 1635, and it has always been reliant on private business people to operate outlets. The vast majority, about 97 per cent., of the more than 16,000 post offices around the country are run by private business people, either by individual sub-postmasters or by chains such as Tesco. Typically, 10 per cent. of the offices in the network change hands from a resigning agent to a new agent each year.

My hon. Friend pointed out that the last day of trading for the Longlevens post office was to be 8 May, but Tesco made it clear today that that planned date no longer applies. Like my hon. Friend, I welcome that announcement.

To facilitate the relocation of post office services in Longlevens, Tesco has agreed with the Post Office that the contract can be transferred directly to a new partner, the costs of relocation being met by Tesco. Those arrangements should provide the best possible chance of relocating the post office locally, in line with the hopes expressed by my hon. Friend. I welcome Tesco's more flexible approach, and pay tribute to my hon. Friend for the energetic and, as we have heard, effective way in which he has pursued his constituent's interests.

My hon. Friend mentioned that the local Co-op might be interested in taking on the service. These matters are of course commercially confidential, but I am certain that the company will ensure that my hon. Friend is notified of the resolution as soon as one has taken place.

Tesco had given three months' notice of its intention. That is the time required by sub-postmasters' contracts, and it applies equally to either side. Where Tesco wants to remove a post office branch from one of its stores, it has committed itself, where possible, to giving twice that period of notice—six months rather than three. I hope that it will keep to that commitment in future cases, because the additional time will give the Post Office a better opportunity to review the need for an office and find alternative partners to continue to offer post office services where the need remains. Tesco's commitment to delaying the removal of the Longlevens office from its store and to work to ensure a smooth transfer of the business should be applauded.

To its credit, Tesco has committed itself to helping the Post Office to maximise the prospects of a successful relocation of post offices that it can no longer accommodate in stores converted to the Tesco Express format where the Post Office needs to retain a post office in the area. It will work actively with the Post Office to find alternative individuals or businesses keen to operate the post office nearby.

I hope that it is clear from what I have said that the proposed closure of Longlevens post office is not connected with the urban reinvention programme, but I shall say a little about that programme in the context of this debate. My hon. Friend has already seen a number of post office branches in his constituency close, as he has said. The aim of the programme is to address over-provision in many urban areas and to establish a network of offices that fits the level of business now available.

Mr. Dhanda: Will my hon. Friend give way very briefly?

Mr. Timms: I do not think I can. There are a couple of points that I want to put on the record.

I understand that Tesco has been made aware of the general time scale in which the Post Office is scheduled to produce its urban reinvention programme area plans, and where possible it will try to co-ordinate with the Post Office. I gather that in the case of my hon. Friend's constituency, the Post Office expects to do that in July or August. If, as in this instance, Tesco has reviewed a particular location, wants to end its contract and has advised the Post Office before the drawing up of the urban reinvention programme area plan, the Post Office can take a view, within its overall urban reinvention planning, on whether a post office branch is needed in that location. I think that that reflects my hon. Friend's hope that the two exercises can be brought together.

Although the review of Gloucester is not due for some months, the Post Office has said that it aims to ensure continued service for the customers of Longlevens. As my hon. Friend said, the branch there was itself suggested as an alternative for customers of the Oxstalls branch, and the company is seeking an alternative partner in the vicinity. In other areas where Tesco decides to remove a post office from one of its stores and there is a need for the service to continue, the Post Office will work to replace the branch nearby. It has given an assurance that in such cases it will not view a decision by Tesco to remove a post office as any kind of blanket opportunity to close branches, over and above those being handled via the proper urban reinvention process.

My hon. Friend talked of the possible threat to Barnwood post office. The Post Office is aware of the planning application for redevelopment of the Barnwood post office site, but I understand that no notice of termination of the contract or resignation of the sub-postmaster has been submitted. It will consider—

The motion having been made after Ten o'clock, and the debate having continued for half an hour, MR. SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at half-past Ten o'clock.

House of Commons

Tuesday 23 March 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES BILL *[Lords]*
Read the Third time, and passed, with amendments.

Oral Answers to Questions

DEPARTMENT OF HEALTH

The Secretary of State was asked—

Patients Choice

1. **Lynne Jones** (Birmingham, Selly Oak) (Lab): If he will make a statement on the involvement of private sector providers in his proposals for patients choice. [162775]

The Secretary of State for Health (Dr. John Reid): The national health service is expanding as never before and in addition, as we promised in our manifesto, independent sector providers are supplementing this expansion and helping to deliver increased capacity and choice.

Lynne Jones: Do the Government have any plans to make it mandatory for treatment with a private sector provider to be included in the choices to be offered to patients? If so, why?

Dr. Reid: The whole point of choice is that patients can choose from a range of options rather than being dictated to in what choice they make. We made it absolutely plain in our last manifesto that, in addition to expanding the national health service at an unprecedented rate, we would also supplement the investment and increase capacity and reform by purchasing operations from the private—the independent—sector. That has had the salutary effect of providing a degree of choice and additional capacity in the national health service. Our approach is always to be at the behest of patients rather than dictating to them where they should place their choice.

Mr. Michael Fallon (Sevenoaks) (Con): Is the Secretary of State aware that my constituent, Mr. Evershed of Swanley, was told by the NHS last week that he would have to wait 72 weeks for a scan? If that is the best that the NHS can do after all these extra billions, surely the sooner the right hon. Gentleman gets some private sector help organised, the better.

Dr. Reid: I obviously do not know about the case of that constituent, and it is no good the hon. Gentleman waving a piece of paper at me—that does not enlighten me much more. If what he says is happening, the wait is far too long; I agree with him entirely on that. That is why I hope he will agree that more investment should be put into the national health service. He may be interested to know that we are bringing in something like 400,000 more operations, and that 1 million more patients are being treated.

The maximum waiting time under the patients charter under the Government of whom the hon. Gentleman was a Minister was envisaged as being two years. When we came to Government, the maximum waiting time for an operation was 18 months. Now no one is waiting 18 months, 15 months or 12 months, and I hope that by the end of this month no one will be waiting nine months. In other words, we will have halved the maximum waiting time that was extended to patients by his Government.

Mr. David Hinchliffe (Wakefield) (Lab): I was talking to an NHS consultant a little while ago and he did not appear to need free NHS croutons. He told me that he was embarrassed by the amount of money my Government were paying him to treat in the private sector his NHS patients. "Embarrassed" was the word he used. When my right hon. Friend came to the Health Committee, he will recall that the Committee estimated that using the private sector through the concordat was costing the NHS on average 40 per cent. more per item of treatment. It subsequently came out that the figure was 43 per cent. How can my right hon. Friend justify the amount of money that we are paying some consultants? Bearing in mind his comments about additional capacity, if these consultants were not working in the private sector they could actually be doing more hours treating NHS patients in the NHS.

Dr. Reid: My hon. Friend is right—I do not justify the amount of money that we used to pay for operations in the independent sector. That is why we have stopped purchasing them in small amounts at spot prices. For instance, the recent purchase of 40,000 additional cataract operations from the independent sector will result in a huge reduction in waiting time and faster access. They will supplement the NHS. The price at which I am purchasing them is not 40 per cent. above the NHS tariff; it is 10 per cent. below. I envisage that the 250,000-plus operations that we will buy to supplement an expanding NHS will still be only 5 per cent.—perhaps a maximum of 10 or 15 per cent.—of NHS operations. Those operations will not be purchased at anything like 140 per cent. of the NHS tariff. Indeed, when the contracts are renewed, they will be at the NHS tariff or they will not be renewed.

Mr. David Tredinnick (Bosworth) (Con): In considering the private sector providers in the right hon. Gentleman's proposals for patients choice, will he bear in mind that most of the 60,000 practitioners of complementary medicine are still in the private sector? Does he agree that the report that his Department has

just published—and which is signed by the Minister of State, Department of Health, the right hon. Member for Barrow and Furness (Mr. Hutton)—"Regulation of herbal medicine and acupuncture: Proposals for statutory regulation", is a significant step forward and shows that the Government have finally accepted the importance of all forms of complementary medicine? Very soon, we will have a truly integrated health service that brings in all these practitioners. That will cut bills and make life a lot easier for the Secretary of State.

Dr. Reid: We need two things. We need the regulation of that sector because then we can extend patients choice on using elements of it. It is a huge step forward, together with the other steps that we are making in the national health service, and we go forward together.

I noticed that yesterday, for the first time in seven years, the Opposition acknowledged the progress that is being made. I congratulate the hon. Member for South Suffolk (Mr. Yeo), my opposite number, for saying yesterday that progress has been made to improve both the nation's health and the NHS itself. If the Conservative party publicly recognises that, there must be significant improvements.

James Purnell (Stalybridge and Hyde) (Lab): Does my right hon. Friend agree that we should not be ideological about using choice in the private sector? We should be neither ideologically against it nor for it, because the question is whether it improves the quality of services and equality of access to those services. In that respect, will he tell us whether patients who are offered the choice are exercising it? Will he especially examine transport and consider whether that is undermining some people's ability to exercise choice in the NHS?

Dr. Reid: I very much agree with my hon. Friend that the matter of principle is not who the provider is, but equal access to health care that is free at the point of delivery. That is what distinguishes this side of the House from the other. Conservative Members seem to operate on the principle that people can have choice provided they have enough money in their pockets to pay for half the operation. That is a scandal that would undermine the founding principle of the national health service.

The Department of Health is reviewing patient transport arrangements in the light of the social exclusion unit report "Making the connections". The review will ensure that the implications of choice are taken on board. The Department's guidance on choice at six months provides for patients to be offered transport free of charge, if required, to enable them to take up their choice of hospital. Once again, that represents equal access to improving health care that is free at the point of need and delivery. That is the founding principle of the NHS, and as long as I am Secretary of State and the Government are in power, it will be preserved.

Mr. Tim Yeo (South Suffolk) (Con): Will the Secretary of State confirm that such progress as has been made to reduce waiting lists and waiting times has been achieved largely through the greater use of the private sector? Now that the Government have belatedly recognised that meeting the needs of patients can be best achieved through promoting a mixed economy in health care, does he think that he might find it easier to persuade his Back Benchers of the merits of the proposal if it were the patient who decided whether to go into the independent sector, rather than a Minister or a public sector bureaucrat?

Dr. Reid: No, I cannot confirm that the progress is largely a result of the supplementary operations that we are purchasing. They are making a significant contribution, but I would not diminish in any way the reforms that have been introduced by the national health service itself and directly employed staff. The hon. Gentleman should remember that more than half of the new treatment centres that are dealing more efficiently with operations and increasing the output of health care have directly employed NHS staff. We must consider primary care, the activity that is now being done by general practitioners, out-patients, the fact that NHS Direct responds to some 6.3 million people, the new walk-in centres and the fact that nurses can now act as nurse consultants and nurse practitioners, because all those measures have been integral to the increased productivity of the NHS.

The hon. Gentleman made a big concession from the Opposition Front Bench last night by admitting for the first time in seven years that there have been significant improvements in the NHS, so I ask him please not to start to step back by saying that they are all attributable to the private sector.

Angela Eagle (Wallasey) (Lab): May I congratulate my right hon. Friend on the extra money that has gone into the NHS? The Clatterbridge centre for oncology has managed to cut waiting lists for radiotherapy treatment from 39 days to a mere 16 days because of investment that has created five new consultants, a 20 per cent. increase in staff, nine new Linex scanners and new technology that means that every hour for which the scanners are available in a day can be properly booked and used. That has led to a massive decrease in waiting lists and an increase in the quality of service for those who have cancer and need it to be treated in the Merseyside and Wirral area.

Dr. Reid: Indeed, attention to treatment for and the number of deaths from cancer when we came to power were, frankly, a scandal in comparison with the position in other nations. We are now spending about £570 million more a year on cancer alone and we have 30 per cent. more consultants. Professor Mike Richards, the national cancer director, announced a fortnight ago that 99 per cent. of people suspected of suffering from cancer are seen by a specialist within two weeks. That is light years away from the position under the previous Government. All that I can say is that the figures speak for themselves. In the 33 years since 1971 there has been a reduction in premature deaths from cancer of 22 per cent., almost half of which was achieved in the first five years of this Government's period in office, when there was a 10.3 per cent. reduction in cancer. If that is not a significant improvement in the national health service and the health of our nation, I do not know what is.

Cystic Fibrosis

2. **The Reverend Martin Smyth** (Belfast South) (UUP): What assessment he has made of the treatment required for cystic fibrosis. [162776]

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): Current treatment comprises physiotherapy and medication to counter infections, assist nutrition and improve lung function.

Rev. Martin Smyth: I thank the Minister for his answer. Does he agree that in cystic fibrosis week we should remember the society that worked for 40 years to develop understanding of the condition? The defective gene was discovered in 1989, but the society still needs help to care for 7,500 people on the register, with more being added daily. Does he acknowledge its attempt, over the next five years, to reach a target of £15 million to improve therapy, and what are the Government doing to assist?

Dr. Ladyman: The hon. Gentleman is quite right—this is a pernicious disease that is incurable at the moment. We need to go much further to develop new therapies for the disease, and gene therapies obviously give us the best hope of doing so. We recognise that through the genetics White Paper, with £2.5 million specifically intended for cystic fibrosis research. In addition, there is a further £4 million to improve researchers' access to the vectors necessary for research, £1 million to investigate the long-term safety of gene therapies, and £3 million for single gene disorder research, including research on cystic fibrosis. We therefore acknowledge the importance of that research, and are putting the money in to make sure that it happens.

Kevin Brennan (Cardiff, West) (Lab): My hon. Friend is right about the importance of research into single gene disorders such as cystic fibrosis and, indeed, Duchenne muscular dystrophy, on which there was recently an Adjournment debate to which he replied. Can he tell the House when he expects an announcement to be made on how the money in the genetics White Paper for single gene disorder therapy research is likely to be distributed?

Dr. Ladyman: I cannot give my hon. Friend a specific date, but an announcement will be made as expeditiously as possible in the not-too-far-distant future. He mentioned Duchenne muscular dystrophy, so he will be interested to know that as a result of the money that we are putting in and the Government's investment in gene research, more than half of the gene therapy research projects in Europe are now being carried out in this country.

Ann Winterton (Congleton) (Ind Con): I agree with the Minister and welcome the fact that treatment for cystic fibrosis over the past two to three decades has improved dramatically, ensuring longer life and a better quality of life for people afflicted with the disease. We also trust that research on genetic material from adult stem cells will result in better treatments in future. However, does he accept that early diagnosis is important to cystic fibrosis and other conditions?

Dr. Ladyman: I absolutely accept that early diagnosis is necessary, and we are working to make sure that there is universal screening of the new born to see if they have cystic fibrosis. That provision will be implemented in the next year or two, and we are also making checks widely available during pregnancy to screen for the abnormality. We entirely accept the hon. Lady's points and are rolling out screening as rapidly as possible.

Health Care (Droitwich Spa)

3. **Mr. Peter Luff** (Mid-Worcestershire) (Con): If he will make a statement on health care provision in Droitwich Spa. [162777]

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): South Worcestershire primary care trust is responsible for commissioning health care in Droitwich Spa to meet national and local priorities for improving health, tackling health inequalities and modernising services. Over the current three-year period, South Worcestershire's allocation will increase in cash terms by £60.6 million or more than 30 per cent. That is a significant level of investment and will deliver real benefits and results for the people of Droitwich Spa.

Mr. Luff: Is the Minister aware that Droitwich Spa is in danger of becoming the Cinderella of the health service in Worcestershire and, probably, the whole of the west midlands? It has no community beds, its hospital has closed, its bus service to Worcestershire Royal hospital is being cut and now, thanks to retrospective funding rules imposed by the Department upon the primary care trust, an innovative programme for a new one-stop shop, the lynch-pin of which was a new health centre, looks to have been abandoned. May I urge the Minister to look again at the application of those funding rules, not just for Droitwich but for seven other important projects in Worcestershire, and to ensure that Droitwich can get the full invitation to the national health service spending ball about which his colleagues speak so frequently?

Dr. Ladyman: I find it pretty incredible that the hon. Gentleman should claim massive cuts on such a scale when a huge extra investment is being made in his area. I entirely accept that decisions are now being made locally about where expenditure is to be made, but the scheme he mentioned in Droitwich Spa has not been abandoned. It is simply one of the eight schemes that will be prioritised locally. The Government have decided that decisions should be made where decisions are best made: by local people in the local area. We will allocate money for those schemes and local people will make the decisions about which ones go ahead.

Mr. Michael Foster (Worcester) (Lab): The decision by South Worcestershire primary care trust temporarily to suspend the work on eight GP premises affects plans for the Newtown road development in my constituency. I understand that the primary care trust is awaiting an

allocation of funding from the Department. I stress how important the development is to my constituents. Can my hon. Friend give a speedy response on the allocation, so that locally we can once again start debating how extra NHS resources are spent, instead of talking about cuts?

Dr. Ladyman: I can give my hon. Friend the assurance he seeks. The decision on the allocation of funds is imminent. It will be made very shortly. Once the money has been allocated, the decisions will be made locally, and I am sure my hon. Friend will make representations to the committee that will make those decisions. I stress again that decisions used to be taken at the centre by Ministers in Whitehall. We decided that the most appropriate place for those decisions to be taken was in localities, so we gave the money to the localities to make those decisions. There has been no abandonment or hold-up.

Sir Michael Spicer (West Worcestershire) (Con): The Minister has not answered the question from my hon. Friend the Member for Mid-Worcestershire (Mr. Luff) about why the Government or the Minister have changed the private finance initiative rules in such a way as seriously to affect capital projects throughout Worcestershire.

Dr. Ladyman: This has nothing to do with PFI schemes; it has to do with the funding of GP premises. I accept that the closure date for projects to be funded from the centre was made retrospectively. That was to stop what would have happened otherwise—a large number of poorly quality-controlled projects being pushed through early to get them under the wire. We took the half-year point as a cut-off point between when decisions would be made at the centre and when they would be made locally. Now the schemes to which the hon. Gentleman refers, including five in his constituency, will be prioritised locally. I very much hope that all five will go ahead, but it will be a matter for local decision-making, which is as it should be.

Senior NHS Management

4. **Mr. Archie Norman** (Tunbridge Wells) (Con): What plans he has to develop senior management within the NHS. [162778]

The Secretary of State for Health (Dr. John Reid): Although NHS managers represent less than 3 per cent. of the work force, they play a vital role in supporting clinical staff to provide the very best care to patients. They are being offered high quality development programmes to maintain and develop their skills and to help them to carry out their key leadership role to the highest standards.

Mr. Norman: As the Secretary of State knows, I welcome the steps that have been taken—the leadership programme and so on—to develop managers in the NHS, but is he fully aware of the urgency of the situation? Only last month the Commission for Health Improvement called for a new generation of managers in the health service. The average tenure of a chief executive in the health service is reported to be only 700 days, but if the Secretary of State has different figures, perhaps he will let us know. This morning his office reconfirmed to me that it has no idea of the background of existing chief executives or where they came from. Will he tell the House what steps are being taken to assess the existing management pool, and to bring in new management talent and fast-track clinicians into management? Without that happening, would not the Government's policy be all about money and not enough about people?

Dr. Reid: The hon. Gentleman brings a great deal of experience—and, if I may say so without irrevocably damaging his career, a great deal of sense—to most of his contributions. However, I do not think that he was quite accurate on a couple of points there. First, we have a good idea of where the people at executive board level come from—*[Interruption.]* Well, I can tell him now that 30 per cent. of them come from a clinical background, about 20 per cent. from a managerial background, 18 per cent. from a nursing background and only 14 per cent. from a financial background. That seems to give the lie to the hon. Gentleman's second point.

However, I think that the hon. Gentleman and I agree that, in the midst of what is, by any standards, a huge, almost revolutionary, transformation of the national health service, there is a huge premium on personal quality and on the development of managerial skills. We are trying to achieve that both inside the NHS, through the leadership programmes, and also—I say this unashamedly—by learning from outside.

Throughout the national health service, we are trying to learn best practice from outside management and to recruit externally. The Modernisation Agency is applying, among other things, the theories of lean manufacturing to NHS management. That theory was most famously demonstrated by the transformation of the Toyota group. We are talking about a huge revolutionary transformation and revitalisation of the national health service, and the hon. Gentleman is right to say that it will depend a great deal on the skills of management locally and not just on the skills of Ministers at the centre.

Laura Moffatt (Crawley) (Lab): Does my right hon. Friend agree that another excellent way to encourage existing NHS staff to think about a management role is through the leadership schemes in which the Royal College of Nursing is involved? I was delighted last week to welcome a group of nurses from the Surrey and Sussex Healthcare NHS trust, who were extremely well supported by their existing management and by an executive board member to whom they have direct access. They came to Parliament understanding the processes involved, and they are really developing their skills so as to be able to take on the role of managers in the future.

Dr. Reid: Absolutely. This is not just a matter of the providers being extra-skilled or developing their own responsibilities and skills; it is also about the benefit to patients. This morning, I was given a report by Sir George Alberti, a national director for access to emergency services, about this winter. We have done very well this winter, although I am not in the least

complacent; we could always have some unforeseen circumstances in the future. However, there has been a marvellous increase in the quality of treatment and care, and a decrease in the crisis level, because of the superb contribution of NHS staff, not least the nurses, including nurse practitioners, nurse consultants and nurse specialists who are now doing jobs hitherto denied to them and making a marvellous contribution to the health of the nation. I congratulate them, as I do my hon. Friend the Member for Crawley (Laura Moffatt) belatedly on her 50th birthday yesterday.

Mr. Andrew Lansley (South Cambridgeshire) (Con): I am sure that the Secretary of State will agree that leadership and good management in the NHS are essential to achieving the NHS's objectives. Does he also agree, however, that this is not about the quantity of management so much as the quality? Why, then, did he last week seem to applaud the fact that the number of managers in the NHS was rising at twice the rate of the number of nurses? Indeed, over the past decade, the number of managers has risen at three times the rate of the number of nurses. Is it not the case that the number of managers is increasing at that much higher rate simply to deal with the bureaucratic impositions of the Government, including the 206 external controls that the Treasury admitted last week were being imposed on NHS managers? If the Secretary of State can get rid of those, good managers can be given the opportunity to manage.

Dr. Reid: The hon. Gentleman starts off by saying it is not about quantity, it is about quality. Then he proceeds to peddle myths about quantity. Let me destroy the myths. First, senior management in the national health service, at 32,000 personnel out of 1.3 million, is less than 3 per cent. of total management. That is leaner and fitter than the private health sector. Secondly, since 1997, 224,000 more staff have been in the NHS, 13,000 of whom—5 per cent.—have been managers. Thirdly, in the past 12 months, 59,000 more staff have been in the NHS, of whom 3,000—no more than 5 per cent.—were managers. Will he stop peddling this myth, particularly when 87 of the 165 Conservative MPs are on the Front Bench, so 53 per cent. of them are senior management? They therefore have no right to talk.

Mrs. Anne Campbell (Cambridge) (Lab): May I draw my right hon. Friend's attention to a specific management issue in the NHS? Research by Breakthrough Breast Cancer has shown recently that 98 per cent. of patients referred urgently by their GPs to a breast cancer specialist see one within two weeks, on which I congratulate him. Is he aware, however, that many women are referred as routine cases, which can take much longer—sometimes up to 17 weeks? The specific issue that I want to bring to his attention is that 42 per cent. of GPs do not receive any feedback about the accuracy of their referrals. I hope that he will look into this matter and investigate it.

Dr. Reid: I am not sure that I agree entirely with the figures that my hon. Friend uses, but I agree with the general thrust of her comments. Now that the Opposition have accepted that significant improvements are happening in the NHS, I hope that we will reach a balanced appraisal of just how far we still have to go. It is the case that 99 per cent. of women whom doctors suspect of having cancer are seen by specialists within a fortnight. Nevertheless, it is estimated that about 30 per cent. are not picked up as suspected cancer cases in the first instance. That troubles me, and it is a matter to which we are giving our attention.

NHS Services (Rural Areas)

5. **Mr. David Heath** (Somerton and Frome) (LD): What plans he has to improve access to NHS services for those in rural areas. [162779]

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): The Government are committed to ensuring that everyone has fast and convenient access to NHS services, wherever they live, at all times, and on an equitable basis.

Mr. Heath: Does the hon. Lady understand that many people in rural areas, particularly in the west country, feel that they are uniquely disadvantaged in terms of access to NHS services, whether in primary care, including dentistry and chiropody; acute services, with large distances between accident and emergency units; domiciliary care; and even services that are intrinsic to the community such as maternity services, with small baby units often under threat? Within the generality of improvements to the NHS, which I recognise and applaud, can the Minister now look at specific service delivery for rural areas so that people in rural areas have access to NHS services on an equitable basis with cities?

Miss Johnson: I am grateful to the hon. Gentleman for his acknowledgement of the progress that we are making. We also have 78 new rural one-stop primary care centres in place, providing easy access to health services, and we will have 100 rural one-stop centres by December this year. He mentioned that there is a question about dental access in his area, as he regards it. There are only 2,524 people per dentist in the Somerset and Dorset strategic health authority area, which is relatively well served—it is below the national average of 2,660 people per dentist. A good local service is therefore being provided in his area, which is reflected, for example, in the reduction in numbers of patients waiting for an in-patient appointment within the East Somerset NHS trust, with only 83 people waiting more than six months.

Jon Trickett (Hemsworth) (Lab): Should not health need be the key determinant of where resources go? In the rural communities I represent—former coalfield communities—rates of cancer, cardiovascular and respiratory problems and many other illnesses are startlingly high. When the time comes, will my hon. Friend pay particular attention to the formula whereby basic sums are allocated across the nation, and ensure that enough goes to coalfield areas such as Wakefield where there are a lot of health problems?

Miss Johnson: We are well aware of the health inequalities that persist, and are determined to tackle them. The formula for the distribution of funds to primary care trusts already reflects the existence of deprivation and health inequalities, but we will look at it again over the next few months. I can reassure my hon. Friend that the issue is very much on our agenda.

Dr. Richard Taylor (Wyre Forest) (Ind): Given the importance of local hospitals to people in rural areas, will the Minister tell us what progress has been made in the attempts to postpone implementation of the European working time directive?

Miss Johnson: We have had many discussions with colleagues about that important subject, which the hon. Gentleman is right to raise. Those discussions are continuing, and much effort has been devoted to finding a way of maintaining the services that we wish to maintain.

Hugh Bayley (City of York) (Lab): Does my hon. Friend accept that there is a shortage of NHS dentists in many rural areas? Is she aware that officials in her Department reporting to the Minister of State, my hon. Friend the Member for Doncaster, Central (Ms Winterton), are working on proposals to increase the number of dentists in training? Would the Department welcome an application from Hull York medical school to open a school of dentistry? Its brand of training focuses on training in the community, especially in rural areas. That might prove helpful.

Miss Johnson: I know of my hon. Friend's long-standing interest in dentistry. I am pleased to be able to tell him that we are currently considering where future opportunities might arise. My hon. Friend the Minister of State, who is listening carefully, assures me that she will bear in mind what my hon. Friend has said when investigating the possibilities offered by the York area.

Dr. Andrew Murrison (Westbury) (Con): I am sure the Minister agrees that community hospitals are particularly important in providing access to health care in rural areas. She did not seem to have much of a clue about the implications of the European working time directive for such hospitals, but will she reflect on the impact of the new general practitioner contract? GPs are currently declining clinical assistantships in community hospitals, which is endangering the future viability of a vital health service resource in many areas including my constituency.

Miss Johnson: Of course community facilities are important. Primary care trusts have recognised that. Having carried out surveys to establish what their local communities want, many PCTs are now providing many more services of the type provided by community hospitals, such as orthopaedic services and mental health services on an outreach basis. That is because we have devolved funding to local areas, which enables PCTs to buy health care that reflects the needs of their own populations.

Eye Treatments

6. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet representatives of patients' organisations to discuss eye treatment procedures. [162780]

The Minister of State, Department of Health (Mr. John Hutton): My fellow Minister of State, my hon. Friend the Member for Doncaster, Central (Rosie Winterton), met representatives of the Royal National Institute of the Blind and the Macular Disease Society in December to discuss photodynamic therapy. Ministers will continue to meet patient organisations regularly.

Mr. Bellingham: The Minister will know that a quarter of a million people in the United Kingdom suffer from age-related macular degeneration and are going blind. That includes many people in my constituency. The good news is that treatment is now possible through photodynamic therapy, but the bad news is that the Government deny the treatment on the ground of a shortage of trained professionals. Why does the RNIB say that the Government are wrong in their assumption? Why do most national health service centres continue to treat patients who are prepared to pay for private treatment?

Mr. Hutton: The hon. Gentleman is wrong on almost every count. It was not possible to implement the National Institute for Clinical Excellence guidelines within the normal three months' deadline precisely because we needed more staff and training. Indeed, the national institute recognised that when it recommended that we should take longer to implement the new service. We made it clear to the NHS that if the capacity is there, it should use it. That is precisely what is happening.

I am sure that the hon. Gentleman will be pleased to know that 95 per cent. of primary care trusts are funding photodynamic therapy in line with the NICE recommendations, including for some of his constituents.

Andy Burnham (Leigh) (Lab): I recently visited the Christopher eye hospital in Wigan, where patients who once waited months, if not years, for cataract operations under a previous Administration now wait just weeks. I am pleased that the hospital has been accepted as a regional centre for photodynamic therapy. It could begin to provide that treatment tomorrow, if necessary, but patients from Wigan continue to travel to Liverpool to receive it. Will the Minister look into whether negotiations could be held between our local primary care trusts so that the service is up and running in the next couple of weeks?

Mr. Hutton: I am happy to look into that. I am grateful to my hon. Friend for highlighting a significant achievement of the NHS in the past few years, which the hon. Member for South Suffolk (Mr. Yeo) was gracious enough to acknowledge yesterday. There have been 113,000 more cataract operations performed this year than in 1996–97 and we are confident that we shall get maximum waiting times for those operations down to three months by the end of the year. That is a significant step forward for the NHS.

Mr. John Baron (Billericay) (Con): Further to the question of my hon. Friend the Member for North-West Norfolk (Mr. Bellingham), the Minister will know about various independent claims, such as that of the RNIB, that, on average, more than 100 people go blind each week because of the Government's decision to extend the NICE guidance deadline on AMD because they believed that there was insufficient capacity to provide treatment. Yet up to 50 NHS centres throughout the country are equipped to treat patients, as the Prime Minister recently acknowledged in a letter to the Leader of the Opposition, and some primary care trusts, such as South-West Oxfordshire, clearly stated that the problem was not capacity but shortage of money. That is why so few extra patients have been treated since the NICE guidance was issued. Given that NICE confirmed at the press conference on 24 September that implementation would take place in three months, will the Government stop hiding behind NICE, realise that the cost of blindness far exceeds that of treatment and tell the PCTs to bring the deadline forward?

Mr. Hutton: Let us get one thing clear: we want to implement the guidelines as quickly as possible for the obvious reasons that the hon. Gentleman has stated. The advice that I have received is that AMD never results in complete sight loss, and I am therefore not sure on what basis the hon. Gentleman claims that people will go completely blind. I stress to Conservative Members, who raise the matter repeatedly, that we are making additional resources available to fund NICE guidelines.

I ask the hon. Gentleman and all Conservative Members who have made strong arguments about the subject to reflect on the fact that, in the 18 years that they had stewardship of the NHS, not a single initiative dealt with postcode prescribing and the subsequent unfairness in terms of access to medication. We have established mechanisms to tackle that, and we have invested resources. It is also worth remembering that when we had the opportunity to vote on establishing NICE, the hon. Gentleman and all Conservative Members voted against it.

Several hon. Members *rose—*

Mr. Speaker: Order. I ask the House for co-operation. We have reached Question 6 and are about to go on to Question 7. We need shorter questions and shorter answers. I need hon. Members' co-operation.

Domiciliary Care

7. **Mr. Mark Prisk** (Hertford and Stortford) (Con): If he will make a statement on the availability of domiciliary care. [162782]

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): Domiciliary care provision was 14 per cent. higher in 2002 compared with 1997.

Mr. Prisk: I am grateful for that short response from the Minister, but he omitted to mention the simple fact that there has been a 20 per cent. fall in the number of households receiving domiciliary care since 1997. Given that, can he explain why the Government intend to waste £100 million on fines for delayed hospital discharges when most experts agree that that money would be far better spent on more home help and more care for the elderly?

Dr. Ladyman: First, let us consider the hon. Gentleman's notion that the number of people receiving care has gone down. If we look at the full range of services, including respite care and meals, the number of people receiving care has gone up from 925,000 to 988,000. He might have liked to announce the fact that his own social services department has had a 67 per cent. increase in its adult social services budget and that the Government's actions to combat delayed discharges are saving 1.25 million bed days a year.

Mr. Peter Pike (Burnley) (Lab): Does my hon. Friend agree that, although we still have a long way to go, we have made great progress towards achieving better co-ordination between social services and the NHS in Lancashire and almost everywhere else in the country since the Government were elected, and that we shall continue to work towards that?

Dr. Ladyman: My hon. Friend is absolutely right. As he is aware, we have increased the number of people who are receiving intensive home care and able to stay in their own home by 30 per cent.

Sandra Gidley (Romsey) (LD): On 19 January, I received an answer to a parliamentary question informing me that 62 of the 243 fully registered domiciliary care providers did not meet the standards. Twenty years after 1984, it appears that we have our own Ministry of Truth, because imagine my surprise when I saw in *Hansard* that the number 62 had been altered to two. The Minister is keen to see more vulnerable older people accessing domiciliary care services. Is that why the figure seems to have changed? The real scandal is the fact that a quarter of domiciliary care agencies are below standard. Is he satisfied that there is no end-date by which all agencies must achieve satisfactory standards?

Dr. Ladyman: I obviously have no way of knowing what is in *Hansard* without checking it myself, and I will certainly look at the figures that the hon. Lay has mentioned. All domiciliary care agencies meet the regulations, that is, the legal requirement, but many of them are not yet up to the national minimum standards that we have set. That is wrong—indeed, that is why we set those standards—and that is why we are driving up standards. What a pity that she and her hon. Friends keep opposing us as we do that.

NHS Dentists (West Cumbria)

8. **Tony Cunningham** (Workington) (Lab): What plans he has to increase the number of NHS dentists in west Cumbria. [162784]

The Minister of State, Department of Health (Ms Rosie Winterton): Primary care trusts in my hon. Friend's area plan to increase the number of NHS

dentists by expanding the dental access centre in Egremont, using new access funds to double the number of practices offering additional day-time emergency sessions, and recruiting more dentists from the UK and overseas.

Tony Cunningham: I thank the Minister for that reply. For quite a considerable time, we have been waiting for a pilot scheme in west Cumbria to increase the number of NHS dentists. Will she take a personal interest in that initiative, as that could go some way to resolving many of the problems associated with lack of access to NHS dentists?

Ms Winterton: I know that my hon. Friend has taken a close interest in the pilot project on behalf of his constituents. It will mean that the PCT will directly employ the dentists and staff to increase NHS dentistry in the area. There were some problems in agreeing the final arrangements for that pilot, but I am delighted to be able to tell him that it will be up and running by 1 May.

Paddington Health Campus

9. **Ms Karen Buck** (Regent's Park and Kensington, North) (Lab): If he will make a statement on progress on the Paddington health campus development. [162785]

The Minister of State, Department of Health (Mr. John Hutton): The proposals for the Paddington health campus scheme are being reviewed by my Department in conjunction with local health bodies. We expect to make an announcement about the future of the scheme before the end of this month.

Ms Buck: My right hon. Friend will know that I believe that it is absolutely right to review the business case and to ensure that we get value for money from the scheme, but yesterday afternoon I and other hon. Members met senior clinicians from Royal Brompton and Harefield hospitals, Imperial college medical school and St. Mary's hospital, who made it clear that to do nothing is not an option. When my right hon. Friend considers the review of the business case, will he bear in mind the costs of reprovisioning for Royal Brompton and Harefield hospitals, Imperial college medical school and St. Mary's hospital, should there be any further delay in the Paddington campus site?

Mr. Hutton: I am grateful to my hon. Friend for her support of our work on the scheme, and I strongly agree that what she described as the do-nothing option is not a serious possibility for us. We recognise the need for improvement and investment, not just in the St. Mary's site but in specialist heart services across west London. I am confident that she will support us in ensuring that we get the investment in the right place at the right time.

Mr. John Randall (Uxbridge) (Con): The word "progress" is a bit of a contradiction in terms in respect of the Paddington health campus, for seldom has so little been done by so many at such great cost to the public purse. Could the Minister give us some idea of when the outline planning application, which has been necessary since February 2003, will be lodged with Westminster city council?

Mr. Hutton: As I said, all those issues are being looked at as part of the current review. It is fair to point out that the hon. Gentleman is not a supporter of the Paddington health campus and does not want to see it progress. The rest of us, on the Labour Benches, need to judge his comments in that context.

Psychiatry Services

10. **Mr. Colin Challen** (Morley and Rothwell) (Lab): What plans he has to improve psychiatry services. [162787]

The Minister of State, Department of Health (Ms Rosie Winterton): Mental health services for all age groups are being modernised in line with the standards set out in the national service frameworks and the commitments and additional funds announced in the NHS plan.

Mr. Challen: I am grateful to my hon. Friend for that answer, which shows that the Government are committed to improving psychiatric services. My particular concern today is for the 750,000 people who are suffering from dementia—a figure that is bound to increase as people live longer. There must be an almost equal number of people caring for those suffering from dementia, and I imagine that many of those people will suffer from depression occasionally. All that will put a great demand on mental health services. Is my hon. Friend confident that we will match the expectations of older people in our delivery of mental health services to them?

Ms Winterton: My hon. Friend is quite right to say that dementia is one of the most important health and social care issues of our time. In the past there have been unacceptable variations in the quality of care delivered to those suffering from dementia and those caring for them. That is why a key element of the national service framework for older people is an examination of how we can improve the early diagnosis of dementia and so provide better treatment and better access to care plans. At the same time, I am sure that my hon. Friend will join me in welcoming the statement that the Secretary of State made yesterday, in which he announced extra funding for medical research into conditions such as dementia and Alzheimer's.

Sir Nicholas Winterton (Macclesfield) (Con): It is a sad fact that many people languishing today in Her Majesty's prisons have been sent there by the courts because there are inadequate beds or places in psychiatric hospitals. That was discovered many years ago by the Select Committee on Social Services when it undertook an inquiry into the prison medical service. Will the Minister tell us what improvements are taking place in the provision of psychiatry and psychiatric services to those who commit crimes and are sent to prison, but who should in fact be in psychiatric hospitals?

Ms Winterton: Extra investment for psychiatric care has gone into prison in-patient services. At the same time, we are addressing how we can provide treatment earlier to people in that community through a series of

measures, such as assertive outreach and crisis resolution teams, so that we can ensure that people do not get to the stage that the hon. Gentleman has outlined. He will know that we also considered various measures in the draft mental health Bill, and we will make further announcements on that shortly.

Dr. Doug Naysmith (Bristol, North-West) (Lab/Co-op): My hon. Friend will be aware that when choice and improvement in mental health services are discussed, one of the highest priorities for patients is their ability to choose the lead health professional who will be concerned with their case. That can involve choosing from among psychiatrists, or choosing a psychologist or a trained psychiatric nurse instead of a psychiatrist. Does my hon. Friend feel that access to such choice could be accommodated in the improvements that are certainly taking place today in mental health services?

Ms Winterton: My hon. Friend is absolutely right to say that the choice agenda for mental health is vital if we are to improve services for those with mental health problems. The new home resolution teams and home treatment teams are examples of the need to look at new ways of working for professionals. We also need to ensure that the most appropriate person is available to the service user—a person to whom they can relate when discussing their care plans.

Tim Loughton (East Worthing and Shoreham) (Con): Does the Minister agree with the vast majority of psychiatrists who claimed in a recent survey that it now takes more than six months, following an initial presentation at a general practitioner's surgery, to be referred to a psychiatrist, and that the situation has got worse because of the recruitment crisis among psychiatric staff? Worryingly, a number of such staff are themselves on long-term sick leave for stress-related conditions. Most worryingly, the survey showed that some 40 per cent. of black and ethnic minority mental health service users who asked for help in the past three years were turned away, compared with a figure of 28 per cent. for the white population. Moreover, 28 black people per 100,000 of population end up in secure units, compared with just four per 100,000 of the white population. How many full-time psychiatrists are working in the NHS compared with seven years ago, and what specifically is the Minister doing to address the appalling two-tier system, which militates against the prospects for ethnic minority patients?

Mr. Speaker: Order. There were several questions from the hon. Gentleman but there should be only one supplementary. The Minister will answer one of the supplementary questions.

Ms Winterton: Since 1997, the number of psychiatric consultants has increased by almost a third—from 2,447 in 1997 to 3,217 in 2003.

Oncology Care

11. **Mr. John MacDougall** (Central Fife) (Lab): What measures he is taking to ensure that the NHS delivers high quality oncology care; and if he will make a statement. [162788]

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): We are spending £570million extra a year on fighting cancer and we are tackling it on all fronts: through prevention, screening, treatment, care and research. As a result, death rates from cancer in the under-75s have fallen by more than 10 per cent. since 1996.

Mr. MacDougall: I welcome the 7.3 per cent. increase in health service spending for the period to 2007–08, and the tremendous success of the cancer strategy to which my hon. Friend refers; indeed, where once we had the third highest death rate in Europe, we now have the fifth lowest. But does she agree that in the light of the challenges presented by more people living for longer and the requirement for greater health care, there is no room for complacency in Government circles?

Miss Johnson: I am grateful to my hon. Friend for his support for the progress that we have made. It is interesting to note that the cancer mortality rate for all ages—including the older age range—has dropped by 12.5 per cent. since 1971, and that more than half of that decrease has occurred in recent years. Of course, we need to emphasise the importance of long-term medical conditions in the light of people's increasing longevity, and we are making progress in ensuring that people do not die prematurely from diseases such as cancer and coronary heart disease.

Mrs. Patsy Calton (Cheadle) (LD): Can the Minister confirm that the majority of the 10 per cent. reduction in the cancer mortality rate has occurred because of the reduction in the number of men who take up smoking? In fact, that has had a 30-year impact. What steps do the Government intend to take further to reduce smoking among both men and women?

Miss Johnson: We have made progress in encouraging both men and women to give up smoking. Recent figures, including those for young people, are encouraging, and as a result there are much-improved survival rates for lung cancer and breast cancer, as the hon. Lady knows. We have made significant improvements in those two important areas, but we need to take further action in many others. We are ensuring that investment reaches those patients who need it, and such investment has included the provision of 1,000 more cancer consultants since 1997, and 1,000 pieces of new equipment for the diagnosis and treatment of cancer.

Smoking cessation services are being actively promoted, and we are looking into taking further steps to encourage and extend the range of smoking cessation work. It is an extremely high priority to persuade more people who want to quit smoking—seven out of 10 smokers want to do so—to give it up and improve their long-term health.

Obesity

12. **Mr. Bob Blizzard** (Waveney) (Lab): What estimate he has made of the cost to the NHS of dealing with illness related to obesity. [162789]

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): The National Audit Office report "Tackling Obesity in England" estimated that the cost to the NHS of treating the consequences of obesity in 1998 was approximately £469.9 million per year. The cost to the wider economy was estimated to be more than £2 billion, so everyone has responsibility for action to tackle obesity.

Mr. Blizzard: I thank my hon. Friend for her reply. Is she concerned about the massive and measurable increase in the instance of obesity among children, which will increase costs still further, to the extent that they will become unsustainable for the NHS? May I suggest that we look into the problems caused by vending machines in schools, which are dispensing products full of fat and sugar? Schools are often reluctant to get rid of them because they need the money, but is not the cost to health even worse? From personal experience, I know that eating fat and sugar, as well as the overall amount of food eaten, is what makes people obese.

Miss Johnson: My hon. Friend is a testament to what he advocates. We are certainly looking at vending machines in schools and a pilot is being conducted in one part of the country to dispense much healthier foods from those machines. That is part of the general work that is being done, together with the Department for Education and Skills, to ensure that the food in schools is healthy and continues to promote the health of young people beyond their time at school.

Point of Order

12.32 pm

Sir Sydney Chapman (Chipping Barnet) (Con): On a point of order, Mr. Speaker. You will recall that yesterday—the fourth day of debate on the Budget—you felt obliged to place a 15-minute limit on speeches, doubtless owing to the great demand to participate in the debate. As ever in my place, I noticed that over a period longer than two hours—between before 7 o'clock and after 9 o'clock—the Chair was obliged, with the exception of one Labour MP whose name and contribution I have quite forgotten, to call eight Conservative Members in succession. The Government Benches were deserted, as were the Liberal Benches. I suggest respectfully that when you are next minded to place a time limit on speeches, you consult the Government to establish whether they will have enough Members to support them—or do you believe that that occasion was simply an example of the fact that of more than 400 Labour Members, fewer than half a dozen were prepared to support their Chancellor on his Budget proposals?

Mr. Speaker: The hon. Gentleman has been in the House a long time. It would be a sorry day if I had to consult the Whips to establish which time limits were appropriate. They might then start to try to manage the Speaker, which would be wrong. The hon. Gentleman should reflect on the fact that Opposition Back Benchers were very lucky yesterday, so there is no need for any complaints from them.

Local Land Charges (Fees)

12.33 pm

Mr. David Borrow (South Ribble) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision in relation to fees payable in connection with local land charges.

I am pleased to invite the House to give its leave to introduce a Bill that will enable local authorities in England to determine the level of fees charged for official searches of the local land charges register. Under sections 3 and 5 of the Local Land Charges Act 1975, English and Welsh local authorities are obliged to maintain a register of local land charges. Those are defined under section 1 of the 1975 Act and are matters of a public nature affecting a property that are sufficiently important that anyone interested in the property should be aware of them. The register includes such things as tree preservation orders and the conditions of planning permissions.

Two types of search are included in the 1975 Act. An official search is carried out by the local authority on behalf of the applicant, and is issued following a request submitted on form LLC1. A personal search is a search of the local land charges register carried out by the applicant in person. Under the 1975 Act, the fees to be charged by a local authority are set by the Lord Chancellor's Department with the concurrence of the Treasury. The current fees were set in November 2003, and are £6 for a non-electronic official search of the whole register, £2 for a non-electronic search of part of the register, and £4 for an electronic official search of all or part of the register. For personal searches by the applicant, the charge is £11.

The fees under consideration in the Bill should not be confused with those for inquiries to a local authority in form CON29, which is the standard form used by conveyancers to ask about matters of which the local authority should be aware in respect of a property. Under the Local Authority (Charges for Land Searched) Regulations 1994, the fee for the service using CON29 is set by individual local authorities. When a property is being bought, local searches usually include searches of the local land charges register and inquiries using form CON29. Fees vary, ranging from £80 to £200.

The scope of the Bill is limited to official searches in England. In Wales, the National Assembly is working on proposals to deal with fees in the Principality. Those discussions have not yet been finalised, and it is suggested that, when agreement in the Welsh Assembly has been reached, the responsibility will pass from the Lord Chancellor's Department, using the transfer of functions order under the Government of Wales Act 1998.

This afternoon, I am not asking for those responsibilities to be transferred from the Lord Chancellor's Department to Welsh local authorities; nor am I including in the Bill personal searches, as a review is about to be undertaken by the Lord Chancellor's Department and there is considerable controversy about how such matters should be dealt with.

The 1997 review "Report of an Efficiency Scrutiny of Central Consent Regimes for Local Authorities" and the 2001 local government White Paper "Strong Local

[Mr. David Borrow]

Leadership, Quality Public Services" led the Government to announce the devolution of local land charge fees in England in September 2002, as part of a deregulation package. So far, the proposal has not been implemented, and that is why I am introducing this Bill today.

There are considerable variations in how local authorities keep their register of local land charges. Some keep it in electronic form, but only about 40 of more than 400 local authorities can provide full electronic access. One of the Government's public service targets is to achieve 100 per cent. capability of delivery of priority services, such as access to the local land charges register, by electronic means.

A nationally set fee does not reflect accurately the range of costs incurred by local authorities in providing the service. There is great variation in how they provide it and how they are organised internally. Devolving fee-setting to local authorities will encourage them to focus on the real costs of the services and seek efficiency savings. Councils will have to operate on the principle of cost recovery, as happens with CON29. That will prevent them from overcharging for the service, when it is devolved to local authorities, and will force them to keep a real record of the costs incurred in providing the service.

The Bill is supported by the Government and by the all-party Local Government Association. John Rees of the LGA wrote to me a few days ago, asking me to explain to the House the four reasons why the association supports the Bill. The first is that it fulfils a long-standing commitment by the Government, both generally on their deregulation policy and specifically on this provision. The second is that it will allow local authorities to operate on the principle of cost recovery, as is the case under regulations governing the non-statutory part of the local search, which is generally known as CON29. Thirdly, it would allow consumers to gain advantage from the investment that local authorities are making in electronic search delivery. Costs of provision will be lower in due course and those savings can be passed on. Finally, it would be far more efficient both for local government, which would no longer have to spend time making applications for regular increases, and for central Government, who would no longer need to make the necessary orders to change the way in which fees are set.

The current process is hopelessly outmoded. It is not possible to make proposals that reflect the different circumstances that apply in individual authorities; nor is it possible to judge centrally whether fees are reasonable. Local authorities should be given responsibility for setting and justifying the fee.

I have long been a supporter of devolution and believe that the concept that Whitehall always knows best is alien to a real democracy. I have always argued that we should seek to devolve as much power and responsibility to the people as possible. This Bill is only a minor part of that process, but it gives me great pleasure to ask the House to give me leave to introduce it.

Question put and agreed to.

Bill ordered to be brought in by Mr. David Borrow, Mr. Colin Pickthall, Mr. Andrew Miller, Mr. Lindsay Hoyle, Kali Mountford, Mr. George Howarth, Mr. Peter Pike, Mr. Mark Hendrick and Ms Dari Taylor.

LOCAL LAND CHARGES (FEES)

Mr. David Borrow accordingly presented a Bill to make provision in relation to fees payable in connection with local land charges: And the same was read the First time; and ordered to be read a Second time on Friday 23 April, and to be printed [Bill 78].

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [17 March].

AMENDMENT OF THE LAW

Motion made, and Question proposed,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description—*[Mr. Gordon Brown.]*

Question again proposed.

Budget Resolutions and Economic Situation

12.43 pm

The Secretary of State for Work and Pensions (Mr. Andrew Smith): This is a Budget built on stability that delivers for employment, pensioners, public services and sustained growth for the future. In each area, as I will show, there is the sharpest contrast between our record and prospects for the future and the alternatives put to us by the Opposition. That contrast presents a very clear choice for the country between continued investment and reform in public services and cuts in spending, and between continued economic stability and a return to boom and bust. We relish putting those choices before the country.

On the economy as a whole, we have today the lowest inflation for 30 years, the lowest interest rates for 40 years and more people in employment than ever before. Let us compare that with the situation under the previous Government: 3 million unemployed, double-digit inflation, and interest rates of more than 15 per cent. for over a year. This change in Britain's performance has not come about by accident, but because of the tough economic decisions that we have taken: making the Bank of England independent, sticking to tough fiscal rules and introducing measures such as the sanctions of the new deal. Those decisions have ensured that growth in Britain over the past four years has been higher than that in Japan, Italy and the United States. In 2004, our growth is expected to be double that of France and Germany.

It is right that with such hard-won stability, having accumulated surpluses at the start of the economic cycle, we continue investment and the big job of renewing the country's infrastructure, recognising that it is prudent to borrow to do so, in line with the fiscal rules. Unlike under the Conservative party, which let debt rise to 44 per cent. of gross domestic product, today it stands at just 33 per cent. Whereas the Conservatives borrowed 8 per cent. of GDP, we have reduced that to just 3.4 per cent.

As a result of the tough decisions that we have taken since 1997, we have been able to invest in active labour market policies—investment that is paying off. Employment has risen in every region of the country, and unemployment continues to fall most where previously it was highest. The UK now has one of the strongest labour markets in the world. We have the highest employment and the lowest unemployment of the major industrialised countries. More people are in jobs than ever before. We have tackled the legacy of long-term unemployment—the Tories "price worth paying"—so that long-term youth unemployment has been virtually eradicated.

The new deal is a world-class labour market policy; it has helped more than 1 million people get back to work. The new deal for young people has benefited the economy to the tune of £500 million a year. The shadow Chancellor may laugh at the success of the new deal and the role that it has played in transforming the lives of the young and long-term unemployed people in this country, but he should recognise that an independent study by the National Institute of Economic and Social Research showed that the new deal is saving the economy £500 million a year. The new deal for lone parents is saving the Exchequer £40 million a year. We have a succession of overseas visitors who are keen to emulate the success of the new deal and Jobcentre Plus. The only people who turn their backs on that success are those in the Conservative party.

Rob Marris (Wolverhampton, South-West) (Lab): Is my right hon. Friend aware that the UK's productivity in output per person of working age is higher than that in France and Germany, precisely because of our wonderful employment record?

Mr. Smith: My hon. Friend makes a very good point. Programmes such as the new deal and the benefits of our economic stability not only transform the lives of those who were cut out from opportunity and employment under the Conservative party, but benefit the whole economy in higher output and higher welfare for us all, as he suggests. The Conservatives call all that an expensive failure, but we know what was really the expensive failure: the 3 million unemployed under the Conservative party, whose leader, when he was masterminding employment policy, managed to increase unemployment by more than 1 million. Some 1,300 people were added to the claimant count every day, precisely because he did not invest in policies such as the new deal.

Mr. Alex Salmond (Banff and Buchan) (SNP): The Tory economic record is fairly easy meat, but the Chancellor never talks these days about the balance of payments and the apparent structural balance of payments deficit that the Red Book shows continuing into the future. Does the Secretary of State think that that long-term balance of payments deficit has any implication? Is there any chance that the Government might be blown off course?

Mr. Smith: No, and I will take no lecture on deficits from the Scottish National party. Of course it is

[Mr. Smith]

important that we continue to improve productivity, that we continue our infrastructural investment and that we invest in skills through the new deal for skills, as set out in the Budget book, so that we continue to improve our international competitiveness, which will result in improvements in our international trading policy. The hon. Gentleman and others should not talk down this country's success, whether in pharmaceuticals, aerospace, the automotive industry or financial services; nor should they ignore the fact that output in our manufacturing sector has been rising over the past four quarters.

Mr. Kenneth Clarke (Rushcliffe) (Con): The question was about the current account deficit and the balance of trade. I understand the right hon. Gentleman saying that it does not matter, but did not quite catch why he said that it does not matter. It is the largest deficit for 300 years.

Mr. Smith: I did not say that it does not matter. I said that the measures that we have put in place in terms of economic stability, investment in infrastructure and skills, and ensuring that successful sectors thrive is the best way. We take no lectures from the right hon. and learned Gentleman, whose policies were responsible for getting us into the situation to which I have referred.

Mr. Salmond: If that is the case and the measures will bring improvements, why does the Red Book forecast that the balance of trade in goods and services over the next three years will deteriorate?

Mr. Smith: The Red Book forecasts also that imports and exports will rise at the same rate. It should be evident from my remarks that the situation will be better than it would have been had the Government not made the investment and improvements in skills and competitiveness that we have. The situation would be much worse if the cuts in public spending and investment that the Conservative party wants to implement were put into effect.

We will build on the success of our labour market and other policies, not dismantle them. By introducing the new deal for skills, we will equip people in and out of work with the training that they need to progress in the workplace and to lift themselves and their families out of poverty.

Mr. Lindsay Hoyle (Chorley) (Lab): My right hon. Friend will be aware of the new deal's huge success in the north-west, and particularly in my constituency, where unemployment is at its lowest ever level—down to 1.9 per cent. It cannot get any better. Can we ensure that the skills found in traditional industries continue to be honed and that unemployment does not return to the levels of the 1980s?

Mr. Smith: Nobody wants a return to the unemployment of the 1980s and the disastrous policies responsible for it. As a consequence of our policies, and demanding though it may be, we might do even better in my hon. Friend's constituency and get unemployment still lower. His point about traditional industries is well made. All industries require investment in information technology and skills. It is no longer viable for smokestack industries to operate under outdated practices. Every industry and service must be high tech and Government policies will help my hon. Friend's constituents and others to succeed in competitively challenging world conditions.

We want to build on our success and to go further in tackling inactivity. We have made strong progress in helping to improve opportunities for lone parents since 1997; 250,000 have been helped into work thanks to the new deal. The lone parent employment rate is above 50 per cent. for the first time, but we want to do more. The biggest barrier facing parents in returning to work is affordable and trusted child care. The Budget will roll out the extended schools pilots to a further four areas, making better use of school facilities to provide child care in areas of high lone parent unemployment.

From October, we will pilot further ways to help lone parents find and stay in work. In eight areas, lone parents will get an extra £20 a week on top of their normal benefits, to cover the costs of more actively looking for work. When they start a job, we will also offer them £40 a week for the first year of employment in addition to other tax credits—making sure that it pays to look for and get a job.

For persons on incapacity benefits, we will extend the pathways to work approach. From next year, we will bring in extra work-focused interviews for persons who have been on incapacity benefit for longer periods, and a new job preparation payment to help people who are taking steps to get a job. Whereas Conservative Governments trebled the numbers on incapacity benefit, we are taking action and investing to help people who want to get back to work—providing opportunities for those written off in the past.

We have never shirked the tough challenge of modernising public services—challenges presented to us by years of under-investment by the previous Conservative Government. I pay tribute to staff throughout the country, who every day are responsible for the labour market successes that I have described—helping people to find work, getting extra money to pensioners and children, and delivering a valued service to the public.

We are investing £2.2 billion in transforming Jobcentre Plus to make it the best welfare to work service in the world. There are new offices, new information technology and 10,000—17 per cent.—more personal advisers on the front line helping more people into work. That investment and the £2.8 billion being spent on my Department's IT systems are modernising the way that we do business and the service that we provide to our clients.

Mr. Steve Webb (Northavon) (LD): I echo the Secretary of State's praise for staff who do such a good job. Last week, the Chancellor gave the impression that his announcement about swingeing job cuts was news. How does the Secretary of State think his staff felt on turning on the television and hearing that they were going to be sacked?

Mr. Smith: News of staff reductions is bound to cause some uncertainty and anxiety. The investment to which

I referred had already been set out in our departmental plans and announced. The Chancellor set out the total number, including a further 12,000 job reductions to 2008. To put that matter in context, mine is a big Department of some 130,000 staff. Implementation of the reforms will be spread over four years, and we will work closely with staff and trade unions in taking them forward. I hope that much can be achieved by natural turnover, which currently accounts for 9,000 staff each year leaving the Department.

The result of our investment and reform will be a leaner, more effective organisation offering a better service to the customer, better value to the taxpayer and more rewarding jobs for our employees as we shift the emphasis from back-office and clerical processing to front-line personal advisory work. A number of personal advisers have told me that that was the job that they wanted when they first joined the service—helping clients, face to face, to move forward in their lives.

Mr. Henry Bellingham (North-West Norfolk) (Con): Having been to my local Jobcentre Plus, I endorse the right hon. Gentleman's comment that the staff do an excellent job. Is he aware, however, that the Government signed up to a European Union directive that insists on staff consultation in advance of announcements? Why has he breached that EU directive?

Mr. Smith: I thank the hon. Gentleman for his praise in recognition of the accomplishments of Jobcentre Plus. It is for him to take issue with his Front Benchers, who want to abolish so many of the policies that he praises. Before any staff are made redundant, whether voluntarily or even compulsorily if necessary—which I have not ruled out—there will of course be full consultation with staff, in conformity with all relevant agreements and regulations. That will happen not just because that is required but because it is the right thing to do. We have to carry our staff with us during a difficult process of transformation, albeit one that will bring real benefits to customers, taxpayers and staff working conditions and satisfaction.

The Chancellor also made important announcements for pensioners. We have taken action to tackle the inheritance of the last Conservative Government, under whom there were nearly 3 million pensioners in poverty, many of whom were expected to live on just £69 a week. The Conservatives increased the basic state pension once—and only because they simultaneously slammed value added tax on fuel. In contrast, we have increased the basic state pension by £5 for single pensioners and by £8 for couples in real terms; and we have introduced free TV licences for the over-75s, free eye tests, and a winter fuel payment that is worth £200 to every pensioner household and £300 for pensioners over age 80.

In this Budget, we went even further. Recognising the impact that council tax increases have on the fixed incomes of older people, we will pay all households with someone aged over 70 an extra £100 this year. Taken together with the winter fuel payment, households with someone aged over 70 will receive a total of £300 this year, rising to £400 for the over-80s.

On top of that, we continue to make good progress in rolling out pension credit, which is now reaching more than 2.7 million people. The Budget extends the backdating period, and that means that any eligible pensioner making an application will have their credit backdated for up to a year. That is an important extra step to help ensure that pensioners get the money that is rightfully theirs.

As a result of our reforms, we will spend an extra £10 billion next year on pensioners compared with 1997. On average, pensioner households will be £1,350 a year better off in real terms—that is around £26 extra a week. The poorest third will be, on average, £1,750 a year better off, ensuring that more than 1.6 million pensioners have been lifted out of absolute poverty since 1997.

Whereas we have tackled pensioner poverty, the Tory proposals would ensure that the poorest fell further behind. We know that their policies are "wild and uncosted" and that there will have to be more painful cuts to make their sums add up, because the right hon. Member for West Dorset (Mr. Letwin) and the hon. Member for Havant (Mr. Willetts) have told us so. What they propose is unaffordable, unsustainable and above all unfair.

We will keep up our drive to raise the living standards of all pensioners while helping the poorest most of all. We will also carry forward our programme of pension reform, increasing the rewards for those pensioners who want to work beyond the normal state pension age. We will bring forward the increase in the rate of accrual on deferred state pensions. That means that someone who on retirement at 65 would be entitled to £100 a week will now get £160 if they defer for five years. For the first time from April next year, those who work beyond state pension age will be able to take their deferred state pension as a lump sum.

The forthcoming Finance Bill will also simplify the tax system on personal pension funds by replacing the eight tax regimes for pensions with a single lifetime allowance. That is a fundamental and radical reform that will be of enormous benefit to pension saving in this country. As my right hon. Friend the Chancellor said, we have listened to the concerns of employers who want to do more to support their employees in making decisions about their pensions. I am pleased that we are helping employers to make that advice available by making it tax free up to £150 per employee. That is a new incentive to strengthen the pension partnership.

To conclude: on the whole Budget, as I imagine we are about to hear, the Conservatives are clambering about, straining to find some points of argument that they can hang on to because they have been comprehensively outmanoeuvred on the argument, just as they have been comprehensively outperformed economically on their record in government. The Conservative party is now in total confusion—on core public services, its plans are in chaos. The Conservatives contradict themselves on education, because they are unable to decide whether the derided pupil passports will apply to private school fees. On health, we learned yesterday that they are trying to ditch their private health care subsidy. The Tories' spending plans do not stack up, so they are forced to ditch their flagship policies. The party is in disarray and has nothing to offer the British people.

[Mr. Smith]

In contrast, this Budget locks in the economic stability that we have created since 1997. With inflation, interest rates and unemployment low, we are able to invest for the future with more money for health, education and security. Our investment and reform are delivering better value to the taxpayer, better services to the public and an economy that is the envy of the world. I commend our Budget to the House.

1.4 pm

Mr. David Willetts (Havant) (Con): I draw the House's attention to my interests that appear in the Register of Members' Interests. I shall begin by identifying issues on which I shall disappoint the Secretary of State by agreeing with some measures in the Budget. Let me take him through one or two of the measures that I welcome. In fact, I welcome some measures that he did not even refer to in his rather thin speech.

For example, I welcome the Chancellor's final abandonment of his obsession with delivering tax credits through the payroll. Five years ago, he believed that it was essential to deliver tax credits through the payroll to transform incentives to get people into jobs. He first abandoned that with the child tax credit, and in his Budget last week, he finally abandoned it with the working tax credit as well. All that metaphysical stuff about how it was essential that these benefits be delivered through the payroll has now been abandoned, and I very much welcome that.

There was something else in the Budget that I welcomed: the simplification of the pension tax regime is an improvement on the current regime. The Chancellor again made a significant concession, but did not want to admit to it. In the face of the protests about the £1.4 million cap and its potential effect on senior managers, he has increased the value of the cap significantly for people with defined benefit schemes. However, instead of doing that in the straightforward way, by increasing the capital sum, he has introduced an ingenious formula for converting the value of a defined benefit pension into a notional sum—the one in 20 formula. No one can actually convert their capital into a pension at a rate of one to 20, but for the purposes of his cap, the Chancellor will assume that they can. To get the sort of pension that would be covered by the scheme, the calculation is that the cap is now up to £2 million, if not more, for people in defined benefit schemes. It is, of course, worth much less for people with personal pensions and defined contribution schemes. Because the Chancellor did not want to make a concession in an open and honest way, he has created a new anomaly in which his provision is more generous for defined benefit than for defined contribution schemes.

Angela Eagle (Wallasey) (Lab): I am grateful to the hon. Gentleman for giving way while he is on the theme of abandonment. Will he clarify a confusion that has arisen about the Conservative party's policy on tax relief for private medical insurance? In a speech last year, the leader of the Conservative party, the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), said that it fully intended to give private tax relief for medical insurance to the tune of £1 billion. However, yesterday, the hon. Member for South Suffolk (Mr. Yeo) said:

"I can announce that it will not be the policy of the next Conservative Government to offer tax relief to people who take out private medical insurance."—[*Official Report*, 22 March 2004; Vol. 419, c. 595.]

Which is right?

Mr. Willetts: It is not, and has not been, our policy to reinstate the tax relief for private medical insurance. I am happy to place that on the record.

The hon. Lady interrupted me in my paean of praise for the Budget. There is a third item to which I was about to give a grudging welcome. I refer to the £100 for pensioners that, admittedly, is being provided to help them out of the mess of the Chancellor's own creating—the escalation in their council tax bills. That problem has been compounded yet again by the complexity of the means-tested benefit that is supposed to help pensioners.

The take-up of council tax benefit has been declining, and more than 1 million pensioners who are entitled to it do not receive it. In fact, when the Chancellor recognised in his Budget speech the failure of means-tested benefits to help pensioners with high council tax bills and introduced a universal payment for all pensioners over 70, I wondered whether he had recognised a wider strategic point. In the words of Help the Aged:

"There would be no need for gifts like this if the government was to review its fixation with means-testing."

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): While the hon. Gentleman is in the unusual mood of agreeing with the Government, does he agree with them, and me, that at this time of heightened terrorism in the world, we need maximum defences on all fronts to combat it? Does he agree with his own party, which has announced a freeze on defence expenditure in cash terms? If so, which element would he cut at this terrible time?

Mr. Willetts: The hon. Gentleman ought to be aware of the distinction between outputs and inputs. We are committed to efficiency in the public services—the Prime Minister used to talk about that in the old days. My right hon. Friend the Member for West Dorset (Mr. Letwin) has not made a specific statement on defence spending, but we are committed overall to ensuring the efficient delivery of public services.

My attempt to find common ground with the Government on the Budget does not seem have to have met much of a welcome.

Mr. Andrew Smith *rose—*

Mr. Willetts: I was going to move on to some criticisms of the Budget, but of course I shall give way to the Secretary of State.

Mr. Smith: The hon. Gentleman made a point about inputs and outputs in response to my hon. Friend the Member for Coventry, North-West (Mr. Robinson),

but will he give us a clear yes or no answer? Is it the policy of those on the Conservative Front Bench to keep defence spending flat in cash terms?

Mr. Willetts: My right hon. Friend the Member for West Dorset set out our public spending plans clearly in his statement a few weeks ago. He set out the areas in which we would be able to increase spending in real terms—on health and education—and outlined an overall framework for total public expenditure. However, he did not make a statement specifically on the defence budget.

On pensions, I am afraid that I found the Budget sadly lacking. The Chancellor failed yet again to recognise the scale of the crisis in funded pensions. Just about everyone recognises that we cannot carry on with more and more pensioners on means-tested benefits, and the erosion of funded pensions. Everyone from the Adam Smith Institute to Mr. Alan Pickering recognises that the way forward is to reform benefits so as to reverse the spread of means-testing and to produce new incentives to save, so that people are encouraged to build up more funded occupational pensions. Under this Government, the country is heading in the opposite direction, with more means-testing and a decline in funded pension savings, and nothing in the Budget will reverse that trend.

The Chancellor is being optimistic in assuming that corporation tax receipts will increase to the extent suggested by table C8 of the Red Book—the light reading to which we have all been turning in the midnight hour. He assumes that corporation tax receipts will increase from £28.7 billion this year to £34.8 billion next year. It would be interesting to hear why he believes that there will be such an extraordinary recovery in corporation tax receipts, given that many companies will have to put more money into their pension funds to rescue them from the effects of the £5 billion tax that the Chancellor has imposed on them.

There was nothing in the Budget on wind-ups. We wanted it to include measures to tackle the problems facing the 60,000 people who had hoped that after the collapse of their pensions and the disappearance of their hopes for a decent retirement, the Government would examine ways of assisting them out of serious financial distress. Several rumours went round. For example, the Chancellor was reported to be interested in a proposal made by the right hon. Member for Birkenhead (Mr. Field), in which we have also been interested, to use some of the unclaimed assets held by building societies and banks to set up a fund to help people in such circumstances. We read that the Chancellor is targeting the unclaimed assets, but, sadly, not to help with the problem of pension wind-ups. There could be no better use of the unclaimed assets than in helping to tackle that problem, and it will be a great pity if the Chancellor takes money from the unclaimed assets but does not use it for that purpose.

James Purnell (Stalybridge and Hyde) (Lab): I am worried that the hon. Gentleman might have inadvertently—I stress the word "inadvertently"—misled the House. I was looking at the Conservative party website last night—honestly, I am that sad—and the quote from the shadow Chancellor is very clear. He says that there would be increases in the budgets for health and education but that those of all other Departments would be frozen in cash terms for two years. He admits that that would mean tough decisions. Will the hon. Gentleman correct what he said if it turns out to be wrong?

Mr. Willetts: My right hon. Friend the Member for West Dorset was setting out an overall framework for those Departments. In his announcement on public spending the other week, he specifically stated that there would be scope for reallocating money among specific Departments. The hon. Gentleman would have been better occupied in studying the fine print in the Chancellor's Red Book than in making up such questions on the basis of our website.

Mr. Geoffrey Robinson *rose—*

Mr. Willetts: I have given way to the hon. Gentleman once, but I am in a generous mood, so I shall give way to him once more.

Mr. Robinson: The hon. Gentleman is most generous. We are trying to get at some of the detail of what the Conservatives have in mind for defence. A copy of "Community News" put out by the Conservatives says that we should not have put as much money as we have—£20 billion—into the Eurofighter. I can make the article available to the hon. Gentleman. Would he scrap the Eurofighter? Would that be one of the specific cuts?

Mr. Willetts: Let me quote from the authoritative statement made by my right hon. Friend the Member for West Dorset to calm Labour Members' anxieties, given that, just for once, they are troubled about defence. He said:

> "I recognise, moreover, that there will inevitably be cases in which particular programmes, or even the expenditure of whole departments, will need to rise at a rate faster than this."

Those words are from his original statement. He set out an overall envelope, but he did not set figures for individual Departments.

I now turn to what the Government are doing to encourage saving, because not a word on that subject passed the Chancellor's lips throughout his statement. He has not referred to saving in his last two Budgets; in fact, he has been attacking saving. He has attacked the form of savings that many people have been using, and that the Secretary of State previously encouraged people to take out.

Let me quote what the Secretary of State said in a debate on the subject in 2002, when a Conservative Member asked him a question about individual savings accounts. Asked what vehicle he would recommend people to save with and how he would encourage people to save, he replied:

> "The hon. Lady specifically asked what we could offer to younger people to ensure that they were saving, and I quite reasonably pointed to ISAs".

He recommended ISAs. He added:

> "The answer is the ISA, a more flexible vehicle which is attracting more savings, especially from younger people."—[*Official Report*, 2 July 2002; Vol. 388, c. 103.]

The Budget, however, represents an attack on the ISA. There has been an abolition of tax credits on ISA dividends, and a cut in the size of equity ISAs from

[Mr. Willetts]

£7,000 to £5,000. The cash mini-ISA will also be cut from £3,000 to £1,000. Does the Secretary of State stand by the advice that he would have given a young person 18 months ago, in the light of the depredations that the Chancellor has made in the specific form of saving in which the right hon. Gentleman was trying to encourage people to participate?

Let me also ask the Secretary of State about his welfare-to-work initiatives. As he knows, when I am not reading the fine print of the Chancellor's Red Book, I plough through the Department for Work and Pensions' evaluations of its welfare-to-work schemes. Ministers always come to the House to announce new programmes, but they never admit to the House what their evaluations show about the performance of existing programmes. If Ministers take any account of what used to be called evidence-based policies—they used to be proud of those—why does the Secretary of State not explain the latest research report to the House?

The report, published last month, is entitled "Evaluation of Lone Parent Work Focused Interviews: Final findings from administrative data analysis"; it is a light read if ever there was one. It says on page 12:

"The introduction of Lone Parent Work Focused Interviews"—

the Jobcentre Plus stuff that the Secretary of State has just been talking about again—

"brought no detectable change in exit rates from"

income support

"for eligible new or repeat claimants".

It has had no effect. Why does the Secretary of State keep on churning out new initiatives that endlessly require further extension of compulsory interviews, when his own evidence shows that most of them have had no discernable effect? That is the challenge to which he needs to respond.

Mr. Barry Gardiner (Brent, North) (Lab): The hon. Gentleman has just suggested that it is important to review recent documentation and assess it properly. Would he therefore care to review the statement by the shadow Chancellor on 16 February, in which he said that there should be a "zero per cent. growth" in the defence and Home Office budgets? Would he care to compare that with the view of the shadow Defence Secretary, who said that that would be a savage cut? Which is it? Is the shadow Chancellor going to cut the defence budget or the Home Office budget?

Mr. Willetts: I have already clearly explained what my right hon. Friend the shadow Chancellor said in his statement on our public expenditure plans. We can see from the Secretary of State's brief speech, and from interventions, that the Government do not have a programme to reform public services, to tackle the crisis in our pensions or to avert the tax rises that would be inevitable if they were in office for a third term. Instead, we have spin, spin, spin from the Government.

Mr. Webb: Before he was interrupted, the hon. Gentleman was saying that the Government's programmes to get lone parents off welfare to work had been unsuccessful. To fill the hole in his pensions policies he aims to save £400 million a year by getting lone parents with secondary school-age children back into work. What research evidence makes him think that he can raise £400 million by doing that?

Mr. Willetts: We have clear evidence that when lone parents are older and their children are of secondary school age, for them to go out to work is in the best interests of the children, as outcomes for them are better We know from the introduction of jobseeker's allowance that nothing beats a simple, clear requirement that people should actively seek work. The Government have skirted that issue ever since they took office, but we would address it directly with our reform. That is the difference, and it is an important one.

I turn to the main activity in which the Chancellor has been engaged in his Budget, and in which he has engaged again today—

Mr. Patrick McLoughlin (West Derbyshire) (Con): Before my hon. Friend moves on, will he say something more about savings, the issue that he has just addressed? It is disturbing that people are not being encouraged to save. Why, despite all the words used by the Chancellor in the past, are there no measures to encourage saving in the Budget?

Mr. Willetts: My hon. Friend is right. We have just about the lowest savings ratio on record, and the Red Book shows that there is no prospect of improvement. The Budget documents show the savings ratio as 5.25 per cent. in 2003, 5 per cent. in 2004 and 5.5 per cent. in 2005–06. Those are historically low levels.

Mr. Andrew Smith: Does the hon. Gentleman accept that in 1989 it was 4.9 per cent., which is the lowest level of all?

Mr. Willetts: The Secretary of State knows that the savings ratio under this Government has fallen from the 10 per cent. that they inherited from us to approximately 5 per cent. now. There are no measures in the Budget to do anything to reverse that. The average savings ratio since 1997 is lower than it was during our period in office, and that serious problem needs to be tackled.

I shall challenge the Chancellor on the new sport in which he is engaged— fox hunting. He wishes to shoot our fox; that was the spin put on the Budget. We were told that that was its purpose: it had nothing to do with improving the performance of the British economy or avoiding future tax increases, but was all to do with shooting our fox. The Chancellor is engaged in an activity more redolent of my hon. Friend the Member for Mid-Sussex (Mr. Soames) than of Labour Members, but they are all engaged in fox hunting.

Let us get on the trail and see whether, by suddenly discovering the importance of reducing the overhead costs of government, they have carried out the brilliant political manoeuvre that they think they have. For years, the Chancellor has denied that there is a problem with waste and inefficiency; it is Opposition Members who have pressed for action on the problem of waste and inefficiency in our public services. Now, the Chancellor takes great pride in turning up and announcing in the Budget that he has suddenly realised

that there is a great problem with waste, overhead costs and excessive numbers of civil servants, which he is going to reduce.

Will the Secretary of State for Work and Pensions provide a little more information about the announcements that were made? On the day of the Budget, he announced that he would reduce the number of civil servants, and said on the radio:

"*I haven't ruled out the possibility of some compulsory redundancies.*"

The Chancellor said in his Budget statement that

"the Secretary for Work and Pensions is announcing today for his Department a gross reduction of 40,000 staff posts, a redeployment of 10,000 posts to new priorities and thus an overall reduction over four years of 30,000 posts."—[*Official Report*, 17 March 2004; Vol. 419, c. 331.]

That is what many civil servants heard on their radios, but we know what the Government think about such sudden announcements of redundancies, as the Secretary of State for Trade and Industry said:

"I am not prepared to have our workers hear on the radio that they will lose their jobs or find that they have already lost their jobs through a text message."—[*Official Report*, 14 January 2004; Vol. 416, c. 822.]

The Secretary of State for Trade and Industry is so het up about such announcements that she will penalise employers who do such appalling things. The Government have introduced legislation to fine employers who announce redundancies without proper consultation, and she said:

"I want these changes to lead to a 'no surprise' culture"—

the Chancellor has not caught up with that, has he?—

"where employers and employees discuss common ground and find solutions to mutual problems. I want to see an end to the climate where people only hear about job losses from the media over their breakfast."

What, then, is the Chancellor up to, announcing redundancies in this way?

Mr. Stephen Pound (Ealing, North) (Lab): Like many honest citizens, I was immensely impressed by a recent photo opportunity involving the Leader of the Opposition in which great phalanxes of cardboard cut-outs wearing bowler hats symbolising imminently redundant civil servants were paraded for the cameras. Would the hon. Gentleman disassociate himself from that?

Mr. Willetts: That was a recruitment freeze. We know how to do these things properly, which is the point that we are making—but I am afraid that the Government do not. The Secretary of State for Work and Pensions has the defence that the announcement was not new. The Chancellor did not say so, but that is what we have discovered. I have been digging in the departmental spending plans, and in the latest annual report the Secretary of State said:

"The strategic aim is to reduce the Department's workforce from just 131,000 whole-time equivalents in post at April 2003"—

the figure is about the same now—

"to around 112,000 by March 2006 as the benefits of a significant programme of change and modernisation are realised."

That is what the Government were going to do 18 months ago, but we now know that those plans date back as far as 2002, which is when savings were first announced. What have they been doing in the two years since they first announced that 18,000 jobs were to be cut? A departmental spokesman was asked how many of those 18,000 job losses had been implemented since 2002, and she replied:

"That 18,000 was only a proposal."

The cut was "only a proposal", so the Government have not done anything about it. The Secretary of State must tell us why we should believe him this time when he claims that he is going to do something about it. He says that the savings are all due to the miraculous use of IT, but I warn him that his Department's record on saving money and staff through the effortless and efficient introduction of IT system leaves something to be desired.

The new computers at the Child Support Agency are still not working. Are we going to save money in that way? Will we make savings with the computers that delivered the new child tax credits so smoothly? The national insurance recording system did not send out any notification to people telling them to pay their voluntary national insurance contributions. Will the superb efficiency of that IT system be the means by which money is saved? The Government do not know how they are going to save the money, which is why for the past two years they have been announcing 18,000 staff reductions, yet have not achieved a single one.

Mr. Salmond: I have been listening closely to this part of the hon. Gentleman's speech, and I am still not clear whether those on the Tory Front Bench think the Minister is sacking too few civil servants, or too many.

Mr. Willetts: We want an efficient civil service, and I believe that it is possible to reduce staff numbers in the Department for Work and Pensions. Let me tell the hon. Gentleman, and Ministers, how it can be done. The only real way is not through gimmicks, proposals from which no action follows, or empty hopes based on IT systems. The only way is to reform the benefits system. That is how to save money. I shall give the hon. Gentleman some figures.

The average weekly administrative cost of delivering a payment of income support—one of those complicated means-tested benefits that the Chancellor loves so much—is £4.20. The administrative cost of delivering the basic state pension per week is 55p. The cost is hardly more than one tenth, if instead of complicated means-tested benefits, straightforward and simple benefits are paid through the basic state pension. The reason why the Chancellor cannot deliver savings is that he is always making the benefits system more complicated and spreading means-tested benefits. If he reformed the benefits system as we propose, it would indeed be possible to make savings. One makes savings by making tough decisions on the reform of benefits.

Rob Marris *rose*—

Mr. Tom Watson (West Bromwich, East) (Lab) *rose*—

Mr. Willetts: No. I should like the Secretary of State to explain to the House why we should believe that this time, Ministers will be able to save money on the

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overhead costs of government, when we know from their own evidence how they have failed before. I have the targets that they set in 2000 for "modernising welfare delivery". The aim was to

"introduce an improved, integrated modern service for delivering benefits".

Those were their 2000 objectives. What happened?

One target was to

"reduce the average cost of processing retirement pension claims and maintaining the caseload by 20 per cent."

The response was that the Department would not meet that target. Another target was to

"reduce the average cost of processing Minimum Income Guarantee claims".

The outcome was that the Department would not meet that target, either. The Department also aimed to

"ensure that 90 per cent. of MIG claims are processed within 13 days".

The outcome was that the Department would not meet that target.

The Government have failed to meet their targets in the past. There is no evidence that they have taken the measures necessary to deliver the targets they have now set. The only way to do that is by serious reform of benefits. The only way to save money on the overhead costs of government is to engage in a serious process of public service reform. There is nothing about that in the Budget. That is why the Budget fails to rise to the challenge of the growing costs of government. That is why the Opposition have the correct approach and Ministers do not.

James Purnell: On a point of order, Mr. Deputy Speaker. May I have your guidance? If I believe the shadow spokesman inadvertently misled the House, and I have a quote that shows that, but he was not able to take an intervention from me during his speech, what recourse do I have to enable him to correct the record?

Mr. McLoughlin: Further to that point of order, Mr. Deputy Speaker. Would it be a good idea if the hon. Gentleman came to Prime Minister's questions, where we see that every week?

Mr. Deputy Speaker (Sir Michael Lord): Let me respond to the first point of order. The point that the hon. Member for Stalybridge and Hyde (James Purnell) raises is largely a matter for debate. The words that an hon. Member chooses to use in the Chamber must be the ones that he decides to use, and he must take great care with those words.

1.33 pm

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): I congratulate the Government on yet another fine Budget in a long series, and I congratulate my right hon. Friend the Chancellor on his intellectual and sheer physical stamina as he completed his eighth Budget. I think that it is true to say that come July this year he will have overtaken Lloyd George in the office of Chancellor, and looking a little further ahead he might even have Gladstone in his sights, who under Lord Derby's Administration, I think, did seven years and succeeded him as Prime Minister in the eighth. I am not sure my right hon. Friend would wish me to pursue that scenario any further on this occasion, but it is already clear that the Chancellor is entering the record books for the length of his chancellorship.

The Chancellor's achievements are much more than that. This is the longest period of growth that we have had. We have stability, and all the benign aspects of the present economic situation—jobs, interest rates, growth, low inflation—are derived from that overriding objective. We have avoided stop-go, which is a particularly vicious form of economic development. It leads to lost output and makes for terrible inefficiency as businesses wind down when they have only just wound up with investment that can no longer be used. A third aspect of stop-go that is particularly pernicious is that in the stop phase, it is always the capital projects that bear the heaviest burden of the cut. That has led to the progressive decline in our infrastructure.

We tried to deal with that. Some of us remember—some of us were even in the House in the '60s and '70s—under successive Labour and Tory Administrations the Wilson attempt through planning and the Heath attempt through the dash for growth. Both tried to get away from stop-go and, sadly for the country, both failed to do so. Then came the '80s and the '90s and the abandonment of any pretence of credence in investment in the public sector. It was left to deteriorate, with the result that as we enter the new century we must pick up the pieces and try to put back together again not just British Rail, but the outdated infrastructure in our hospitals, our schools and all of our transport. Those are the three prime areas.

Uniquely now we have achieved stability. Uniquely now we have a forward programme. Judging by the Chancellor's Budget arithmetic, there is every chance that we can sustain it and make a real difference. That could not be done in the year or two since we got going. It is no good expecting that after two years of high spending in the health service, we will suddenly reach the European level, the French level or whatever is considered the optimum that we should reach, at least in terms of the service provided. That cannot be achieved so rapidly, but we seem to have the prospect of it.

Just as we are about to sustain that programme and get a national effort behind it—and get the CBI behind it, as well as the unions—the Opposition mount an attack on it. We have hardly got going, but already they want to prove it is not working. On the basis of some tentative, experimental and sometimes quite absurd analysis, they are trying to undermine the national programme of rejuvenation and reinvestment.

Rob Marris: My hon. Friend mentioned earlier his concerns about the Opposition's plans regarding defence spending, and my hon. Friend the Member for Stalybridge and Hyde (James Purnell) mentioned the Conservative party website. May I remind my hon. Friend briefly what that website says? The right hon. Member for West Dorset (Mr. Letwin) is quoted as saying:

"The fifth component of the Medium Term Expenditure Strategy relates to all programme expenditure covered by departmental expenditure limits outside the NHS and school budgets.

I have agreed with my Shadow Cabinet colleagues that the baseline for spending across all of these departmental budgets will be 0 per cent. growth for the first two years".

He goes on:

"I fully accept that holding programme spending within departmental expenditure limits other than the NHS and schools to a zero increase for the first two years and to what amounts to a zero real terms increase thereafter is a tough constraint."

Is that what my hon. Friend was talking about as regards defence expenditure and the Opposition proposals for that?

Mr. Robinson: I am grateful to my hon. Friend for that telling and pertinent intervention. I tried in vain to get either of the Opposition spokesmen in today's debate to tell us what they meant. One of my hon. Friends pointed out that they were threatening to axe the Eurofighter project to save £20 billion. If only they would come clean with the House, we would know where they stood. I am less concerned about those proposals, however, because I do not think that the Conservatives are ever going to get the chance to implement them. They are muddled, contradictory and impractical, and I think that they will be exposed as such during the months leading up to the general election.

I am seriously concerned about the Conservatives' mentality: as soon as they see the Government's success in investing to restore our schools, hospitals and transport systems, they try to prove that because our approach involves the public sector, it will not work. What grounds do they cite for those criticisms? One is the Office for National Statistics report. Normally, an ONS report would be taken very seriously and checked, but this one was never intended to be such a document. It was put out to provide an experimental look at the issues—and it is correct that we should monitor expenditure programmes that involve huge sums. I agree that we should get value for money and ensure that we are achieving the targets on which our money is being spent.

Let me just point out a few aspects of the ONS report to which the hon. Member for Havant (Mr. Willetts) and the shadow Chancellor referred. The measurements used in the report are "new" and "experimental"—that suddenly seems to have become the holy gospel—and they use a measure of output which is absurd. The hon. Member for Havant mentioned measuring outputs instead of inputs, so he will agree with that. The measurements also invite us to equate success with having bigger class sizes, more fires and more disease. That seems to be the way it works. The suggestion is that that methodology is bound to work. In fairness, the hon. Gentleman was trying to make this point. Quality is not mentioned, but what could be more vital to all our public services than quality?

When the shadow Chancellor tries to suggest that the difference between the investment going in and the output is equivalent to an inflation rate five times the national rate, he is of course using the same flawed methodology to reach that conclusion. His argument therefore has no intellectual legitimacy whatever. I hope that a better effort will be made by Sir Tony Atkinson, who has rightly been appointed by the Chancellor to examine these issues. I look forward to his report being produced in the summer. Let us hope that we can make sensible progress in that direction.

In yesterday's debate, my right hon. Friend the Secretary of State for Health made some telling points against those who were trying to suggest that the investment that we are making is much greater than any output that is being achieved. I shall not read out all the figures that my right hon. Friend gave to the House yesterday, but some are well worth repeating. He drew attention to the fact that there were 113,000 more cataract operations last year than in 1997—a 70 per cent. increase.—and 19,000 more knee operations—a 69 per cent. increase. There were 950,000 more planned hospital admissions last year than in 1997—a 22 per cent. increase—and 6,000 extra heart operations will have been carried out by April. All that seems to be a very good indicator of the improvements that are being made.

Let us forget what the precise objectives were—I hope that we can also get away from the distortions that they can lead to in clinical priorities and in the organisation of hospitals—and consider the increases that are being achieved, even without referring to the 6.3 million people dealt with by NHS Direct and the 400,000 operations. I speak anecdotally when I say that many people in my constituency and elsewhere are finding a great improvement in the promptness, cleanliness and up-to-dateness of NHS care, along with the new hospitals resulting from the record hospital break-in programme. So there is no need to listen to the Conservatives' rubbishing, pessimism and downright irresponsible criticism. All we need to do is go out, look at the hospitals, and talk to the nurses.

There is a problem with consultants and with the European working time directive, which I shall come to in a moment. First, however, I want to say a word demolishing the argument about the European Central Bank paper, of which the Leader of the Opposition made much and in respect of which he published a plea in a national newspaper for help in solving the £70 billion mystery. That seems like a waste of money to me, but Tory party funds are obviously being replenished at a rate of knots. I am not sure that I can help him in terms of the way he posed his question, but I can help him in a different way.

The European Central Bank study is not an official bank study; the bank publishes side papers such as these which are written by people who happen to work for the bank. In no sense does it carry the imprimatur—let alone the authority—of the World Bank. It shows, among other things, that the UK, compared with about 20 countries—all the major European ones, America and the rest—has the most efficient transport system. That must give us a resounding sense of confidence. It also states that we come third, in terms of public sector figures, in administration, health, education and infrastructure. If the Leader of the Opposition has identified a mystery surrounding £70 billion, let me tell him how to find a $700 billion one. If we take the conclusion of the report on transport and apply it to the United States, we discover that, if the US were as efficient as we are, there would be a $700 billion problem for the right hon. and learned Gentleman to go after. Why is it that we are so much more efficient, and why are the United States wasting resources that, on that basis, could be calculated at roughly $700 billion?

Those examples, the ONS and ECB reports, do not give any objective grounds at this stage for suggesting that the huge investment that we are putting into the

[Mr. Robinson]

three priority areas is not producing the results that it must produce. We all have a deep national and personal responsibility to see that those results are achieved. I hope that the Tory attitude to this will soon be exposed as irresponsible. However, I would say to my right hon. and hon. Friends on the Treasury Front Bench that, in terms of getting ahead with the proper analysis and monitoring of what we are getting for our public investment—now that it is on such a scale and can be sustained for a period that would really make an impact after the years of neglect—they should set up a small monitoring team in the Department, along the lines of whatever Tony Atkinson comes up with, to ensure that we have authoritative grounds to prove not only that the programme is delivering as we expect it to but to expose the hypocrisy and shallowness of the Tory Opposition towards this major national input.

I should like to put to my Front-Bench colleagues one final point on the health service. It was not mentioned yesterday, and I want to take the opportunity to raise it now. There is a problem with the European working time directive, in relation to junior doctors and to the earlier changes that were made, which will pose a great challenge to the health service that could result in a drop in the level of service that it can provide. I would like my right hon. Friend the Secretary of State for Health to consider the provisions that we have in place to meet the requirements of the working time directive in relation to junior doctors, the spread of the provision and the worry among many consultants about the speed at which the changes are happening following the earlier structural changes. It is possible that, despite the money going in, we shall not do as well as we could if we could find a way of minimising the effect of the working time directive. That is a major consideration, and a personal worry of mine. I have many friends who are surgeons who never stop lecturing me on it, so I hope I am allowed to lecture my right hon. and hon. Friends in turn.

I am very pleased that, for the first time since the war, we can look forward to a sustained programme to put things right that have been wrong for so long. The Government can take great pride in that, and I would simply say to them, "Hold your nerve, and make sure that everything is clearly explained and justified as we go forward."

1.49 pm

Mr. Steve Webb (Northavon) (LD): When my hon. Friend the Member for Twickenham (Dr. Cable) responded to the Chancellor's Budget statement last week he began in characteristically generous fashion. I propose to do the same. He begin by saying that

> "the Chancellor's finest hour came in his first week in office in 1997, when he made the Bank of England independent."—[*Official Report*, 17 March 2004; Vol. 419, c. 340.]

My hon. Friend is too much of a statesman to make the partisan point that that proposal came in the Liberal Democrat, not the Labour or Tory, manifesto, but I feel no such compunction. I am certainly happy to argue that the Chancellor's finest decision was taken from our manifesto, a lesson that all Departments would do well to learn from.

I welcome aspects of the Budget that have had relatively little attention, including potential simplification of tax treatment of pensions. Sweeping away eight different tax treatments must in principle be right. We have quibbles about the detail, but the idea of a simple method of assessing tax relief for pensions is a step in the right direction. We welcome the proposal, for which Liberal Democrats have long pressed, that people should be able to draw a pension and carry on working for the same employer, perhaps part-time, with no penalty. That seems entirely right and is very much in the spirit of flexible retirement, whereby retirement is not a cliff edge but a process. Those are the sort of things that we have wanted for some time. That sort of change needs to be allied with action on age discrimination, which, yet again, is sadly lacking in the Government's programme this year. Even so, one out of two is not too bad.

I want to focus on what I used to think was a Labour value: fairness. If Budgets are about tax, a Labour Budget ought surely to be about fair tax, yet this one failed to do anything to redress the fact that the poorest people in our society pay higher and higher proportions of their income in tax, while the highest earners pay smaller proportions. People simply cannot believe that the poorest in our society pay a bigger proportion of their income in tax, and not merely more than the national average but more than the richest pay. What sort of tax system can possibly lead to that?

The Office for National Statistics has produced estimates of the proportion of income taken in tax from the poorest 10 per cent. in society. In 1996–97—these are the figures inherited by the Government—the poorest 10 per cent. paid 44 per cent. of their income in tax. That is astonishing. Who would have thought, however, that five years later, under a Labour Government, 44 per cent. would have risen to 53 per cent? That is incredible. What, meanwhile, has happened to the richest tenth? They paid 33 per cent. of their income in tax, and they still pay 33 per cent. The lowest income earners in society are therefore paying a bigger proportion of their income in tax. How can that be right?

The Chancellor put his finger on one reason for that in his Budget speech. He mentioned council tax and how unfair it is, and he said that he would do something about it. Liberal Democrats thought that he might actually do something about it—that he had heeded not only our warnings, at last, but those from other organisations, which say that it is time the council tax was replaced by a fair tax related to ability to pay. Local taxes make a major contribution to the heavy tax burden of the lowest paid and pensioners. Out of the 53 per cent. of their income that goes in tax, 12 per cent. goes in local tax after rebates: even after council tax benefit has been taken into account, the poorest people in our society pay 12 per cent. of their income in local taxes. How can that possibly be sensible?

In a Budget debate, it is appropriate to look at what has happened to our tax system over the longer term. Over the past couple of decades, direct taxes, which relate to people's ability to pay, have gone down. The standard rate of income tax was 33 per cent., I think, when Mrs. Thatcher came to power, and it has fallen by a third. National insurance rates have gone down and come back up again, and are broadly what they were about two decades ago. As a result, the overall balance

is that direct taxes, which reflect what one can afford to pay, have gone down, but indirect taxes have shot up. VAT has more than doubled. The balance of the tax system has therefore shifted. Those on lower incomes pay more tax, while those on higher incomes pay less. Who in this Chamber thinks that that is fair?

Mrs. Patsy Calton (Cheadle) (LD): Mr. Blair.

Mr. Webb: My hon. Friend suggests from a sedentary position that the Prime Minister might feel that it is.

The Budget was a missed opportunity to reduce the tax burden on those who are least able to pay. What did we get from the Chancellor? We got a pre-election bribe of £100. According to his spending plans, that £100 is not factored into any future spending plans. We can therefore assume only that it is intended to keep him going up to the next Budget. Britain's pensioners do not want to have to wait for the annual rabbit from the hat that the Chancellor produces at the end of his Budget to get headlines. Pensioners deserve more respect than is shown by their having to wait for the annual gimmick to get a decent income. They should have a decent income as of right, and we should have a fair local tax system, under which that £100 would not have been necessary.

Mr. Watson: Is that a different £100 to the £100 that the Liberal Democrats promised to cut off council tax bills at the recent Brent, East by-election?

Mr. Webb: The hon. Gentleman will find that the £100 proposed by the Liberal Democrats in our last alternative Budget was not just for pensioners but for all council tax payers, as part of the transition to a local income tax. If he is saying that he supports that transition to a fair local tax system, he and I are probably of one mind.

Mr. Watson: To clarify matters, I will send the hon. Gentleman the "Focus" leaflet from the Brent, East by-election, in which the Liberal Democrats said that they would cut council tax bills by £100. If that was not a bribe, what is?

Mr. Webb: I have just pointed out that the £100 from the Chancellor will not continue beyond one year. The departmental spending plans are for £475 million for one year, then a general election, then nothing. That looks a bit like a bribe. We want to cut the burden of local taxation on those least able to pay, every year, through moving to a local income tax system. That has been our consistent policy for a long time.

There was something odd about the way in which the Chancellor presented the argument for the £100. He was saying, "Because council tax is such a burden on pensioners and others, we will put in £100 this year." But this was the year in which we were told that the Government had given extra largesse to local authorities and in which increases in council tax would be far lower. Why, therefore, if the £100 is needed now, was it not given last year, when council tax went up far more than it did this year? Well, of course, the answer is that that was two years before the election, not one.

The Chancellor not only offered the £100 but planned a 7 per cent. council tax rise for next year. Is not that a classic example of giving with one hand and taking with the other? For someone paying council tax of about £1,000, the 7 per cent. will be about £70, so it will not be long before the increase that has just been given is taken away.

The Chief Secretary to the Treasury (Mr. Paul Boateng): Will the hon. Gentleman tell the House how those least able to pay will benefit from the £934 average council tax per dwelling this year charged by Liberal Democrat councils, which compares with £818 for Labour councils and £1,008 for Conservative councils?

Mr. Webb: It is sad when a senior Treasury Minister must resort to such implausible comparisons. [HON. MEMBERS: "Answer."] I will answer the question. Council tax fills the difference between what councils spend and what they get from central Government, which determines about three quarters of the amount. We all know that the Government have reordered grant allocations to favour, as I recollect—I am a bit hazy—urban authorities or Labour authorities. As the National Audit Office found when it looked at last year's large council tax rises, when grants went up substantially, council taxes did not have to increase by so much.

Mr. Willetts: Does the hon. Gentleman agree that one reason why the Chief Secretary's figures were so misleading was that he did not allow for different bands and different composition of properties in different areas? If he looks at the average band D council tax in relation to control of different local authorities, he will get a rather different picture.

Mr. Webb: The hon. Gentleman is right. In my local authority area, the average house is in band B, but that is not reflected in the figures that are normally quoted, which can be used to support almost any argument. The truth is that council tax is an unfair tax. The Chancellor acknowledged that in coming up with a one-off gimmick at the end of his Budget statement. The real answer, though, is a decent pension for pensioners and a fair system of local taxation.

Let me say something about staff cuts at the Department for Work and Pensions. What has not been mentioned so far, although I think the hon. Member for Havant (Mr. Willetts) alluded to it, is that the Department employed 97,000 people in the Government's first year in office, whereas it will employ 130,000 in the current year. The number of staff has risen by a third, and we are expected to applaud the Department for making tough choices in reducing it by about a quarter. Why has staffing risen so much, given that the Department is always telling us that unemployment is down and fewer lone parents are on income support? Surely that should mean that the Department needs fewer people to administer all the benefit claims.

As the hon. Member for Havant said, the fact is that the Government have made the system so complicated that numerous people are needed to do all the sums. Moreover, the Government highlight the claimant count in relation to unemployment, while glossing over the fact that the number of people claiming disability-related benefits is on the increase. Many young people who are not included in the claimant count may not be

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in paid employment but are economically active in some other way. The Government claim that everything in the garden is rosy, but that does not translate into less administration for the Department because there are an awful lot of people on benefits to whom they do not refer.

Mr. Andrew Smith: I apologise for missing the first part of the hon. Gentleman's speech. I was called out of the Chamber. Does he accept that the rate of flow on to disability benefits has fallen by a quarter since the Government came to power? The total number of people on benefits has continued to rise, but it has done so at a diminishing rate because of the length of time for which people stay on those benefits. That is why our pathway to work proposals to help people out of inactivity and into work are so important.

Mr. Webb: It is always gratifying when the second derivative is raised in the House. When that happens, I feel that calculus was worth it after all. The Secretary of State is right in saying that the rate of inflow has slowed, but it is a question not of when people go on to benefits, but of how long they stay on them; the outflow rate is critical. I realise that the Government have a programme to tackle the difficulty of getting some of these folk off benefits, but successive Governments have experienced the problem of folk flowing on to incapacity benefit and its predecessors and then getting stuck. The Government are overselling what has happened, especially in the case of young people for whom sickness is less of an issue.

Mr. Willetts: As the hon. Gentleman knows, the Secretary of State's figures were misleading. The average time on incapacity benefit has increased since the so-called reform involving the introduction of means-testing for new claims. People are reluctant to go off the benefit, because they fear that if they start claiming it again, they will be means-tested. The Secretary of State mentioned the linking rules, but those must be applied for in advance, and many people do not do so.

Mr. Webb: The hon. Gentleman is right in every particular, although I seem to recall that he was very influential when means-testing was applied to what was then invalidity benefit, when company pensions were offset against invalidity pensions, so he is not entirely blameless on that front.

Mr. Willetts: I was trying to help the hon. Gentleman.

Mr. Webb: Yes, and that is all the thanks the hon. Gentleman gets.

The hon. Gentleman was entirely right when he spoke about the savings in staff numbers at the DWP that were supposed to have been made through technology. Excuse me, as my children say, but where are these efficient computer systems? Are they in the Child Support Agency, where even Ministers are beginning to despair of the system ever working?

Mr. Watson: Will the hon. Gentleman give way?

Mr. Webb: I have already given way twice to the hon. Gentleman.

Are the efficient computer systems in the tax credit system, which was a complete shambles at the outset? I have not seen a single efficient computer system in the Department, yet the cost of tens of thousands of workers has supposedly been saved. Our principal concern is the welfare of those receiving benefits and pensions. They are entitled to an efficient service. If the Secretary of State plans staff cuts on the basis of efficient computers that do not exist, our constituents will suffer in terms of their pensions, benefits and tax credits.

Mark Tami (Alyn and Deeside) (Lab): Is the hon. Gentleman really telling us that he would cut the numbers by far more?

Mr. Webb: No. We are saying that we do not support cuts unless it can be demonstrated that efficiency has been delivered to our constituents. We do not support the idea of cutting staff when IT systems are not producing a more efficient service.

Our proposals for reform of tax and pension credit would reduce the need for bureaucracy. If we provided a better state pension and reduced dependence on means-testing, the administrative burden would be smaller. We propose to cut administration and bureaucracy, but we will make no hypothetical assumptions that computer systems will be improved.

Rob Marris: The hon. Gentleman implied that the number of DWP staff—97,000—had risen by 30 per cent. in three years. Since the Department has existed for only three years, perhaps he could clarify that. As for computerisation—my right hon. Friend the Secretary of State will correct me if I am wrong—I believe that the Department has 36 computerisation projects on the go, as well as those established since 1997. The hon. Gentleman mentioned two or three that have undoubtedly had problems—I speak as a member of the IT Sub-Committee of the Select Committee on Work and Pensions—but many DWP computer systems are working well. I suggest that the hon. Gentleman has not heard about those simply because they are working well.

Mr. Webb: As the hon. Gentleman is knowledgeable about these matters, I am sure he will agree that the computer projects that affect the vast majority of our constituents are the tax credit computer, which affects every family in the land, and the pension credit computer, which will probably affect every pensioner in the land if the Chancellor has his way and which affects half of them already. The Child Support Agency computer affects 1 million parents with care, and probably a further million. These are substantial computer systems, all of which have a track record of being a shambles. The national insurance recording system, which applies to every man, woman and child as well as several million dead people, is a shambles too. I am delighted to learn that another 30 systems may be working, but I think that the record is bad enough as it stands.

The hon. Gentleman asked about my statistics relating to staff numbers. According to table 6 of the DWP report, headed "Staff numbers 1997–98 to 2005–06", which includes whole-time equivalents, the figure for 1997–98 is 97,000 and the one for the current

year is 130,000. *[Interruption.]* Those figures are in the Department's own report. I do not know where the Department got the numbers from if they did not exist.

As the hon. Member for Havant observed, one thing that was mentioned only briefly in the Budget statement—we should probably be grateful that it was mentioned at all—was the Government's U-turn in deciding that paying the working families tax credit through the pay packet was a mistake. One of the first Bills whose progress through the House I followed was the one that introduced that credit in 1998 or thereabouts. The only difference between working families tax credit and family credit is payment through the pay packet. When we opposed that, we were patted on the head and told that we did not understand that people needed to learn a lesson. As the hon. Member for Havant says, that is a metaphysical argument. It was suggested that people were capable of understanding that work pays only if the money was in their pay packets. First child tax credit was taken out of the pay packet because the Government accepted our argument that mothers were the best recipients of benefit for their children. Then the Government finally accepted the "burden on business" argument that leaving the fag-end of tax credit in the pay packet—often £6 or £7 a week—was simply not worth it.

Business, families and parents would have been saved an awful lot of hassle if the Government had only listened to the Liberal Democrats in the first place—I am glad to see the hon. Member for Havant nodding at that—and to others who supported us.

The working families tax credit has been changed, but the child tax credit has received almost no attention. It was frozen in the Budget—the amounts for families and the thresholds were frozen. Will it be one of those things that is nibbled away every year so that families on middle incomes do not necessarily spot what is going on but realise, as time goes by, that their support is being eroded? Perhaps the Chief Secretary will tell us whether that is a deliberate policy. Is it the Government's policy to freeze the family element and thresholds indefinitely so that the tax credit is more heavily concentrated on families on lower incomes? That would not necessarily be a bad policy; it could provide a fairer structure. However, the Government should be open and up front about it rather than simply forgetting to index the credit each year.

At the end of the financial year, our constituents will discover, if they have not done so already, that their family finances are on a rollercoaster. The Government will examine people's child tax credit assessment for 2003–04 and try to validate it. They will ask for income information in the following six months and check whether the amount paid in 2003–04 was right. Many people's circumstances will have changed since they filled in the form in January 2003, on the basis of their 2001–02 income. Many people will get a letter or a knock at the door and be told that they were paid the wrong amount in 2003–04, that the amount that they had started to receive in 2004–05 was also wrong, because the figure continued at the same rate as for 2003–04 and that the overpayment for 2003–04 and the first part of 2004–05 will therefore be recovered. That will be so severe that families will probably face hardship. They can then claim a hardship payment that will reduce the clawback but leave a larger amount to be clawed back at the end of 2004–05. That will be carried over into the award for 2005–06, when circumstances will have changed and the fiasco will continue.

Incomes will go up and down, as if on a rollercoaster, and people will never have certainty. They will never know whether what they currently receive is theirs to spend without someone trying to claw it back. Assessment over a year means that every change of circumstances has the potential to affect the award. Both partners' incomes, the number of children, whether partners stay together or get different jobs, and suchlike changes must be documented and perhaps reported because they might affect the award. Has not bureaucracy gone too far? Is not it time to go back to fixed awards—possibly with some flexibility for extreme changes of circumstances—which would save massively on bureaucracy and have the great beauty of ensuring that our constituents knew where they stood? At the moment, they do not. I hope that the Chancellor and the Government will consider that.

In his introductory remarks last week, my hon. Friend the Member for Twickenham (Dr. Cable) mentioned imbalances in the economy, referring to personal debt and credit. He calculated that the personal sector owes a trillion pounds and that that equals the combined external debt of Africa, Asia and Latin America put together. That suggests the scale of the debt mountain, but we heard precious little from the Chancellor about tackling personal debt.

Let me give one example that has arisen today. My researcher approached me for a pay rise—a common experience for me. She had received a letter from Barclays bank—her bank—offering her a pre-approved loan of £20,700. The bank suggested that she might spend it on a holiday or a car. I grant that she has expensive tastes, but that would pay for a pretty nice holiday or car. Her bank, which knows how much she earns, pre-approved the loan. The monthly repayments would be £934. I shall not say what percentage of her take-home pay that is, but it is more than half.

Those who want to save money are confronted by bureaucracy. I recently wanted to put some money into a cash individual savings account. I had not contributed any money for a year and I had to fill in all sorts of forms to justify being allowed to save in that ISA. However, anyone who wants to borrow money simply waits until an offer lands on the doormat.

Mr. Salmond: I accept that the subject is serious, but I hope that the hon. Gentleman will not leave us hanging: did she get the pay rise?

Mr. Webb: We are still in negotiation.

The example highlights the absurdity of the position. Although I only employ staff who are discerning about financial matters, and my researcher will obviously reject the loan, the ready availability of such loans underlines the problem.

My hon. Friend the Member for Twickenham suggested a 10-point plan for tackling personal debt. I shall not go through it in detail—hon. Members have already heard it—but I emphasise a few simple suggestions. Every year, the Government publish an assessment of the sustainability of Government debt. What about the sustainability of personal debt? Should

[Mr. Webb]

not the debt bubble form part of the annual assessment? My hon. Friend suggested a curb on the tidal wave of unsolicited credit promotion and attaching some sort of credit health warning to offers such as that which I have described. That is a pretty good idea. He suggests that we should stop penalties for people who pay back their debts early. People who currently pay their debts early can effectively be fined for doing so.

The Budget should have dealt with such issues, which affect the long-term structure of the economy, but it did not. The Chancellor produced a rabbit from a hat instead of serious reform of local taxation. There was no action on the unfairness of the tax system overall, and a failure to tackle the fundamental imbalances of the economy. Liberal Democrats were, to say the least, disappointed with the Budget.

2.15 pm

Mr. Martin O'Neill (Ochil) (Lab): I was unfortunately absent for the Chancellor's statement because I was in south-east Asia with the Select Committee on Trade and Industry. We all know that organising such events takes time and their dates tend to be set in concrete, so it is difficult to avoid missing occasions such as the Budget statement. From reading the debates and anticipating what would happen, it is fair to say that the Government got the expected response from those who support us, and expressions of frustration from those who oppose us because the Chancellor delivered so much of what he promised.

It is interesting to go abroad and talk to people about one's country's economy when the annual health check or MOT that constitutes the Budget is published. We visited Malaysia, Thailand and Singapore—the tiger economies, the sharpness of whose claws has been honed and which are now back in business in a big way. It was interesting to note that their agendas are similar to ours in several respects. They attempt to control public spending and use the money as wisely and effectively as possible. They spend money on knowledge-based industries and are committed to science. In this country, that is evidenced by the commendable agreement that the Chancellor reached with the Secretary of State for Education and Skills.

Mr. John Hayes (South Holland and The Deepings) (Con): Such prudent spending of public money depends on its effectiveness being measured. It depends on a test of productivity. Does the hon. Gentleman acknowledge that that is singularly lacking in the Chancellor's analysis? The Chancellor made many statements about input but few about output. Surely it is productivity that really counts—bang for the bucks, one might say.

Mr. O'Neill: One of the problems that the Government experienced was that, at least for the first two years, they did not spend nearly as much as we would have liked because they set themselves the priority of getting public finances under control. Since then, we have begun to spend more money. As has already been said, the performance and outputs in, for example, the health service are beginning to show consequent improvements. There have been considerable advances in primary education but the secondary sector and some aspects of higher education have yet to experience them. The jury is still out on several aspects of public expenditure and we have to work at greater efficiency. No Labour Member would deny that that was one of our priorities. Indeed, 10 years ago, when John Smith died and we were assessing his career, we remembered that one of the points that he repeatedly made was that economic efficiency and social justice must go hand in hand. They are two sides of the one coin, he said. Creating wealth in order that we can spend it on desirable and necessary social improvements is only part of it. The other part is ensuring, as we are doing, that we invest heavily over the next decade in science, science education and the application of science. That is the only way in which we can make the quantum leap from the kind of economy that we have now to the kind that we need to sustain ourselves.

I find no echo of that among Conservative Members. There is not much in the shadow Chancellor's controlled spending plans to encourage knowledge-based industries or to achieve improvements in areas that require substantial advances if we are to ensure that the economic growth that we have already achieved is sustained.

Mr. Hayes: The hon. Gentleman is right to say that economic success is the prerequisite of delivering social justice. A prosperous society can invest in improving the lot of all its people, but I hope that he is not suggesting that social justice, for which I share his enthusiasm, needs to be measured in economic terms. Social justice is about delivering far nobler objectives.

Mr. O'Neill: A number of my constituents are happy when social justice includes a bit of economic assistance and advance. When we had 20 per cent. unemployment in my constituency, it was a far less happy place than now, when unemployment is between 4 and 5 per cent. Labour Members argue that we cannot have economic efficiency unless we have a socially just society in which the divisions and difficulties are diminished. It is perhaps part of the fragility of some of the Asian economies that insufficient attention has been given to the move towards a more socially just society. It is clear that they are making tremendous advances in areas such as the development of the biotech industry, in respect of which we are in as good a position as any other country apart from the United States, and in a better position than most. That applies in a number of IT sectors as well, but we need more of that.

Equally, we need to ensure that, when we spend money on training, it does not merely get people into apprenticeships. One thing that Professor Porter identified in his studies is the need to look at the fact that, once people have tradesmen's qualifications and have completed the apprenticeships, there needs to be subsequent improvement in those skills across the work force. That is not happening. We are getting people out of university into what remains of manufacturing but we are not getting sufficient numbers of people trained beyond the basic requirements to do the job. If we are going to have the kind of investment that we want in new equipment and machinery, we have to have skilled, trained people who are capable of using it.

That is one of the areas to which the Government will have to give more attention. We are making the necessary start and improving the position but we have to go further. We have continually and constantly to replenish the capabilities of the work force to meet the new challenges. It is through that that we will get quality improvements, and that is as applicable in the public services as in the private sector. If we are going to put new equipment, new scanners and new forms of clinical working into hospitals, we have to ensure that there are people there who are capable of utilising that equipment. If we are going to put computer systems into the Department for Work and Pensions, we have to ensure that they are the right ones and that people use them.

If one thing is evident, it is that across the United States and indeed in some parts of Britain, the introduction of computerisation to clerical working has resulted in massive increases in productivity. Indeed, it could be argued that the improvement in the American economy is in no small way due to the introduction of sophisticated IT systems. Not all of them work first time but they work eventually and, when they do, they make fantastic improvements, which can be seen not just in the output per worker but in the reduction in the need for many workers.

An incredible amount of worthwhile, important work is undertaken by low-paid civil servants. None the less, it is drudgery. It would be better if we could get them out of that drudgery into jobs that could better utilise their capabilities. I have no great problem with the reduction in the numbers of people that we are seeking in areas of the civil service. However, I want to ensure that that is done sensibly. I take the point that the hon. Member for Havant (Mr. Willetts) made about the need for proper systems, so that arrangements are in place and people can leave in a decent and orderly fashion. I am confident that, in most instances, those people will be able to secure employment elsewhere. The shift of resources from the public to the private will create the kind of job opportunities that those people will be able to pick up. However, I am a wee bit worried when I hear the old story that it will be all right, turnover will take care of it and there will be no compulsory redundancies. There is always a downside to no compulsory redundancies: we find that there are square pegs in round holes and that they are there merely because they are there.

Often, one finds that, when people hear that their jobs are going to go, the ambitious and effective ones leave and others hang on until the last minute because, perhaps correctly, they anticipate being able to secure reasonable redundancy arrangements, although I cannot imagine that the civil service redundancy arrangements will be particularly generous. I would like to think that they will be better than the state minimum but I am not sure that they will be much in excess of that.

There is no easy way of reducing staffing, but there is a danger in believing that if we do not make it compulsory it will be all right. We have seen in too many areas that the wrong people stay and sometimes the better people leave early. There is a danger there, but Ministers have raised the issue openly and transparently. Let us face it—there is a long way to go before the figures are achieved. I am happy that, with good will, we can deal with that issue. At the same time, the civil servants who perhaps need less attention paid to them than they have received already are those in Customs and Excise who have been suggesting the strip stamp scheme.

I represent a constituency in which, sadly, whisky is no longer produced. For many years, we distilled grain whisky there, which hon. Members will know is the rather less sexy constituent of a blend. It is actually not that potable without malt alongside it. I have had it and it is not the best alcoholic experience I have ever had. I think that one can say that grain whisky involved more of a chemical process. It is like vodka and other such drinks. One can produce it pretty easily in what is akin to a chemical plant.

In my area, we no longer distil but we produce virtually 60 per cent. of all the bottles into which the Scotch goes. About 65 per cent. of the whisky in cask storage in Scotland is in my constituency, so I have more than a passing interest in the matter. I also have the Diageo laboratories and a number of fascinating attendant parts of the whisky process. They depend on a healthy Scotch whisky industry, as do many workers across Scotland. At present, I am not convinced that the rejection of the Scotch Whisky Association's proposals is necessarily the best way of dealing with the leakage of duty from the warehouses. That is a serious problem: it is as if people were opening the bottles and pouring the whisky away, although they are not doing that but selling the bottles in dodgy places. There must be far greater security. The proposals put forward by the Scotch Whisky Association identified that issue and sought to deal with it by trying to create a more secure system for the warehousing of bottles.

Although the whisky industry is dominated by big players, it is also quite fragmented. Many bottling operations are conducted by firms that might not at the moment have the security facilities in place for the storing of strips, or that are perhaps not equipped to have the strips put on the bottles in the first place. I know that it has been suggested that money will be available, and one can only hope that it will be sufficient to fund the scheme, but I have my doubts. I do not think that there will be the backing that is needed.

What disturbs me is that the Chancellor, quite reasonably, issued a challenge to the industry in the autumn statement. The industry has come up with a scheme that has intrinsic attractions: it could be implemented relatively quickly, savings could be made quickly and it could be tested even before the Government's scheme is in place. It would have been more sensible for the Government to accept the Scotch Whisky Association's offer, to scrutinise its proposal and to screw it down. Even if they had made it as damn difficult as possible for that proposal to be introduced, they should nevertheless have given it a chance, and perhaps delayed the stamp scheme for another year.

I recognise that there is a problem that must be addressed, but the whisky industry's option should have been considered more seriously than it has been. It was rejected rather more quickly than I should have wished. I am not wedded to the association's proposals, nor do I necessarily think that we must never have strips, but if we do not need them, let us not have them. Another year's delay would have given both sides in this argument the chance to address the issues.

[Mr. O'Neill]

I am disappointed, because a good rapport had been established. The Chief Secretary to the Treasury was instrumental in rejecting the strip scheme in a previous Parliament, so I am sorry that there has been a change in attitude, and particularly sorry that my right hon. Friend has handled the matter as he has. I thought that he handled it previously with considerable tact and diplomacy. He has been listening to people—this is the point with which I started—whose evidence to the Select Committee on Scottish Affairs was, to say the least, of unimpressive quality. I chair a Select Committee, and I know that when a Committee uses the word "unimpressive", it is usually talking about something that is awful with several other adjectives in front of it—although I put it no more strongly than that. My right hon. Friend has been sold a pup if he has accepted some of the evidence put before the Scottish Affairs Committee, and I hope that he will re-examine the issue between now and the introduction of the Finance Bill. I do not think that anyone was impressed by the strength of the arguments that certain people put before the Committee, and I would like to think that, as the reasonable man that he is, he might look at the matter again.

That is a relatively small complaint in the context of what has been—*[Interruption.]* The hon. Member for Banff and Buchan (Mr. Salmond) has nothing else to complain about in the Budget. That is the truth of the matter, although if he contributes later, I shall read his comments with interest.

Angus Robertson (Moray) (SNP) *rose—*

Mr. O'Neill: I shall not give way because I have almost finished.

The Budget, which I heard about in headline form when I was out of the country and whose details I read when I returned, is evidence of the tremendous achievements of this Government and particularly of my right hon. Friend the Chancellor. With his grit and determination, he has refused to be deflected from his purpose. We know that he can be an awkward so-and-so at times, and he is certainly determined, but he has built up a foundation for the British economy that is envied across the world. It is certainly envied in Europe, and it has been built up on the basis of the shrewdness, grit and courage that we know that he and his colleagues posses.

I hope that next year, we will have the opportunity to have a Budget of a similar order. As I said earlier, it meets the challenges set down by John Smith of social justice and economic efficiency. If we can sustain that effort, we can sustain the unity of our people and our sense of purpose, and move towards the achievement of the knowledge-based economy that will ultimately be the cornerstone of Britain's future economic success.

2.35 pm

Mr. Kenneth Clarke (Rushcliffe) (Con): I begin by referring the House to the register of my business interests, which I have placed in the Register of Members' Interests. My interests do not include the Scotch whisky industry, except as a satisfied consumer, and I wish the hon. Member for Ochil (Mr. O'Neill) well in looking after the best interests of that great British industry. However, I do not otherwise agree with him, and my judgment on the Budget contrasts rather starkly with his.

The Budget poses one overriding question to the British public and to this House: when will the Chancellor next raise taxation rates, as he will be forced to do if he and his party stay in office? The public and the House should also ask what the impact of the next stage in the raising of the tax burden and our tax rates would be on this country's medium and longer-term performance. Those questions are left open, and the Chancellor deliberately avoided them in his presentation to this House. Not only are we right to press the question of tax; recent opinion polls suggest that the public are realising that that is the big question facing the country after this Budget.

The Chancellor used all kinds of means to try to obfuscate that question, such as crazy attempts to open differences between the parties, suggesting that there would be a tremendous cornucopia of goodies for the public sector if he stayed in office and ruthless and appalling cuts if he did not. Those matters are not the issue at all. The question is how we should now address the problem in public finances, which, above all, is what a Budget should be concerned with. What is the responsible and prudent way of proceeding if we are to keep intact the long period of sustained growth with low inflation? The Chancellor is so proud to preside over the last two thirds of that achievement, although unless he is very careful, he will find that he is presiding over its smouldering embers.

The Chancellor has misrepresented the background. He is actually going in for the toughest spending round that new Labour has ever experienced, and has decided that the extraordinary rate of growth in public spending that we have seen since 2000 is not sustainable, as some of us on this side of the House have been repeatedly pointing out to him for the past few years. He is therefore slowing the rate of growth in public spending to a level that new Labour Ministers have never experienced before. He is, however, exempting health and education from that, largely because, in the case of health, he has already recklessly committed himself to enormous further increases for the period ahead; and, in the case of education, because he read an article, I think in *The Independent*, that pointed out that he was in danger of reducing the share of gross domestic product spent on education unless he announced something rapidly in the Budget.

In my judgment, the Chancellor is going to find that there is blood all over the carpet in the Departments of Whitehall between now and this summer, when the House will hear his most important decisions about the allocation of priorities among the Departments. There is not a new Labour Minister in office who has any experience of having to restrain the demands of his Department or resist the more left-wing and compelling single-issue lobbies, but that is what many of them will now have to do. I see that the Chief Secretary to the Treasury is looking enigmatic, as Chief Secretaries always must at this stage of the operation.

To say that there is no problem on the Labour side but that there is a huge problem on ours is to create an artificial divide. The actual difference between us is that

the Chancellor claims that it is good enough to reduce the public spending growth rate to about 3.2 per cent. a year in real terms, while my right hon. Friend the shadow Chancellor suggests that it is desirable to reduce the continued growth in public spending to a somewhat lower figure. Both methods pose certain difficulties.

Mr. Watson: Will the right hon. and learned Gentleman give way?

Mr. Clarke: In a moment.

If the current Chancellor were still a prudent Chancellor, and if he truly could not slow down the growth in public spending beyond his projection, he should—if he were behaving responsibly—have increased taxes in this Budget. That is what the Finance Minister of a benign dictatorship would do—if he accepted the Chancellor's proposition that it is impossible to slow down the growth in public spending below his proposed envelope. Opposition Front Benchers say that the slowdown must go further, although even doing that will still not prevent public spending from growing. My right hon. Friend the shadow Chancellor, should he take office—I wish him well if he does—thereby hopes to avoid the tax increases that would otherwise inevitably be forced upon him by the current Chancellor's legacy.

What is not sustainable is the Chancellor's current position. He says that he can maintain the growth in spending, and simply denies that that poses any tax-raising problems. Let me be fair to him: he seems to believe what he says, and he has acquired from the Prime Minister the technique of firing himself up with—in his case—sincere passion. But I find it surprising that he believes what he says, which is why I say that the true question is: when will he face up to the fact that he is heading firmly on a course that will require further increases in the rate of taxation? I shall now give way to the hon. Member for West Bromwich, East (Mr. Watson), who has been waiting patiently.

Mr. Watson: I am grateful to the right hon. and learned Gentleman, for whose experience I have great admiration, for giving way. The shadow Chancellor said that he will match our spending commitments in respect of health and schools, but he also said:

"I have agreed with my Shadow Cabinet colleagues that the baseline for spending across all of these departmental budgets will be 0 per cent. growth for the first two years".

Can the right hon. and learned Gentleman interpret that sentence for me, and does he regard that commitment as a real-terms cash freeze?

Mr. Clarke: It is, and as I understand it, an envelope has been proposed that aims at a cash freeze. My right hon. Friend the Member for West Dorset (Mr. Letwin) was teased earlier about what such a cash freeze would mean for particular Departments. In my opinion, which is based on some experience of public spending rounds, one has to get below cash in some Departments in order to achieve real-terms growth in others. I do not know how far the current Chief Secretary will be allowed to go in the run-up to an election, but my personal preference—subject to the qualification that I have not seen the documents or heard the arguments advanced by the various Departments—would be to go straight to the Department of Trade and Industry, which is spending vast sums at little benefit to trade and industry. The £2 billion budgets—and rising—of the regional development agencies are of questionable value, and there are other parts of Whitehall that could benefit from a zero-based budget. They should be asked to begin by justifying why we are engaging in public expenditure on this scale in the first place. Instead, for next year we should return to those policies that appear to be achieving in practice a worthwhile and measurable benefit to the general public.

Mr. Oliver Letwin (West Dorset) (Con): I hope that my right hon. and learned Friend will note that we shall seek his advice on these matters, and that the advice he is giving to the House is music to the ears of some of us.

Mr. Clarke: I look forward to my right hon. Friend and his colleagues having a go at a public spending round, because that will certainly be needed.

The reason why the Chancellor will not answer these questions is obvious. Not surprisingly, the Blair Government are following exactly the same course as the Bush Administration, albeit a few months behind. Both are allowing a somewhat unsustainable period of economic growth to run, with their fingers crossed. The Bush Administration are trusting that they will be re-elected in November, and it is a matter for American politicians, rather than for me, as to how one then begins to sort out the fiscal mess.

In the Chancellor's Budget speech, this Government signalled more clearly than ever before that they hope that the economy will get them to May or June 2005, that they will still be being praised in the terms used by the hon. Member for Ochil, and that they will win the election. They hope then to sort out the mess, but I hope my right hon. Friend the Member for West Dorset will have the chance to do so, because mess there certainly will be as a result of such irresponsibility.

The Chancellor is very selective in his use of history, in that the only historical comparisons that he ever makes are with the late 1980s. That is his benchmark for everything, and he blames our party interminably for everything in that context. The entire history of economic policy since the war shows that once the public finances start to deteriorate—once we start sliding into debt that appears unsustainable—the longer one delays the necessary remedy, the more powerful the later consequences. That is exactly what this Chancellor is experiencing.

Total disaster has not hit the Chancellor because he got his economic growth forecasts right. I said that he would be lucky if he achieved them, and he has. As the Government keep their fingers crossed and move towards the finish line in June, it is a case of "So far, so good." Growth has held up better than practically every independent expert in the country expected, but it is neither healthy nor sustainable growth. Although we have been doing quite well, such growth is still not as balanced as it ought to be.

Everybody in the House knows that we are sustaining our current level of economic growth because the consumer is still spending heavily. On average, consumers are increasing spending faster than their incomes are rising; indeed, real incomes have declined

[Mr. Clarke]

slightly recently, as a result of the increase in national insurance contributions. Household borrowing is reaching record-breaking levels that are quite unsustainable. As the Bank of England has confirmed, that needs gently to be slowed down.

Economic growth is also being sustained by the amazing increase in public expenditure. That is injecting a deal of growth in the short term, not least because most of it is being spent on increased payrolls and rising levels of public sector pay, which increases some people's consuming power. But one cannot base an economic recovery on that. The private sector in general, and manufacturing in particular, is not doing so well. As the Red Book shows, business investment actually fell by 1 per cent. last year. Our productivity record in the private service sector and the manufacturing sector is deplorable—indeed, it is worse in the public sector—and it certainly is not comparable with that of our chief private sector rivals. That is not a sustainable basis for recovery. Of course, the actual rate of growth will depend on unknown factors in respect of the global economy, which is currently being sustained by a pre-election boom in the United States and a bubble in China. Otherwise, there are some signs of healthy cyclical recovery, but there remains considerable risk.

One measure of this uncertainty was dismissed by the Secretary of State for Work and Pensions earlier today. He talked about the current account deficit, but I can remember the days—they were pretty mad days—when the political debate in this country was determined entirely by the balance of payments figures. The newspapers used to be full of them daily, and the Wilson Government fell, I am glad to say, in 1970 because of one month's balance of payments figures, which proved to be not that bad in retrospect—after the electorate had given their judgment. What we used to call our balance of payments—the balance of trade and the current account deficit—is at staggering, record-breaking levels. That matters because it shows how far our consumption is outrunning our capacity to produce, and to meet that consumption. Such a situation is totally unsustainable. It may be "so far, so good" on growth, but we should not rely on that.

The Chancellor left all those matters untouched in his Budget. He delivered his Budget speech with as much élan, self-confidence and robustness as he ever does, but I do not remember him or any other Chancellor delivering a speech with less content in terms of measures. I have never heard a Budget speech with so few tax changes of any significance to announce. The Chancellor filled up the available time, still managing to take up an hour—commendably brief by the standards of most Chancellors of the Exchequer—with a rant saying that he had been right all along and that because he was right on growth, there were no real problems with public expenditure.

In his conclusion, he returned to the political points to kill time, referring to a series of horrendous suggestions that had been made to him. It was not too subtly implied that they had been suggested by my right hon. Friend the shadow Chancellor and the Conservative party. None of it was true. The Chancellor said that it was his patriotic duty to reject all those outrageous solutions. In between all that, there was supposed to be a Budget, but long gone are the days when we used to hear about monetary aggregates and be told about tax changes. There were not many of them; they did not fill up much time.

What is important to me is the Chancellor's claim that he had no problems whatever. As I said, whatever party is in office after the next election—this is my key point—it will probably find itself having to deal with a fiscal crisis early in the next Parliament. That is the background that we should all have in the back of our minds, even if it is not in the forefront of our speeches when we seek to get re-elected. The country has had a more than 10-year run of growth with low inflation, but I believe that, unless we are either very lucky or adopt the right measures, it will come to an end in a traditional British fashion.

The Chancellor always boasts about that long run and his only reference to his predecessors is to what happened during the late 1980s and to the interest rates of 1990 before we went into the European monetary system. In fact, I was responsible for about a third of the period: I had four Budgets; the Chancellor has had eight. However, it is extremely reckless of Chancellors to claim credit for any of it. Much depends on what is going on in the world. The only duty of a Chancellor is to provide the stable and predictable circumstances in which other people deliver the wealth and jobs.

Much of the credit should go to Lord Lamont, whose reputation is less high than mine and—sometimes—the Chancellor's, because his introduction of inflation targeting in 1992 started the whole thing off and brought us back to a stable basis of policy: monetary policy based on achieving stable prices and low inflation, and fiscal policy based on achieving healthy public finances. The Chancellor's neglect of the latter is, in my opinion, the cause of our problems today.

Monetary policy worked well since Norman Lamont's inflation target setting, and the Chancellor has slightly improved the target. The Chancellor also reinforced it against all the political pressures from the social democrats around him in the Government by making the Bank of England independent and leaving it to carry on. At the moment, however, the Chancellor is not making the task of the present Governor of the Bank of England very easy, because I am sure that the Governor wants to set limits to how far he will have to put up interest rates, and that fiscal indiscipline will make the problems even worse.

The Chancellor has never had a consistent or sensible approach to fiscal policy—the tax and spending problems that he should tackle. At first he did nothing, saying that he was relying on my figures. As a result of doing nothing, he got carried to a balanced Budget very rapidly—within a couple of years. He overdid it on the spending front and by introducing many stealth taxes, including a shocking one that affected the tax treatment of pension funds. Quite unexpectedly and contrary to forecasts, he then began to run up massive surpluses in the public finances, which he now clings to like a life raft. He is trying to demonstrate that, because he did that in the past, he is entitled to run massive deficits now.

It all changed in the year 2000. Governments are ever-nervous running up towards elections, and the Prime Minister lost his head on the Frost programme,

promising health spending up to the levels of European averages. Before we knew where they were, they had become an old tax-and-spend Government with vast outpourings of public expenditure across all Departments, with which we have had to live ever since. The Chancellor forecast how much it would cost and how it could be financed. From 2000–01 onwards, those forecasts have been consistently wrong. That is the problem we have to deal with now.

The Governor of the Bank of England is tackling his part of the problem responsibly, which means that interest rates are already rising—a background worth reflecting on. I know very few people who do not believe that interest rates are going to carry on rising. The more the markets react to what is perceived to be the irresponsibility of the Chancellor, the more the upward pressure on the monetary authorities. The current account deficit in our balance of payments might, if the markets suddenly panic about it, even cause a sharp fall in the value of sterling, which will drive interest rates up further. That much is already happening, but taxes will have to go up after an election as well.

I say to the public that they should reflect on the consequences of that sort of policy. When interest rates are going up because monetary policy is tightening, and when taxes are going up because fiscal policy is tightening, it leads to a severe slowdown in economic activity and growth—and the prospects for growth and jobs are undoubtedly damaged.

The Chancellor says that all that is wrong: he will not break his rules, because he is still a man of fiscal discipline with the golden rule and the debt rule, so all is well. I do not believe that. He produces yet more forecasts, but they have been wrong year in, year out. His forecasts for borrowing are £10 billion more than they were 12 months ago. In 2001, he was predicting that total borrowing between 2001 and 2006 would be £30 billion; but it now seems likely to be close to £150 billion. Many of my right hon. and hon. Friends have rightly suggested that his forecasts for further in the future are unreliable.

In fact, the Chancellor is already rejecting some of the discipline rules and saying that they do not matter. He entirely rejects my rule—he regards me as a fiscal conservative—of maintaining a balanced budget over the cycle. I accept that there are wobbly bits even to that rule; it is possible to move the cycle a bit, but I opted for a balanced budget over the cycle that is tougher than the present Chancellor's rule. He says that terrible things would happen if we did that, and that only wicked people like the International Monetary Fund recommend that approach to fiscal policy.

The Chancellor also rejects the Maastricht criteria. I am not going to debate the single currency—I shall avoid it like the plague—but I will use the Maastricht criteria as an example, because the Chancellor and I used to be in fond agreement on them. I used to defend the growth and stability pact as a Tory, even to my Eurosceptic friends, saying, leaving aside the single currency, no responsible Chancellor in the UK is going to want a deficit of more than 3 per cent. of gross domestic product in any one year. This Chancellor used to agree with me; he used to point out how he was complying with all that. Now, it is all wrong, but the only reason it is wrong is that the British Chancellor, in common with the French and German Finance Ministers, lacks the political clout, will and ability to hit the fiscal objectives to the rules.

The Chancellor relies on his own golden rule and he is apparently going to visit the continent to explain why it is the best approach to which all should move. His golden rule is not a golden rule, in my opinion, but merely gilded with a touch of EPNS about it. It all depends on what is defined as investment and it assumes that all public investment is essential and of high value so that future generations of taxpayers should be happy to pay for it. I regard public investment, unfortunately, as invariably less efficient—sometimes very much less efficient and valuable—than other forms. In any case, the Chancellor is now close to the golden rule. As many have pointed out, he has had slightly to redefine how the golden rule is calculated, to provide himself with a further tiny cushion.

I have the Red Book with me, so let me sum up how the Chancellor can claim that he can still hit the golden rule without tax increases. It is by making more implausible forecasts. The most implausible forecast is the Chancellor's estimate of revenue growth. His estimate of GDP growth as a whole remains as optimistic as ever, but he was right this year and might be right again. We shall see whether the global economy will continue to revive, but the forecast has to be right for the Chancellor to have any chance at all.

The revenue growth forecasts are quite implausible, however. I do not understand how corporation tax revenues are meant to rise faster than the growth of the economy as a whole. I do not think that that has ever happened. When briefing the newspapers about income tax returns, the Chancellor's unfortunate officials seem to have been reduced to pointing to recent City bonuses. The suggestion has been that they reinforce the notion that income tax returns are about to recover very rapidly. Because the Chancellor has had to deny that there will be any increase in tax rates, he has claimed that measures to tackle tax avoidance will produce £925 million a year. I do not believe that. In recent years, the thinking has been that a structural problem affected what Governments received from corporation tax and income tax. I therefore do not think that the Chancellor's proposals are at all plausible, or that he will hit his golden rule. I think that he is being irresponsible, and that he should raise taxes.

Not only is the Chancellor failing to control public spending, he will not even admit that the slowdown for which he is heading will have any effect on the Government's plans. He has suddenly discovered that it is necessary to try to make public spending more efficient. He chose to win headlines by saying that he would cut more than 50,000 civil service jobs, 40,000 of them in the Department for Work and Pensions. Sacking bureaucrats is supposed to ensure that more money goes to front-line services. I regard that as extremely lightweight and ridiculous politics.

We have a serious problem with the productivity and value for money achieved by the huge surge in public spending since 2000. Opposition Members warned the Chancellor that sudden and massive public spending increases would not produce value for money. To get

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proper value from public spending, reform is essential. The reform that has been applied, belatedly, has been confined to matters such as foundation hospitals and top-up fees. Those policies have been so messed about by political campaigning that they are valueless, or worse.

The 40,000 civil servants are symbolic victims. By the most generous calculation, those staff reductions will save about £2 billion a year. The Chancellor assumes that he will save about £20 billion, and is silent about where the balance will come from. I would tell the civil servants not to fear: as my right hon. Friend the Member for West Dorset has said, we have heard the same thing many times before.

The Government do not have many targets these days. When the time comes to see whether any target was ever achieved, no one will remember. In three or four years' time, I have no doubt that some Minister will ask, "Did the 40,000 jobs go?" Sir Humphrey will say, "Oh, yes, Minister. The 40,000 jobs went." The Minister will then ask, "So why are there still so many people in the building?" The answer will be, "Minister, 38,000 of them have been moved to new tasks and new Government initiatives. They are no longer administrators, they are now deliverers."

At any rate, the people will still be there. That is not how to achieve the value for money in public expenditure that we need. Productivity in the public sector is difficult to measure, but it has been falling like a stone in recent years. The money that has been put in has gone largely on increased pay rates and on hugely increased payrolls. There are 500,000 more state employees than there were in 1997, yet many public servants have reduced work loads and the best job security and pension schemes in the country. In those circumstances, it is very difficult to drive up productivity.

We must reform the delivery of health care, education, social care and welfare benefits. In that way, productivity improvements can be achieved, but the Government's record in that respect is woeful.

Although I have celebrated the fact that there was no time limit on speeches on this final day of the Budget debate, I now come to my conclusion. Overall, the Chancellor's target that the state should take 42 per cent. of gross domestic product is too high. It is not healthy for the long-term good of the economy, even if the Chancellor were to succeed in stabilising the proportion taken at that level. The Opposition target is 40 per cent. of GDP, and that is undoubtedly the maximum that can be afforded over the next two or three years. I think that even that is a bit on the high side, but I am a little old fashioned. My target was 35 per cent. of GDP, and I managed to get the level down to 38 per cent.

When he was prudent, the present Chancellor took the level down to 37 per cent. He now tells us that the level can be 42 per cent., and that that is still prudent. What is actually happening is that the state is getting bigger and is consuming more wealth, while the private sector is getting smaller, as a proportion of the whole. Yet the private sector is what creates wealth, and it will be damaged by the Chancellor's policies.

The Chancellor should have tackled some other long-term problems. He said nothing on savings, and that is a disgrace. Pensions will benefit from the simplification of the tax system, but nothing is being done to tackle the pensions crisis that all hon. Members know exists.

Our problems in the housing market stem from more than merely supply and demand: they have arisen because the British have gone back to believing that their houses are the only form of savings that they trust. People buy houses and borrow money on them for financial reasons, not just to meet accommodation needs. They think that their pensions will be worthless, they do not trust insurance companies and they do not want to go to the stock market. They have had enough of fund managers, and their individual savings accounts are losing their tax advantages. As a result, people have piled into property in a dangerous way.

Something must be done to boost other forms of saving. In an earlier exchange, the Minister claimed that the savings ratio was lower in 1988 than it is now. That is true, and it was one of the many problems that we faced in that disastrous year. Since the Government came to power, the savings ratio has halved. It was at 10 per cent. when the Chancellor took over in 1997, and it is a disgrace that the Budget contained no proposals on savings that would have addressed that problem.

The first duty of any Chancellor of the Exchequer is to provide the stable economic conditions in which entrepreneurs, managers and those who work in business and commerce at every level can create wealth for the nation. This Chancellor is failing in that duty. In my opinion, the proposals of my right hon. Friend the Member for West Dorset are the minimum necessary to get us back on course and to return the economy to growth. The Chancellor has shot none of my right hon. Friend's foxes, nor those of anyone else.

So far, the Chancellor has been lucky. He had a very good inheritance, and then lived through a period of American boom, when the dotcom nonsense and the concomitant bubble made the world economy grow to a staggering extent. He has got as far as he has by limping along on with his plans for public spending and for borrowing, while relying on a very dangerous bubble in private consumption and debt.

The bubble is coming to an end. If we are not very careful, we will enter a fiscal crisis, and this Chancellor is not being careful at all. I hope that the reckoning at the next election will be his: if he is not removed then, the reckoning will come thereafter, when a more responsible Government will have to sort out the mess that he is very likely to leave.

3.8 pm

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): It is always a pleasure to follow my namesake, the right hon. and learned Member for Rushcliffe (Mr. Clarke). He always makes entertaining speeches, and the longer he goes on, the more entertaining he becomes. However, I hope that he will forgive me when I say that I was not persuaded by his Cassandra-like predictions. We have heard them before—in 1997. The British people heard them too, and they made their judgment. I do not want to hurt the right hon. and learned Gentleman's feelings, but they made up their minds about his four Budgets, just as they are doing this week about the Budget that we

are debating today. People who expected a counterblast to the Chancellor's Budget speech will be considerably disappointed by what Opposition Members have said.

It is fair to say that the most robust representations on behalf of the Scottish whisky industry were made by my hon. Friends the Members for Ochil (Mr. O'Neill) and for Dumbarton (Mr. McFall), the latter of whom is the chairman of the all-party Scotch whisky group. I agree with what they said. They accepted, as do I, that the Budget should be judged in context and in perspective, but they sought to encourage Treasury Ministers to listen to the representations that are being made. I shall do the same.

Just before I left for the Chamber, I heard from the Inver House distillery. It is in a neighbouring constituency, but many of my constituents work there. Such a good Budget would be all the better if my right hon. and hon. Friends on the Front Bench listened to our views on the Scottish whisky industry. If they did, we could have even greater celebrations than those already taking place on other aspects of the Budget.

When the rhetoric of the past few days of debate in the House is over and people examine what took place, they will conclude—as did my hon. Friend the Member for Ochil—that it was an impressive Budget. Its very impressiveness was one reason why the right hon. and learned Member for Rushcliffe managed to get himself into a lather. Few have really challenged the assertion that the Budget represents success. It is successful not only because my right hon. Friend the Chancellor has met his various targets, important though they are, but because of his unshakeable commitment to sustained economic growth—something that numerous Conservative Chancellors failed to achieve over 18 years, to the great cost of my constituents and many others.

The response to the Budget, especially from Opposition Front Benchers, was not a considered criticism of its main thrust. Indeed, we heard Opposition Members taking credit for some of the announcements in the Budget. I had not expected them to be joined by the right hon. and learned Member for Rushcliffe, a former Chancellor, in paying tribute to Lord Lamont. In my constituency, we still remember black Wednesday, and we have no desire to return to those days or to the negative equity, high unemployment and high inflation that we experienced under the previous Government but which have not been a feature of this Chancellor's stewardship.

Time after time, Opposition Members have tried to take credit for the Budget's contents. For example, the hon. Member for Havant (Mr. Willetts) complained that he was being interrupted during his paean of praise for the Budget. The hon. Member for Northavon (Mr. Webb) took credit, typically, for the fact that my right hon. Friend the Chancellor had the confidence to grant autonomy to the Bank of England, especially on interest rates. However, even those hon. Gentlemen were put in the shade by the hon. Member for Westmorland and Lonsdale (Mr. Collins), who said in the debate on education that he was

"welcoming all the wonderful things that the Government have accepted from Conservative suggestions".—[*Official Report*, 18 March 2004; Vol. 419, c. 466.]

If wonderful things are happening, it cannot be such a bad Budget. That is why I want to be positive about it.

The Budget is about success and real, tangible achievement. As my right hon. Friend the Secretary of State for Work and Pensions said earlier, the Chancellor's targets on employment, inflation, interest rates and—most importantly—economic growth are more accurate than those of his critics. They are more accurate than those of economists and financial journalists. To the credit of the latter, they have conceded that that is the case. In the spirit of reality, I remind the House that we are now seeing the benefits of the stability and economic growth to which my right hon. Friend has been committed. Unemployment now costs £3 billion a year less than in 1997. Debt interest payments cost £7 billion a year less. That is £10 billion a year saved, not by market forces or the use of a magic wand, but because the Chancellor set priorities and made sure that he stuck to them rigidly.

Economic growth has enabled the Government to encourage greater investment and the benefits have been felt in many areas, including jobs, training, skills, education, health and transport. I cannot be the only hon. Member who can say that I see the benefits of that investment bearing fruit day after day in my constituency, in a way that did not happen during the 18 years of the previous Government.

I welcome what my right hon. Friend the Secretary of State for Work and Pensions said about apprenticeship courses and skills. In my constituency, the number of people claiming jobseeker's allowance in 1997 was 2,375. Last year, the figure was 1,504—a more than 30 per cent. reduction. That might not matter in debates in the House, but it matters to the young people in my constituency who have found jobs. I welcome the Government's commitment to apprenticeship courses, and the marvellous work of the Department for Work and Pensions in my area. For example, North Lanarkshire council is embarking on the largest ever public investment programme to rebuild and refurbish every school in my constituency. We want apprenticeships that are demand led, so that local employers—small and large—can benefit.

I also welcome what the Department for Work and Pensions is doing for people with disabilities. As my good friend Bert Massie said, on behalf of the Disability Rights Commission,

"I hope that there will be a significant access dividend with increased resources contributing to a reduction in inequalities. But clear targets need to be set. Similarly the new deal for skills needs to be more focussed on closing the qualifications gap between disabled and non-disabled people".

I welcome his views, as will my hon. Friend the Minister for Disabled People, who has dealt so well with disability matters in her Department.

We have our concerns about the private sector, of course, despite the growth in jobs. The Chancellor was right to say that

"our belief is that British manufacturing and service industries will rise to the challenge",

but there is one specific area of manufacturing where we have been let down. Companies such as Sheffield Forgemasters in my constituency have gone into liquidation, and former employees have no guarantee of receiving their full pension entitlement, even though some of them have worked for the same company for more than 30 years. Despite the Government's new

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Pensions Bill, which, of course, I very much welcome, I am not alone as a Member of Parliament in calling for more assistance to ensure that people who have worked all their lives and paid into their pension schemes receive their full pension entitlement.

The Chancellor seeks

"excellence in education, science and enterprise."—[*Official Report*, 17 March 2004; Vol. 419, c. 321–2.]

A very good example of that is the success of the new deal in my constituency. Our share of almost 500,000 young people finding jobs is nearly 2,000 in my constituency. I welcome the announcement last week that, for the first time ever, 16 and 17-year-olds will benefit from the minimum wage. The economic growth that we are seeing has also brought benefits such as pension credit, whereby 3,775 households in my constituency will gain. In all, 4,563 individuals will experience an average award of £41.50, which otherwise was simply not available.

In this Budget, the Chancellor has once again enhanced his reputation for challenging poverty at home and abroad. Having taken 1.5 million children out of poverty in Britain, it was with pride that Labour Members heard him say in his Budget statement:

"I can tell the House that in the spending review this Government will not freeze or cut international development aid, but we will increase it."—[*Official Report*, 17 March 2004; Vol. 419, c. 330.]

Whatever criticism might be made of the Government, it is to their eternal credit that they refused to live with the obscenity of 3 million unemployed people. We are now seeing the benefits in the economy, in our social fabric and in the regeneration of our communities, including opportunities for people to work and to exercise their skills. That is why the Chancellor was right to claim that we are nearer full employment than we have been for a generation, and why he was right to reflect, as I hope the House will today, on the words of William Beveridge:

"If full employment is not won and kept, no liberties are secure, for to many they will not seem worthwhile."

3.23 pm

Mr. Alex Salmond (Banff and Buchan) (SNP): After the last two speeches, I now have an embarrassment of riches about which Clarke to agree with. I will probably pursue my normal moderate course in carefully negotiating my way between their two positions. I am struck, however, by the lack of Labour Back-Bench support for the Chancellor's Budget. I recall that, a few years ago, when the right hon. Member for Monklands, East was trying to explain a particular by-election result when the Labour party did very badly and no one turned out, she said that it was sign of contentment with the Government's policies. I dare say that, in the same world of explanation, this vast expanse of empty green Benches is a sign of total contentment with the Chancellor's Budget.

Mr. Tom Clarke: I am grateful to the hon. Gentleman for giving way—I am glad that he, too, is showing such generosity of spirit—but for the record, may I remind him that he is, I believe, referring to my right hon. Friend the Member for Airdrie and Shotts (Mrs. Liddell)?

Mr. Salmond: I thank the right hon. Gentleman for the correction. Of course the constituency has changed—I had not caught up with that—but my point about the right hon. Lady's argument that if no one turns up, it means that hon. Members are content, remains valid. In some ways, that is a dangerous sign for the Chancellor and the Government. I would expect a bit more enthusiasm from Labour Members.

Whatever else we might say about the Budget, the shadow Chancellor's fox has been shot pretty devastatingly, in a Budget that was unremarkable for any great economic measures. It was pretty shrewd politically, in directing some hostile fire at the developing Conservative position. Incidentally, there is an object lesson for the shadow Chancellor: it is probably not the greatest idea in the world to unveil a complete economic plan a few weeks before a Budget. It allows the real Chancellor to make some adjustments to the Budget, making the shadow Chancellor's position look rather foolish. So I suspect that it is back to the drawing board for the shadow Chancellor.

As I said, I want to steer a careful course between the two previous speeches. I do not believe that a Budget deficit of 3.4 per cent. is unsustainable. I agree that it is high—it is, of course, above the Maastricht criteria—and that it is not what the Chancellor said in the past, but when compared internationally or even historically, it is not unsustainable. However, it all depends on whether a number of the Chancellor's forecasts will prove reasonable.

I want to talk about some of the risks and imbalances in those forecasts. I also want to talk about the international environment—and about something that the Chancellor is only now beginning to address after seven years in the job: the regional imbalances in the United Kingdom that represent a major constraint on growth. I also want to talk about the external account, about which I totally share the opinion of the right hon. and learned Member for Rushcliffe (Mr. Clarke). No one talks about that great subject any more, as if it were of no moment in a world of floating exchange rates, when the chickens do not come home to roost as quickly as they used to. None the less, they will come home to roost, and the fact that the present Chancellor never mentions the external account should be a substantial indication to others that it should be explored and examined very carefully.

Finally I shall turn to what I, unlike the hon. Member for Ochil (Mr. O'Neill), believe is a very important subject: tax stamps for whisky. After making some substantive points about his constituency and a crucial industry, the hon. Gentleman said that, given the overall Budget, such a tax was unimportant. On the contrary, it is symptomatic of what is becoming a pattern of behaviour for the Chancellor, who represents a Scottish constituency, towards some of Scotland's great industries, such as oil and whisky. Therefore, I shall speak about that important matter in the Budget debate.

I shall speak first about the international environment. The Chancellor's forecasts depend on optimistic estimates of continuing international growth.

There is a currently a vigorous rebound in the world's economy, but it is subject to uncertainties. The red book anticipates high real growth in the G7 this year—3.75 per cent.—and a doubling of world trade growth to 7 per cent., which would be sustained at the high level of 8 per cent. next year. The UK's own export market growth of 6.25 per cent. this year is forecast to be almost double last year's figure.

Those ambitious forecasts are subject to great uncertainty. We hear daily of the incompetence and deception of the US Administration—including from the revelations of Mr. Richard Clarke, the former terrorism tsar, which explain the extraordinary diversion of international effort to the Iraq campaign over the past year. A little more than a year ago, a united world community focused on a campaign against terrorism. Today, we have a divided world community that is not focused, and a situation that is much more dangerous than previously. The economic impact can be felt in the forecasts.

The deception practised by the United States Administration was aided and abetted by the Prime Minister and supported by members of the Conservative Front-Bench team. Without question, the Foreign Secretary's forecast of almost a year ago that the world would be a safer place after the Iraq campaign has not come to fruition.A Bloomberg report published today says that

"The unadjusted confidence index fell to 97.2 per cent. after the Madrid bombings from 101.4 per cent before . . . More indications of slowing growth in Europe may come in a report from Belgium's central bank at 3 pm today. Belgium's business confidence index, regarded by some economists as a leading indicator for Europe, may have dropped to minus 6.5 from minus 5.9".

That may be the immediate impact of the Madrid atrocity, but it indicates that hopes and expectations of vigorous world growth have been overshadowed by the climate of enduring uncertainties that will affect the economy. The Chancellor's hopes of vigorous international growth and of sustained growth in the UK are subject to considerable doubt.

As for imbalances in the UK economy, I must not be too vigorous, because last year for the first time, the Chancellor pointed to an examination of the impact of differential growth throughout the UK—and we can find the outcome in the Budget. That investigation was not mentioned in the Budget speech, but if one looks hard enough in the documents, one finds the statement:

"These geographical economic disparities present a cost to the UK economy both in terms of efficiency and equity."

They do—but there is an absence of any policy measures to tackle the disparities identified. There is no substantial fiscal initiative for the regions of England or the nations of Scotland, Wales and Northern Ireland. There is no attempt at making monetary policy different. There is no great campaign to improve the infrastructure of the English regions or the other nations of the United Kingdom. Most of the major infrastructure projects are in the very area that is too congested—south-east England.

Almost seven years into the Chancellor's tenure, an attempt is being made to undertake a major relocation of public sector, civil service jobs outwith London and the south-east—which strikes me as a belated effort to tackle one of the issues behind imbalances in growth.

Mr. Kenneth Clarke: The hon. Gentleman obviously follows regional and national matters closely, so he will recall that in the last Budget the Chancellor placed heavy emphasis on the end of national pay bargaining and the introduction of regional variations in public sector pay as an answer to regional imbalances and recruiting difficulties. The hon. Gentleman may be more up to date, but the Chancellor did not seem to mention that issue this year. Can he enlighten us as to whether that policy is progressing in Scotland?

Mr. Salmond: There is no formal, on-the-surface processing of that policy, although I suspect that it might be included in some of the anticipated savings mentioned by the Chancellor in respect of public sector workers in Scotland and the English regions. We are talking not about London weighting, but about differences in the basic rate for the job. Public sector workers would be wise to pay close attention to the emergence of that plan—not so much in the Chancellor's speeches but in relocation policy. I thank the right hon. and learned Gentleman for anticipating the next point that I was going to make.

Despite the mention in the Budget documents, and despite the acceptance that there is a problem—even if the Budget is totally devoid of a substantive approach to it—I resent the boastful, broad-brush claim that we have never had it so good for the past 200 years. There have been two technical recessions in Scotland in this Chancellor's term of office. I have to say to the right hon. Member for Coatbridge and Chryston (Mr. Clarke)—I have got the constituency name right this time—that to point to an overall growth forecast for the United Kingdom while apparently oblivious to the disappointing relative economic performance in Scotland over the past seven years does not seem to me to fulfil the duty that I would expect of a Scottish Member of Parliament.

Over the past few years, and for the first time in recent memory, a major earnings gap has opened between Scotland and the rest of the United Kingdom. In 1984 there was no difference in earnings between Scotland and the UK average. Now the difference stands at £2,000. The latest employment rate in Scotland is 74 per cent., which is substantially—almost a full percentage point—below the UK average. The unemployment rate in Scotland, which only a few years ago was in parity with that in the rest of the UK, is 5.7 per cent. compared with a UK average of 4.8 per cent. The Registrar General's forecast is for a decline of 10 per cent. in the Scottish population over the next 40 years, but the corresponding forecast for the UK is for a rise of 10 per cent. Last week, a health report said that in some areas of Glasgow, male life expectancy is actually less than that in Baghdad.

Against that background, there is no need for further pats on the back in addition to the pats that the Chancellor has already given himself when boasting of the growth record. Members from Scotland, Wales, Northern Ireland and the English regions should be

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looking at whether this attitude of "We've never had it so good in 200 years" is reflected in their constituencies. They should look at the lack of substantive measures from the Treasury team to tackle the major imbalance that is costing us all so much.

My third point is about the imbalances on the external account. When the Secretary of State introduced the debate, he waved this issue away; he was not going to mention it at all. When it was pointed out to him that we were running a deficit of £35 billion or £36 billion in trade in goods and services, he said that that would all be subject to improvements that were on the way as a result of the Chancellor's wise policies. However, the forecast for this year is a deficit of £35.75 billion, and next year will be the same. In 2006, the Red Book forecast increases to a £36.25 billion deficit in the balance of trade in goods and services.

I saw the Chancellor frenetically whispering to the Secretary of State, as he tends to do. He usually does it to the Prime Minister, but he was whispering to the Secretary of State as we spoke about Scotland and deficits. Let me quote the Red Book:

"The BCC survey for the final quarter of 2003 showed that every region except Yorkshire and Humberside recorded growth in export sales, with Scotland recording the strongest balance."

Even with the strong balance in Scotland and the continuing recovery of export sales from Scotland anticipated, the overall forecast is for an enduring deficit in the balance of trade in goods and services.

The historical performance of the UK economy was that normally in times of economic slowdown, the balance of trade in goods and services went into surplus. This time we went through a slowdown and it remained in deficit. If the Chancellor is correct in his forecast of continuing buoyant growth, we cannot expect the improvement that he is looking for. Indeed, despite what the Secretary of State said, that improvement is not even forecast in the Red Book documents.

These issues are important. They are a sign of a fundamental imbalance in the economy and of bills that sooner, rather than later, will have to be accounted for. It would be somewhat more honest and mature of the Treasury team if it addressed in detail the expected results of the great plans to address the fundamental imbalance in the external account.

Finally, I turn to the important issue of tax stamps for whisky. The Treasury team should reflect on the fact that the hon. Member for Ochil is a loyal Government Back Bencher—far too loyal, in my view. The right hon. Member for Coatbridge and Chryston is an informed speaker for whom I have enormous respect on a range of issues. They are not natural rebels, so if they choose to criticise the Government—even if they couch that within overall praise for the Budget—their points should be listened to in detail. The all-party view of the Select Committee on Scottish Affairs should also be listened to, because it thought that the Customs and Excise evidence in favour of tax stamps on whisky was fundamentally flawed.

There is an example of the Chancellor ignoring Scottish opinion on a major taxation issue affecting Scotland. Two years ago, the Finance Bill proposed a 10 per cent. increase in corporation tax on North sea companies. Warnings were given on an all-party basis that the measure might have a damaging effect on exploration and appraisal in the North sea. Two years later, the damaging effect has come to pass, and despite last year's welcome relief on certain aspects of the taxation and further relief this year, we are still faced with the fact that exploration and appraisal drilling in the North sea is at basement levels. That is despite the ironic fact that oil prices are high, as is the success rate from what little drilling goes on, which is exemplified by a further discovery this morning by Oilexco of a new field—the Brenda field—in the Moray firth, consisting of 150 million barrels or more. Although we should have a boom environment, the Chancellor has created a bust through the ill thought out tax measure that he introduced two years ago. He was warned against introducing it, but he chose to ignore the warning signs.

Angus Robertson: My hon. Friend will be aware that more than 50 per cent. of all Scotland's distilleries are in my constituency, and that many thousands of jobs in Moray depend on the success of the whisky industry. Is he aware that people from leading companies—small, medium and large—have already been to see me since the announcement? They say that the measure will have an impact on jobs and the competitiveness of their businesses. They do not understand why a Chancellor who represents a Scottish constituency would not even listen to the advice of the Labour Chair of the Scottish Affairs Committee on the Friday before the Budget when she said that bringing in the stamps would be "hasty and unwise". Does my hon. Friend agree that the Chancellor has indeed acted hastily and unwisely?

Mr. Salmond: Yes, and I know from speaking to the hon. Member for Paisley, North (Mrs. Adams) that she would have added a few more adjectives before the words that my hon. Friend mentioned.

The Treasury team should take on board the analogy that I am making with the oil industry. Having spoken to Ministers, I think that they would have approached the tax changes two years ago in a different way if they had their time again. The tax changes affecting oil and gas could have been introduced in a way that would not have damaged exploration and appraisal drilling yet would still have secured the Government the additional revenue that they wanted. They chose to ignore advice, and the consequence of that has been lost jobs, lost opportunities, and unnecessarily lost investment in the oil and gas industry.

We are in exactly the same position now. The unions, the companies and the whisky industry have put forward an alternative proposal, but it cannot have been subject to serious consideration, because it was made only recently. The evidence from Customs and Excise has been shot to pieces in front of a Select Committee of the House, and members of the Scottish Affairs Committee from every single party agree about deficiencies in the evidence presented. In those circumstances, why not take the wise advice, consider the matter again and at least try out the industry and union proposals before going on to introduce a measure that might damage investment and jobs in, and prospects for, another of Scotland's great industries, as happened with the oil and gas industry?

As I said at the outset, there seems to be a pattern of behaviour. During the Chancellor's term in office, the oil industry has been responsible for some £30 billion of Government revenue. As we know, the whisky industry is a huge earner for the Government, and the revenue from it runs to many billions of pounds a year. Is the Chancellor trying to demonstrate—as he hopes for higher office in the years to come—that he will not be thirlled to his Scottish background nor show an unwanted pro-Scottish bias? If that is the case, I give a message to the Chancellor of the Exchequer: we accept that although he represents a Scottish constituency, the measures that he is introducing show no signs of Scottish bias. Relieved of that burden, perhaps the Treasury team will look again at the prospects for that major industry in Scotland and not inflict unnecessary damage on an industry that contributes so much to our economy and, like the oil industry, bankrolls the Chancellor of the Exchequer and the Treasury team.

3.45 pm

Mr. Edward Leigh (Gainsborough) (Con): It is always a pleasure to follow the hon. Member for Banff and Buchan (Mr. Salmond). I may not always agree with him, but he is a noteworthy parliamentarian, and we always enjoy his speeches very much indeed.

A number of Budget announcements have a deep resonance with the Public Accounts Committee, which I have the honour of chairing. I want to highlight the relevance of our work in driving through the efficiency improvements that the Chancellor expects and that, indeed, the British people deserve. I also want to sound a warning note about the ability of Departments to achieve their objectives in making large planned increases in public expenditure. I shall say a few words about the Comptroller and Auditor General's work in auditing the Budget assumptions, and finally, I shall address ways in which we can promote private sector involvement and solutions for Government efficiency and economy.

The PAC is not political, but is concerned about achieving value for the taxpayer. It does not matter whether its members are Labour, Liberal or Conservative—in theory, at least, they should hate and detest waste. We have an important role to play in encouraging efficiency across Government. Most people, including the taxpayer and the man in street—the people who matter—agree that we are not getting full value for money at the moment. I would argue that rapid increases in spending in any country in any historical era always result in less economy and efficiency. A recent report by the independent National Audit Office, which does not have a political axe to grind, stated that there is a risk that if more money is put into public services, it will simply be wasted. Given that, we are told, there are fewer qualified nurses in the NHS than there are support staff and managers, that is a definite and worrying possibility.

Angus Robertson: The hon. Gentleman will certainly have seen the NAO report on Customs and Excise warnings about fraud on spirits. Will he confirm that it concluded that Customs and Excise statistics were unreliable and that it would not be right to introduce expensive and fraud-prone strip stamps on that basis?

Mr. Leigh: The NAO is careful not to come to any conclusion about whether a new tax is right or not, as that is a policy matter. However, it found that although the Customs and Excise assumptions were made in good faith, as were those of the Scotch Whisky Association, there was an enormous difference, ranging from £10 million to £1 billion. The hon. Gentleman is therefore right that the jury is out, and it is for the Government to make a policy decision.

Central Government administration costs have already increased from £14 billion to £21 billion in the past six years. It is not surprising that the NAO says that just a 1 per cent. improvement in the way in which money already voted by Parliament is spent over the next three years would give us £14.5 billion more for essential public services, which is why the battleground of politics is now how we can reduce waste, incompetence and inefficiency in the public services. The Public Accounts Committee and the National Audit Office have together published a wide range of reports making recommendations to secure greater efficiency, well over 90 per cent. of which have been accepted by the Government. It is true that improvements have been made following our recommendation, but there is still far more to be done. I could spend the next 10 minutes detailing examples of waste, incompetence and inefficiency in Government Departments.

Waste in government is legion. I shall give one or two well known examples. Forty brand-new Apache helicopters, worth more than £1.2 billion, are waiting around on Salisbury plain unused, costing the taxpayer £6 million, because the Ministry of Defence did not train enough new pilots. The Libra project—the national IT project for magistrates courts handled by the former Lord Chancellor's Department—has in four years more than doubled in cost to almost £400 million. The project management was a catalogue of disasters and, needless to say, the magistrates courts still do not have the IT system that they deserve. That is unacceptable.

We have heard a great deal about the Department for Work and Pensions, one of the worst offenders. No one has yet mentioned, though, that just one computer project—a failed project: the benefits payment card—cost more than £1 billion. The new Child Support Agency computer does not work properly. Unbelievably, the Department for Work and Pensions loses between £3 billion and £7 billion every year in fraud and error. Neither the Department nor the Committee has any idea whether the sum is £3 billion or £7 billion. The accounts have had to be qualified every year for the past 13 years.

Let us consider a future project: the plans for a new supreme court. How much will that cost the man in the street? Lord Woolf says it will cost about £50 million, which is already a great increase on the Government's estimate. I make one prediction—that the costs of the new supreme court, like the costs of the Scottish Parliament, will rise remorselessly.

That is as it may be. We all know that there is waste and incompetence in government, and there always has been. But the Chancellor, we are told, has set the agenda—5 per cent. real-terms cuts in departmental administration costs across the board by 2008—and we wish him well. Sir Peter Gershon is working to identify how new technology, changing working practices and better procurement could free up resources for the front line. We all eagerly await his report, which is due to be published in June. So far, we have had only leaks and a

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predictable furious reaction from the public service unions, which have spoken of it as a cut-and-paste job. One can dismiss that reaction as typical and obvious, but it does not say much for the ease with which the cuts can be carried out.

My Committee, supported by the NAO, has already identified many specific areas in which savings can be made, and it will continue to do so. Departments should take that into account in driving through efficiency measures. I shall take a few recent examples. The National Audit Office reported a fortnight ago on the work of the Office of Government Commerce to improve procurement in Whitehall. I am pleased to say that the OGC has had a beneficial impact. Since March 2003, savings have totalled £1.6 billion, well over the target of £1 billion set for that period. Indeed, the ease with which the target was exceeded makes one wonder whether the target was too easy.

Among other things, the OGC's guidance and advice has led to an increased emphasis on professional procurement skills and the development of framework agreements for purchasing goods and services. I will say one thing about Sir Peter Gershon, whom I have got to know reasonably well over the past two or three years: he is an object lesson in the new type of public servant that we need—someone brought in from the private sector who is willing and prepared to get a grip on a difficult problem. But much more can be done. The NAO has identified a possible £300 million in savings that could be generated quickly if there were greater take-up by Departments of the OGC's advice. When the PAC considers the subject next month, we will look hard at why some Departments are much better than others at making savings.

Under the Government's plans, the Department for Work and Pensions will be subject to the largest reduction in staff posts, as we know. In order to achieve that without affecting front-line services, it will be necessary to eliminate duplication and inefficiency in all the Department's work. I must sound a warning, however. History tells us that, to achieve such cuts, civil servants will inevitably push some of them on to front-line services. That will happen, as sure as night follows day, whatever the good intentions of Ministers.

Later this week, my Committee will highlight how greater reconsideration of benefits decisions could reduce the number of cases taken to appeal, with consequential administrative savings. That is all good solid work, but it is often on the margins, and we have to get to the root of the problem. For example, savings in one Department can often be achieved elsewhere. The NAO identified more than £3 million that could be saved by reducing the cost of processing application forms for driving licences and attendance allowance. Similar improvements across Departments could save hundreds of millions of pounds.

In his Budget speech, the Chancellor pointed to spending increases across a range of Departments and programmes, including continued and substantial increases in health, education and transport. The NAO recently published a progress report on preparations by those three Departments to spend that extra money. The NAO is, of course, completely independent, but I have always tried to encourage it in this area, which represents a valuable new part of its work.

Our Committee will hold a hearing on these issues in a month's time. Managing resources on this scale requires of Departments highly developed skills, robust systems and comprehensive, reliable information management. As the Committee has pointed out in many previous Administrations, if those are not in place, there is not only a risk but a certainty that waste and inefficiency will follow. I stress, as I did when I questioned the Prime Minister in the Liaison Committee a few weeks ago, that this is not a party political point. We must be confident that the extra money will make its way to front-line services and lead to better performance, and that it will not be consumed by extra bureaucracy or regulation, or by over-targeting, as has clearly happened in the past.

When I put those questions to the Prime Minister, it was interesting to hear him come out with the defence that we have employed so many more nurses, doctors and people in front-line services. We all accept that. Of course, if we spend an extra £61 billion, we are going to get more nurses, doctors and operations. Immediately, however, the Chairman of the Liaison Committee, who is not a member of my party, butted in on the Prime Minister and said, "We're not interested in what you have achieved, Prime Minister. We're interested in what you haven't achieved, given the amount of extra money that you are spending." I believe that that is the key battleground of politics.

Extra resources must be used to bring beneficial changes across the public service. The Chancellor said that 99 per cent. of cancer patients are now seen within two weeks of urgent referral to a specialist. That is excellent news, as early specialised care greatly improves chances of survival. However, not everyone with cancer is benefiting. A recent NAO survey of GPs showed that one third of those eventually diagnosed with cancer were referred "routinely", rather than urgently, and were therefore not seen so quickly.

Improvements in public services must be sustainable. Spending on early education and child care will continue to rise until 2007–08, and there is no doubt that that is leading to real improvements. How could it not, given the huge increases in spending on child care? I warned in February, however, that half the 600,000 additional places created since 1998 had subsequently closed. We have, therefore, created a huge amount of churning with this increased spending. Worse still, the children and families who have the greatest needs and the most to gain still have the worst access. There are too few child care places for children living in the most deprived areas of the UK, and too few services available to children with disabilities.

The Chancellor announced ambitious plans to reduce administration and to cut civil service jobs. He hopes that these proposals, together with other measures, will realise efficiency savings of £20 billion a year. That is his target, and it is very ambitious indeed. I believe that it will require a massive sea change in Whitehall of a kind that we have never seen before, either in wartime or in peacetime. I welcome the cuts, but they must reduce administrative bureaucracy, rather than cutting front-line staff such as doctors, nurses, teachers and policemen.

Cuts in so-called back office administration, which has become a cliché, to which we all sign up, must not lead to poor performance and inadequate capacity in any one part of the delivery chain. The civil service will always have a tendency to make a political point to its political masters by passing on those cuts quickly to front-line services.

I want to draw the attention of the Treasury Bench to the work of my Committee and the NAO on Departments' management of resources and their capacity to spend. I hope that they will ensure that it is read widely in Whitehall. To avoid waste and inefficiency on the huge scale to which, sadly, we have already borne witness, the NAO should be free to conduct detailed and continuous audits of each and every Department. It should register staff numbers and efficiency levels, and the resultant information and recommendations should be freely available in a publication, including a league table format as is the case for local authorities. Departments should be rated for their work, as local authorities are, as poor, good or weak. Permanent secretaries should be held accountable to Parliament, as accounting officers, in the same way that directors are held accountable to shareholders. In the private sector, managers are given performance incentives, bonuses if they do well and the sack if they do badly. That still does not happen in the public sector.

I no longer believe, having been involved in this field for a few years, that mere ministerial instruction, however well intentioned, even with the backing of a huge majority in Parliament, will ever deliver fewer civil servants or a more effective civil service. There must be incentives on senior managers.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): When I was a member of my hon. Friend's august Committee, before he was Chairman, I suggested that the promotion hierarchy for senior civil servants should be dependent on their ability to manage satisfactorily the budgets in their Department. Does my hon. Friend have any sympathy with that idea?

Mr. Leigh: Yes, I have enormous sympathy with that idea. Civil servants should be assessed on how they run projects. We must move away from a culture in the civil service whereby promotion has depended too much on one's ability to advise Ministers and deal with policy, and too little on running projects. Again and again, we see permanent secretaries—senior civil servants—who have never run a project in their lives, and never been assessed on that. That is simply not acceptable in the modern world.

I want to comment briefly on the Comptroller and Auditor General's budget assumption work. Under the Finance Act 1998, the National Audit Office audits those parts of the Budget for which the Chancellor sees fit—that is the important part. This year, one of the assumptions newly audited by the NAO related to the growth of the VAT gap. Mention has already been made of the different estimates on fraud and error used as part of a new method for forecasting VAT receipts, which is a vital part of the Chancellor's arithmetic and of how he informs us that he can keep to his golden rule.

The NAO found that the rate of growth in the VAT gap exceeds the historic average, and is therefore duly cautious. The NAO brings independence to its work and, clearly, expertise—not just financial, economic and statistical expertise but the expertise that comes from being able to do its core audit work across Departments. I use the VAT gap assumption as an example of precisely that. As we have been told, the NAO recently published a report on work by Customs and Excise to tackle VAT fraud and losses. It shows that Customs and Excise is stepping up its efforts against VAT fraudsters, but it is too early to be optimistic about the impact on the VAT gap. The important point, which I have not yet heard emphasised in this debate, is whether it can secure a sustained reduction in fraud and error, which currently run at a staggering £12 billion. The jury is still out on that. On those assumptions alone, we can see what a difference—billions of pounds—can be made in revenues coming into government.

As I said, the National Audit Office audits those parts of the Budget that the Chancellor sees fit for audit. Some assumptions have been audited in the past, others this year. A valid assumption made last year and audited as such will not necessarily be valid this year. The fact that something has been audited in the past does not make it right today or tomorrow.

I believe that we should assert, or rather reassert, the traditional independence of our auditor. He is, after all, our auditor. He reports to us—to Parliament—not to the Government. Surely it is time for the Treasury to consider amending the Finance Act to give the Comptroller and Auditor General the unfettered freedom—I emphasise those words—that he enjoys in all other aspects of his work, so that he rather than the Chancellor decides which assumptions to audit.

I am pleased to see both the shadow Chancellor and the Chief Secretary to the Treasury present. This is not a party political point, and I hope that both sides can agree that if the main parliamentary auditor is asked to audit something, he must have freedom to do the work that he wants to do. I believe that that—coupled with the implementation of my earlier suggestion that the NAO should conduct value-for-money audits of Departments—would produce more confidence, more transparency and more accountability. Surely we as parliamentarians are interested in confidence, transparency and accountability. We should at least be able to agree on the parameters of political debate. We can have an argument across the Chamber about a policy decision on whether to spend more or less on a particular aspect of government, but let us at least agree on the assumptions.

I am very cautious about the ability of any Government—I am thinking of historical examples—to reduce waste and incompetence in the public sector. I have no doubt that each month during the next 140 years—just as happened during the last 140 years—the NAO will produce a coruscating report on waste and incompetence in the public sector. I believe that we must ultimately move towards private sector solutions. I give the Government credit for having grasped the nettle, or bitten the bullet, in terms of the private finance initiative. That met with some opposition on their own Benches, but involving the private sector in the delivery of public sector solutions has enabled us to produce more hospitals and other buildings to budget and on time.

Mr. David Cameron (Witney) (Con): Does my hon. Friend think that we are transferring as much risk from

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the public to the private sector as was originally intended through the PFI? Or is it too much of an exercise in trying to take finance off the Government's balance sheet?

Mr. Leigh: That is an interesting point. Some of my hon. Friends, in particular, believe that that is what lies behind it, which is worrying. A couple of weeks ago, I had an interesting conversation with the former Chief Secretary in the French Government. Members of that Government are coming to study what we are doing with the PFI. There is amazement throughout Europe that there is so little political debate about the fact that so much debt is being transferred to future generations. There is little understanding of that in Parliament, and we engage in little debate about the whole PFI issue, which I think should be a central element of financial debate. Our debates should be better informed so that we can resolve the issue one way or another.

I believe—it is a purely personal belief—that we shall have to adopt more PFI-type solutions in other areas of public sector work, including the management of hospitals, schools, DWP projects and perhaps entire benefits systems. The debate on all that has hardly begun.

Mr. Clifton-Brown: I am grateful to my hon. Friend for being so generous in giving way. Part of the purpose of the PFI was to transfer risk, but many companies involved in such schemes tell me that the risk is considerably reduced because their lawyers spend so much time trawling through contracts and including exceptions in them. Does my hon. Friend agree that the Government need to become much smarter in their specifications?

Mr. Leigh: Yes. That is a good point on which to end. If we are to move towards more private sector involvement in delivering Government programmes, we must be much cannier, smarter and more ruthless when we deal with the private sector. Private companies take no prisoners. I do not blame them for that because they are there to make a profit. The Public Accounts Committee has witnessed too many examples of the risk not being transferred.

Let us consider only one such example—I could cite numerous others. The Government decided to build an armouries museum in Leeds. Hugely over-optimistic assumptions were made, and it went bottom up. The Government immediately bailed it out. Did the private sector suffer? Of course not. It never suffers in such circumstances. That is why we must bring more private sector people into government so that they work for us.

Let us forget for a moment the normal party political divide and unite as the guardians of the taxpayer. We represent the taxpayers, who pay for everything in this Building, all PFI projects and everything that we do. Why do we allow so many instances of the private sector, which we want as a partner, taking us for a ride because it employs better lawyers and is more ruthless and vigorous in dealing with projects?

There was one recent example in a Committee hearing of a project that the Government delivered well. I believe that it was a new call centre in the NHS. I asked one question of the lady who ran it: "How long have you been in this job?" She replied that she had been running the project for five or six years. That was a unique example of somebody in the public sector who had not been moved from job to job but was there, on the ball, and had run a project for not just a few months or a year or two, but for five or six years. She had the expertise to run it and to deal with the private sector.

That is a good note on which to end. I hope that, at the end of the Budget debate, we can unite in trying to get the best deal for the taxpayer.

4.12 pm

Mr. Paul Goodman (Wycombe) (Con): It is a pleasure to follow my hon. Friend the Member for Gainsborough (Mr. Leigh), who gave a persuasive exposition of the way in which it is possible to reduce the rate of increase in spending—he specifically referred to the Department for Work and Pensions—without cutting front-line services. I intend to draw on my experience as a member of the Select Committee on Work and Pensions to speak about poverty and the Budget.

I want to make three preliminary remarks. First, I am determined, in a moderate and irenic spirit of good will, to welcome something in the Budget. I shall therefore join my hon. Friend the Member for Havant (Mr. Willetts) in welcoming the £100 payment to pensioners. I am not sure that my constituents in High Wycombe and Buckinghamshire will be as generous-minded without expressing some reservations. The payment follows the transfer two years ago of some £11 million out of Buckinghamshire to other counties. The preceding year, my constituents paid an increase of more than 15 per cent. in the county council element of the council tax.

Mr. Cameron: I hope that my hon. Friend has read page 256 of the Red Book when studying the Budget. It states that the Chancellor is already planning an increase of 6 per cent.—three times the rate of inflation—in the council tax. For my hon. Friend's constituents in Buckinghamshire, will not the £100 be given with one hand while money is taken away with the other through the increase of 6 per cent. in their council tax bill, which is roughly £1,000? My hon. Friend should be careful to warn his constituents that what the Chancellor giveth, the Chancellor taketh away.

Mr. Goodman: My hon. Friend is right. I am several hundred pages behind him in my perusal of the Red Book.

Mr. Cameron: I skipped.

Mr. Goodman: My hon. Friend says that he skipped, but I was about to make the same point as he did. The 15 per cent. rise that I mentioned was followed by a 5 per cent. increase last year. Those increases have hit pensioners on fixed incomes who receive low annuity payments. That group of people has suffered real cuts in income in the past few years. As my hon. Friend the Member for Witney (Mr. Cameron), who looked ahead in the Red Book, said, what the Chancellor gives with one hand, he takes back with the other.

Secondly, I want to make a brief point about Equitable Life.

Mr. Clifton-Brown: Does my hon. Friend agree that it was a mean payment with strings? As I understand it, the £100 payment will be only £100 per household, it will apply to pensioners only when they reach the age of 70 and it is a one-off payment, not an ongoing payment to meet the considerable increases in council tax.

Mr. Goodman: In the light of my hon. Friends' remarks, I am already beginning to regret my generosity to Government Front Benchers. My hon. Friend is, of course, absolutely right.

Mr. John Bercow (Buckingham) (Con): I have warned my hon. Friend before, and now have reason to do so again, against the tendency towards excessive generosity to those on the Treasury Bench. I hope that he will hold it in check. Does he agree that, in addition to the depredations from which pensioners in Buckinghamshire have long suffered under this Government, there is real grievance at the failure to pay child tax credit to all too many people in our respective constituencies who are entitled to it but have been deprived of it on account of Government incompetence?

Mr. Goodman: My hon. Friend is absolutely right to warn me of excessive generosity to the Government. I must in turn warn him that when he says, as he often does, that it is important to combine social justice and economic efficiency, he, like me, must be wary of echoing too much the language used by Government Front Benchers, but the point that he made was right.

Secondly, on the subject of Equitable Life, those on the Treasury Front Bench will not be surprised to hear that many of my constituents have expressed dissatisfaction with the recent statement on that subject by the Financial Secretary to the Treasury. That is why I wish to commend on their behalf the early-day motion tabled by my right hon. Friend the Member for West Dorset (Mr. Letwin), the shadow Chancellor, which calls on the Government

"to find a way in which either the Parliamentary Ombudsman or Lord Penrose himself can now examine possible maladministration by the Government Actuary's Department and other regulatory bodies, in order to make recommendations on compensation."

I hope that those on the Treasury Bench will bear that in mind. I believe that such a move by the Government would have been an admirable feature of the Budget. Sadly, it was not to be.

Thirdly, I want to make some brief remarks about the Budget in relation to health spending. Many of my constituents in Buckinghamshire will be asking where all the money has gone. A consultation paper has been published in relation to children's services at Wycombe hospital and to other services. It is proposed that the children's ward, maternity services and the special baby care unit all be moved to Aylesbury. That is in the context of a £15 million deficit across health bodies in Buckinghamshire.

I realise that all health bodies and other bodies have to live within their budgets but there are some startling figures against which those proposals must be seen. Health spending in Bucks is some £400 a head. In Liverpool, for example, it is some £900 a head. It is legitimate to ask whether the assumption that we truly have a national health service is right because what the Government are effectively saying to my constituents in High Wycombe and Marlow is that, in health terms, they are worth less than half what the people of Liverpool are worth. It is in that context that we must see those plans.

I say to those on the Treasury Bench that, whatever the Chancellor may have said in his Budget statement about health care spending, we face a danger in Bucks. I want to put it no higher than this. It is possible that babies could die because of the extra length of the journey from the middle of High Wycombe, where deprivation is concentrated in the town, to Aylesbury. It is a deeply worrying prospect and I heard nothing in the Budget that will do anything to address that.

I turn to poverty in the light of my work on the Select Committee on Work and Pensions. At the risk of rousing the wrath of my hon. Friends, I point out that I have before in the House paid tribute to the Government's intentions in relation to poverty. I think that they are admirable and that it does no one in the House any good when political parties impugn each other's motives unfairly. I am, however, a little more critical and questioning of the means to be used. We now know that the Government are likely to meet their 2004 child poverty target, which is welcome, but like many of my hon. Friends I am a little dubious about the value of relative poverty measures, because they produce perverse results—a point that was not cleared up in the Budget. If there was a collapse in median incomes, we would have the perverse outcome that we could be said to have solved our poverty problem because incomes at the top had fallen. That is the difficulty with all relative poverty figures, so I have always been dubious about the measure on which the 2004 target is based.

The Government could have answered in the Budget several questions that surround the 2010 target. First, they say consistently that they are committed to eradicating child poverty, but I have never heard Treasury Ministers clearly explain what that noble objective means. Does it mean eradicating absolute poverty, eradicating severe or persistent poverty, or eradicating relative poverty? The latter is surely impossible without complete equality of outcome, a task that even old Labour would have found extremely ambitious.

Secondly, the Chancellor could have cleared up ambiguity in the new measure.

Mr. Webb: I am listening with care to the hon. Gentleman's comments. He says that to eliminate relative poverty we would need absolute equality. However—and this is not just a nit-picking point—the relative poverty line is generally at 60 per cent. of the median, whereas there are Scandinavian societies in which deviation from the median of greater than 40 per cent. is regarded as extreme. That sort of relative poverty is much narrower. Such a modern society is conceivable, even in the west, and does not require absolute equality.

Mr. Goodman: The hon. Gentleman is right to say that relative poverty can be interpreted in several ways,

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and it could be interpreted as it is in Scandinavia. However, I put it to him that if we spoke to the man or woman in the street, who perhaps does not study the arcana of these matters as he does, about the abolition of relative poverty, they might indeed believe that any Government who sought that were aiming at absolute equality of outcome.

Mr. Clifton-Brown: Again, my hon. Friend is being too kind to the Government in relation to child poverty. The number of families with children who are homeless continues to rise substantially and, in particular, the number of families with children living in bed-and-breakfast accommodation has almost doubled under the Government. For a family with children to be in such accommodation is a miserable way of living.

Mr. Goodman: I completely agree, and when I have finished my canter through the Government's rather dubious and undefined measures, I intend to come to such points; but I am grateful to my hon. Friend for making that point now.

Mr. Bercow: I agree with my hon. Friend that it is unwise to focus on relative conceptions of poverty. We are all familiar with W. G. Runciman's "Relative Deprivation and Social Justice", which is an interesting thesis but does not, I think, advance the cause. Is it not wiser to focus on absolute poverty and the significant number of people in our country today who still lack the basic essentials, to one of which my hon. Friend the Member for Cotswold (Mr. Clifton-Brown) alluded? It is that phenomenon with which the Government should principally be occupied.

Mr. Goodman: My hon. Friends are putting me to shame: my hon. Friend the Member for Witney is familiar with the Red Book and my hon. Friend the Member for Buckingham (Mr. Bercow) has read even more widely. He is absolutely right. That was the very point that I was about to make, because in relation to the 2010 target, the Government have replaced their single measure with a triple measure. They intend to measure relative low income, absolute low income and material deprivation and low income combined, and I join him in agreeing that the second and third of those measures are far better than the first. However, my point is that the Government have not made it clear in the Budget whether they will hit their target only if they move in the right direction on all three of those measures at once. The Chief Secretary might be able to tell us something about that later.

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): In a way, the hon. Gentleman has shot my fox, as I was about to say that the Government's measurements of poverty involve those three ingredients. The Library paper on child poverty makes it clear that that is the context for the Budget debate. As he might know, the paper begins by quoting a previous Conservative Chancellor of the Exchequer, who said that defining poverty was so hard that he was not going to bother. As a result, he certainly did nothing about it.

Mr. Goodman: All Governments are very wary of defining poverty, as our Select Committee discovered when we asked Ministers about this issue. The hon. Gentleman is right to draw attention to those measurements, and I hope that, like me, he wants to know more about how they will work in respect of the 2010 target.

I had hoped that the Chancellor would say something about housing costs. Previously, the Government have attempted to hit their target on the basis of incomes before and after housing costs. But we now know that, although they will continue to publish the "after housing costs" figure, they tend to make the calculation on a "before housing costs" basis. With due respect to the Government—many of my Labour colleagues on the Select Committee share this view—if one makes the calculation on a "before housing costs" basis in London and the south-east, where such costs are extremely high, one gets an artificially good result. So we need to be sure that the 2010 measurement is fair in that regard.

Neither the Chancellor nor the Secretary of State for Work and Pensions has taken the opportunity to say whether Northern Ireland, where child poverty is extraordinarily high, will be included in the figures in 2010. The Government did not have to hand—or so they tell us—the family resources survey information that they needed to include Northern Ireland in the measurements in 2004. But that information is to hand in such a way as to enable them to measure poverty in Northern Ireland, as well as elsewhere in the United Kingdom, for the 2010 target, so perhaps the Minister could make it clear whether the Government intend to do so.

It is important to look very closely at the figures on child poverty, but I hope that the House agrees that, in the end, measuring child poverty and poverty in general is not everything. What we really need to know—such information is not always to hand—is whether the money that the Government have put into reducing child poverty and the rise in the incomes of poorer people, which cannot be dissociated from worldwide economic growth, are actually improving life chances. On the basis of the evidence available, we seem not to know the answer. We cannot be sure that such income increases are boosting health and happiness, improving relationships and parenting, raising educational attainment, breaking the cycle of crime, and improving not just standards of living, but quality of life.

I want to conclude by considering three groups of people whose life chances were not improved by last week's Budget, the first of which is pensioners. The Government must now accept that they have a very deep problem with their pensions policy. From trawling voluntary groups, industry and business, it has become clear that only the Government support an approach that concentrates on means-testing as a way of relieving pensioner poverty. According to the most recent figures that I have seen, someone who draws the state second pension in full will not have enough money to float themselves off means-tested benefits. By 2025 and 2050, a huge proportion of pensioners will be entirely dependent on such benefits. That will damage savings and pensioners consider it an affront to their dignity. I have drawn attention before, in the context of Select Committee reports, to the extremely poor take-up figures. We knew in the days before the minimum income guarantee had been replaced with pension credit, that the non-take-up rate for the MIG

was approximately a third. We now know that the non-take-up rate for pension credit is about half. That means that half of our poorest pensioners are gaining nothing whatever from pension credit, and nothing in the Budget or the Pensions Bill will put right the mis-structuring of the Government's pension policy.

Mr. Tom Harris (Glasgow, Cathcart) (Lab): Does the hon. Gentleman accept that there is some benefit in targeting money on the less-well-off pensioner? Surely the Conservative policy of re-establishing the link between the basic state pension and earnings would simply give additional funds to every single pensioner in the country, including perhaps Baroness Thatcher and others like her who do not need it. Is it not better to target the money to where it will be most effective?

Mr. Goodman: I am not aghast in horror at the prospect of paying a higher state pension to Baroness Thatcher, but I put it to the hon. Gentleman that, among sections of Labour Back Benchers, our pensions policy is more popular than the Government's. The essential problem with the means-testing policy is the take-up. If the hon. Gentleman's constituency is typical, half the poorest pensioners living in it are not receiving pension credit. For reasons that I have already explained, that is wrong.

The second group who will not benefit from the Budget are people with disabilities who are out of work, and I have some new information to share with the House about them. We are familiar with some of the figures and we know that there are something like 2.7 million people on incapacity benefit and that about 1.3 million of them want to work if they can find it. We also know—the Secretary of State for Work and Pensions said it earlier—that the only group of people on incapacity benefit whose numbers are rising are those with mental health problems.

I tabled some questions to the Secretary of State to ascertain more information about that group. As I have said, I do not believe that the Budget will greatly help them. These are the figures on men with affective disorders who are drawing benefit. In 1997, there were approximately 150,000; there are now some 235,000 drawing incapacity benefit. Turning to those with neurotic and stress-related disorders, there were about 119,000 in 1997; last year it had risen to about 135,000.

For women, the overall figures have gone up. In 1997, there were 1,032,000; last year, staggeringly, there were 1,120,000. In 1997, there were about 145,000 women with mood affective disorders, in comparison with about 232,000 last year. In 1997, there were about 101,000 women with neurotic and stress-related disorders, in comparison with 114,000 last year. The group of people drawing incapacity benefit whose numbers are rising are those with mental disorders of one sort or another.

Our criticism of the new deal has always been that too much money has gone into helping people who are likely to get employment in the labour market anyway, and not enough into helping those who find it difficult to get work and then to keep it. I believe that the Budget provides nothing to help that particular group of people. If the Chancellor were more creatively and imaginatively minded, he would want to reflect on the proposals that we made in our last election manifesto for an incapacity benefit fundholder that could reach this hard-to-find group of people, help them into work and keep them there.

The final group is young mums who want child care choice. The Budget proposals on child care essentially built on last year's proposals, which helped working parents. We have to see those proposals in the context of another Government target—that of getting 17 per cent. of lone parents into work by 2010. However, some mothers and fathers want to stay at home and look after their children when they are very young. Naturally, they will receive no benefit from employer-related measures in respect of people who work.

That has been acknowlegded by no less a figure than the Secretary of State for Trade and Industry. An article in *The Daily Telegraph* some months ago was excitingly headlined "We Failed Mothers Who Stay At Home, Admits Hewitt". In it, the right hon. Lady said:

> "I do think we have given the impression that we think all mothers should be out to work."

I am therefore disappointed that the Chancellor did not build on the proposals in the recent report on child care by the Select Committee on Work and Pensions. The Committee is dominated by Labour Members, but its report set out a choice-based model.

Finally, it will not be possible to reduce poverty effectively in the long term if family life is not stable. There is far greater equality on the continent, but the paradox is that far more payments are made there to families on high incomes. In France, parents have choice, and in Denmark women are encouraged to enter the labour market, but the key is that payments are made much higher up the income scale. I am worried by two elements in the Budget—the freezing of the family element of the child tax credit, and the fact that child benefit will not be changed. In fact, that has not increased in real terms since 1999.

Child care is a key theme for the future. I am sorry that it was not approached in the Budget in the choice-based way that some Select Committee members would prefer. In conclusion, the Budget was political in nature, rather than financial. Many of my constituents will agree with me that it offers them very little.

4.36 pm

Ms Candy Atherton (Falmouth and Camborne) (Lab): I apologise to you, Mr. Deputy Speaker, and to the House for not being present for the earlier speeches in today's debate. The Select Committee on Environment, Food and Rural Affairs, of which I am a member, has been taking evidence on gangmasters in relation to the Morecambe bay tragedy and is sitting later than normal.

I want to talk about those elements of the Budget that I consider to be good for Cornwall. The first of the specific matters that I want to raise is the reduction of VAT on heat pumps. That might seem obscure to many hon. Members, but my constituency delights in being home to the remains of the "hot rocks" project, which

[Ms Candy Atherton]

the House may recall was closed by Mrs. Thatcher in the 1980s. The project was a pioneering scheme that drew heat from the ground to provide what was effectively free heating for homes, buildings and factories. Although the scheme did not last, a number of pioneering firms that were committed to the technology carried the work on, in co-operation with the Camborne School of Mines.

One of the firms involved is called Geoscience, and is based near Falmouth. Heat pumps can produce five units of heat from one unit of energy derived by using the geothermal technology. The firm was concerned about the fact that it was paying VAT on heat pumps at the normal rate. I lobbied my hon. Friend the Economic Secretary about that, and I am glad to say that he listened. As a result, the rate was reduced in the Budget to 5 per cent. The people at Geoscience are delighted at that change. Although the Budget debate may seem fairly obscure to many, people in Cornwall who have a specific answer to the world's climate problems were listened to by Ministers, and I am very grateful for that.

The Economic Secretary to the Treasury (John Healey): That is because they have a good MP.

Ms Atherton: My hon. Friend is very kind.

Another issue exercising many of my constituents also has to do with VAT—this time as it applies to church repairs. The saga has been a long one, and most hon. Members will have heard from constituents about it. The database that my office holds of constituents who have written to ask that the Government listen to their proposals about VAT on church repairs contains a list of names that runs into four figures. I suspect that that reflects Cornwall's strength of community feeling and its tradition of church attendance. People are very closely involved in their communities and parishes. The county has some fantastic churches, but they cost a huge amount of money to repair. They are a source of great pride to the community. They grew out of the mining communities and had to be big, because they had congregations of many thousands of people. Now they may serve only a few hundred people in each village, but they are still an important part of the community. I am grateful that Ministers listened on that point, too.

I also represent many pensioners. I was out in my constituency last weekend and an older pensioner said to me, "I want you to tell them up there that for the first time in my life I have some money left in my purse at the end of the week. Now we are going to have an extra £100 and I am absolutely delighted." Older pensioners are often women who did not have pension provision when they were younger. The extra help that they will get from the Government is welcomed. They do not want the extra added to their pension, as the Opposition propose. They like having a lump sum, whether in the form of the winter fuel payment or the extra £100 to address council tax rises, because it gives them flexibility. The extra £100 was warmly welcomed in my constituency. In a debate on my local radio station, pensioners said clearly that it was what they wanted.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Does the hon. Lady agree that pensioners are welcoming a payment that will be paid to them all, without any need to fill in any application forms? As the hon. Member for Wycombe (Mr. Goodman) pointed out, the problem with some Government pension policy is that many people—by definition, the poorest pensioners, because they were the ones who were eligible for pension credit—do not claim pension credit and so miss out, whereas if the sum were part of their pension they would be guaranteed it.

Ms Atherton: That is the problem. There are two options. One either gives a small amount to everyone, or one targets the money on those pensioners who most need it. They must also be given the assistance they need to tackle the applications. In my area, a representative from Kerrier district council will visit pensioners' homes and fill in the forms with them. Pensioners can also apply by telephone. They do not have to stand around in front of other people in some building to fill in the form. The forms have also been significantly improved. One pensioner asked me, "Why does it ask me if I have children?" As I told her, I have a family friend who is 88 and has a 13-year-old daughter. We can debate whether 88 is the age to be charging around with a 13-year-old, but that is the reality. Our lifestyles have changed and many pensioners have child care responsibilities. The forms can be complicated, but assistance is available. Pensioners in my constituency are delighted with the Budget and I thank my Front-Bench colleagues for that.

The money for schools will also be warmly welcomed. The head of Penryn school, Marie Hunter, will use some of the extra money for her fantastic summer scheme for children in the Penryn area. Last year, hundreds of young people took part in the scheme, and as a result not one of them came to the attention of the police. She is very proud of that and it is fantastic that young people who might not otherwise have the opportunity get the chance to do things. Marie Hunter lobbied me for more money to be paid directly to schools and I am sure that she will use the extra to assist with the summer scheme.

We do have problems in Cornwall, and I must raise them with Ministers. They will know that Cornwall has achieved objective 1 status—the highest level of structural funds—to tackle its long-standing economic problems. Despite the fantastic work that has been done, we still have only 59 per cent of the European average for gross domestic product. That puts us on a par with Greek islands. We are the poorest region in northern Europe, and that is tragic. It is a challenge for all of us to tackle those longstanding problems.

I do not want give the impression that the Government have not been tackling those problems in Cornwall. We are tackling the infrastructure problems. The Government are dualling the A30 at Gossmoor. Any hon. Member who has ever come to Cornwall in the summer and has tried to go from east to west will know that that huge bottleneck has been a nightmare for many years. That work is being fast-tracked by the Highways Agency. Almost everyone except Swampy agrees that that is absolutely fantastic. The Government, through Social Research Associates, are dualling the A30, and we are using objective 1 funds to assist us in that. That work will decrease journey times by 30 minutes. That may not sound much to most hon. Members, but that makes a huge difference to a five or six-hour journey.

We have the largest number of small and medium-sized businesses in the country. I often laugh when we talk about SMEs, given that when we talk about a small business, we may be talking about one person; that when we talk about a medium-sized business, we may mean a business that employs five people; and that, to some, a business with 30 employees is a large business. The definition of an SME depends on where you come from, but the money in the Budget to help small businesses will be welcomed.

As I say, we are doing a lot. We have the Eden project, which I hope many hon. Members have visited. The maritime museum in Falmouth has the small boats collection from Greenwich. What is happening with that museum, the Tate at St. Ives and our gardens is that people are coming to the county, not for the six weeks of the bucket-and-spade season, but all year round. One hotelier told a colleague, "I've got a bone to pick with you"—as every politician knows, people stand back when someone says that—"I have had to put central heating in my hotel because I've got visitors coming all year round." I think it is a real success when hoteliers have to put in central heating because tourists are visiting the country all year round.

My constituency has one of the few urban regeneration companies in the country. It is conserving the Camborne, Pool and Redruth community. The closure of the coal mines was pretty dramatic and, as result, there were dramatic responses from the Government. The situation with tin was very different. Tin mines closed over hundreds of years. There were times when the decline was sharp, but it was usually gradual and, as result, it slipped by—no one really noticed, except for people in Cornwall. As a result, there was never a sense that we had to tackle the problem, until now. In the Budget, we have money that will help the Camborne, Pool, Redruth urban regeneration company to make a difference to the lives of the people in that community.

We have the largest amount of derelict land in the country. When people think of Cornwall, the last thing they think of is derelict land. In fact, west Cornwall is full of derelict land. The money for housing in the Budget will really help us.

We are working hard in Cornwall. We are trying to tackle the problems that we have inherited. The people are committed to working for the county. The Government are working for the country. A lot of good things are happening. I ask the Government to help us with the next round of objective 1. We want quality jobs, quality homes and quality skills. There was more for us in that respect in the Budget. I thank the Government and ask them please to keep helping us.

4.48 pm

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): It is pleasure to follow my hon. Friend the Member for Falmouth and Camborne (Ms Atherton) in the debate, particularly as I had the pleasure of visiting the Eden project very recently. I commend that project to all hon. Members and, indeed, all members of the public, as a marvellous place to visit.

I rise to speak as a member of the Science and Technology Committee, so I shall concentrate on the Budget's implications for science. In doing so, I want to dwell on a general theme of whether the Budget will help to procure what might be called fair contracts between generations. Earlier, members of the Conservative Front Bench suggested that the Government have a tendency to profligacy and to consume the seed corn of future generations. The implication was that an unsustainable deficit today would have to be paid for by our children tomorrow.

The Budget's vision and long-term approach to science gives the lie to that accusation. It is no accident that the Chancellor used the word "science" 13 times in his speech. Investing now in science will not simply enhance the lifestyles of tomorrow but of generations to come. I worry about whether there is in Government sufficient understanding of science and enough of a scientific culture to get that investment right. Time after time, when the Science and Technology Committee seeks out the person in a Department who ought to know about mathematical models, understand a certain third world engineering project or appreciate all the other ways in which science impacts on government, it is often the case that no one can be found to deal with such matters. When the director general of the Natural Environment Research Council addressed the Committee last week, he stated that when he tried to find someone in Government to discuss matters that concerned him, he could not find anybody sensible to address.

The Government's emphasis on science is to be greatly welcomed—as is some collateral reconfiguration of the civil service. However, that must go hand in hand with intelligence, foresight and appropriate information—to retain the expertise needed in government to protect our country's productivity and affluence for generations to come.

What prospects are there of an enhanced science budget? The Committee is worried that there does not seem to be much of a vision of how energy is to be procured in decades ahead. Laudable targets for carbon reductions by the year 2020 are all very well but we must ensure that non-carboniferous energy generating systems are in place. The Committee found that the Government must take some real risks if they are to deliver a non-carboniferous or reduced carbon energy system, and thought that wave and tidal power offers the potential for an extraordinary payoff in meeting targets and reconfiguring energy systems in a non-carboniferous, non-nuclear way.

We began to get somewhere with the Department of Trade and Industry, but—truth to tell—we need the instruments for securing huge investment in a technology that is of dubious return and which perhaps involves building something a bit like the millennium dome but on its side and in the sea. For some strange reason, such a project did not appeal to people who were asked to put their hands in their pockets now for a dubious outcome in terms of a working project in, say, 2011. That money is difficult to raise through venture capital and the private system, but a Government with a vision of how we will generate energy in future really need to look at priming the pump of such enterprises. We are not talking here of the £5 million or £10 million that the Government have vouchsafed—that money is welcome—but of an awful lot more if such ideas are to go from trial to something like empirical proof.

[Mr. Tony McWalter]

Apart from energy, the general issue with the science budget relates to the huge difficulties in the education system. One of the great strengths in the British economy has been the extraordinary extent to which we have been able to generate science graduates, particularly in those subjects that require a high degree of mathematical attainment. There has been an astonishing fall in the number of people doing advanced level maths and continuing to develop those skills. However, wherever one looks in the world of science, those skills have a premium. Indeed, some might say that those skills should have a higher premium in Parliament itself, and particularly in Budget debates.

Losing the trained people that we need in many sectors becomes an issue when we face a crisis, as we did with foot and mouth disease, and find that the mathematical models of disease spread are, unfortunately, ill developed and ill defined. I suppose that we have to make policy almost quite literally on the hoof. It is a bad day when this country lacks the capacity to invest in science and its future.

We have also asked the Government to consider following the Taylor report's recommendations on investment in two new nano-fabrication facilities that involve cutting-edge nanotechnology and materials that are 10^{-9} of a centimetre. The Taylor report says that many advanced industrial countries will make their living out of such technology for the next decade or two or more. We want the capacity for people to take an idea about a system that may, for example, replace ball bearings through to manufacture, test and experiment, to see whether it is possible to turn an idea into an industry that employs people and pays our way in the world.

I say with regret that, so far, there has been decided reticence on the part of the Government to back such initiatives, but I believe that the Budget signals, in its appraisal of science, a willingness to go beyond the hesitant pussyfooting that has sometimes characterised Government responses to recommendations such as those made by Taylor. Instead, it signals the potential to secure investment that might go wrong. After all, that is the nature of this business—things can go wrong, so one might invest and get a bloody nose. However, if several such investments are made, out of the experiments and initiatives come ideas and industries for the future. Many in our society do not give much thought to the energy supply in 2015, the industrial structure of 2015 or the extent to which global warming will damage our country in 2015, but it is nevertheless in their interests to invest now for that future.

One example of a possible investment that the inventors would wish me to mention is what is called Beagle 2A, although one might call it Beagle 3, because it will follow Beagle 2 as an effort to try to understand Mars—that is, the planet—by using robotic systems. Those systems involve tremendous ingenuity, and it is possible that they have the capacity to be developed on an industrial scale. For example, a small-scale spectrometer was an integral part of the Beagle 2 project. The new project cannot be called "Beagle 3", because someone has already appropriated the name with a view to using it as a marketing ploy. That situation illustrates in a microcosm the extent to which we can invent things in Britain and have fantastic ideas—even though it must be said that Professor Pilkington had enormous difficulty raising the £25 million that he needed to get Beagle 2 under way—but then seem to lack the capacity to move from the idea, or spark, and relatively modest investment toward a system in which there is a real programme to develop volume, workers and capacity.

I know of a nanotechnology project involving a company that remains pre-revenue after six years and is in danger of dying and being taken over by the United States because the last chunk of capital and support for its 15 workers is being denied. We must try to ensure that the tremendously welcome science budget is actually converted into projects that will be of real benefit for generations to come.

I began by saying that I would emphasise the science side of the Budget quite a lot, but I also said that I would comment on the contract between the generations. If the Budget is displaying long-sightedness about the extent to which we are trying to look after the interests of future generations, it is also vital that we look after the generation in the here and now. I did not agree with the hon. Member for Northavon (Mr. Webb) when he said that the £100 council tax contribution was a bribe. I wrote a letter to the Prime Minister before Christmas in which I said that the matter was one of the most vexatious issues in my constituency. I asked him to do something, so I do not think that the measure is a bribe—it is sheer responsiveness. It shows that if the burden of council tax has reached a stage at which it is no longer seen as fair and manageable—

Angus Robertson: It is a backhander, not a bribe.

Mr. McWalter: The hon. Gentleman mutters about backhanders rather than bribes. What do Opposition Members want? Do they want us to say that we will not address the issue because if we do, people will think that we are doing so for awful motives? We should tackle it because that is the right thing to do.

Sir Robert Smith: The hon. Gentleman is right—at least the Government have, at the very last moment, recognised the seriousness of the problem that people have been telling them about for a considerable time. However, it is a sticking-plaster solution and it is only available this year—it is not promised for future years. Surely, the Government should promise to reform the way in which we fund local government and, in particular, make sure that taxation for local government is based on people's ability to pay.

Mr. McWalter: I agree with the hon. Gentleman, although I suspect that I disagree with him about the way in which those funds are to be procured. The most difficult issue in the Budget to address is ability to pay. The hon. Member for Wycombe (Mr. Goodman) made an excellent speech about the way in which we understand and deal with poverty, which is a problem in Wycombe and my constituency of Hemel Hempstead. I am constantly sounding off to the Chancellor about HIND—high income, none disposable—people. Some individuals do not have any disposable income because their housing costs are so high that de facto they are in poverty, even if on paper they do not appear to be.

I dealt with a case in my constituency involving a single mum with two children. She drove a fairly new BMW 5 series, but in fact she had almost no disposable income, and her company required her to drive that car because it wanted her to portray a certain image to clients. The taxation that she paid on her income and the car meant that the family—and I visited their home—were in desperate straits. What constitutes poverty is therefore not always clear, and we must look at disposable income. I am not chastising the Government—it is a hugely difficult issue. My right hon. Friend the Secretary of State for Work and Pensions has pointed out in the past that it is difficult to make benefits sensitive to housing costs, which contribute to the problem of achieving a fair system. As those housing cost difficulties are addressed—and I welcome the emphasis in the Budget on the Barker report and the Miles report—the housing system will become more manageable and housing costs will bear down less harshly on people in Wycombe, Hemel Hempstead and other constituencies. The contract between generations, the emphasis on housing and the attempt to provide appropriate resources will be important in future and are integral virtues of the Budget.

I touched on the current difficulties facing the older generation when I spoke about relief on council tax, but it would not be right not to say something about the pensioners, particularly in my constituency, of the Dexion company who are victims of a measure that I call the "The Dangerous Dogs (Pensions) Act 1995". It came into force on 6 April 1997, less than a month before the Government took office, and established a system in which pensioners of companies that went bust got their pension if the fund could manage it. If, however, people were not quite pensioners, they would be at the end of the line and might well end up with nothing. That is a most extraordinary injustice.

I have a constituent who is a pensioner now but was not yet a pensioner at the time the company went into liquidation. He had paid for 38 years and was two days away from getting his pension when the foul Pensions Act 1995 bit him. Progress has been made on the issue and, as the debate continues, I hope people will see that just as we must do the right thing by future generations to protect their interests—I have suggested that there are various ways in which the Budget does that—we must do the right thing also by the current generation who have been the victims of a major injustice.

I shall conclude by saying something about the resources that the Budget generates. I have spoken about science and welcomed the tremendous new initiative, but suggested that there should be close parliamentary monitoring to ascertain whether those resources are used wisely and well or foolishly and badly. The Opposition always assume that if we set out to raise money, that is the propaedia to throwing it all in the bin. We must ensure here in Parliament—all of us, Opposition, Back Benchers and Front Benchers—that the money is used wisely and well.

I welcome the Chancellor's emphasis on resource accounting, but I sometimes wonder whether we do it well enough. I am particularly worried about some of the things that are going on in the health service, and I hope that those on the Front Bench will take heed of the fact that a Labour Back Bencher sometimes worries about whether the money coming into the system is being spent as effectively as it might be. I have in mind the fact that the budget of my local strategic health authority is scheduled to go up from £900 million a year to £1.6 billion. That is a huge increase, which takes us out of a condition of deficit financing, to which the hon. Member for Wycombe referred—a condition of always being in debt and of people always making decisions based on the fact that the books do not quite balance and we must make more cuts. We are not in that position now, I am told. The debt-ridden health system should finally be a thing of the past and we should have the resources to tackle the recommendations of the Wanless report.

I very much welcome that, but the question is whether we are making the best use of the resources, the capital, the investment and the people we have. If we do the resource account badly, we could end up with the situation that we experienced at Hemel Hempstead hospital. For all I know, my right hon. Friend the Chief Secretary to the Treasury may have been born there. His mother still lives in Hemel Hempstead. The new maternity unit is nine years old and still sparkling new, with a wonderful special care baby unit. What did management do? They said, "Well, it's very nice and it cost us quite a bit of money, but unfortunately we're a bit debt ridden and it's very hard to get staff these days. It's an expensive part of the country and people always want to go somewhere else because their quality of life would be better, so sorry about this, but we are going to put the slammers on it. We're going to shut it."

If we have built up resources costing millions of pounds and we shut them early, that is as close to stupidity as policy making ever could be. We must ensure that, if we are going to do resource accounting, it is not merely a technical exercise that we do on a piece of paper with a quill but something that we do in practice by using the judgment of those who understand the bricks and mortar, who see the capacity, and who talk to the people involved. We also need active Members of Parliament and those who assist them to try to monitor all this expenditure, to ensure that it is used wisely and well.

On my own patch, I want to see the Wanless agenda introduced. I welcome the extra money because, once we get away from a deficit health system, the issues that are never addressed, such as mental health, geriatric help or dementia—issues that are always right down at the far end of the food chain under a deficit health system—can now be addressed. However, they will not be addressed if we do not do our resource accounting properly.

Mr. Mark Francois (Rayleigh) (Con): Will the hon. Gentleman give way?

Mr. McWalter: I was just about to give up, but I would be happy to take the hon. Gentleman's intervention.

Mr. Francois: I thank the hon. Gentleman for giving way just before he sits down. Does he agree that a particular problem associated with NHS expenditure is the fact that private finance initiative projects are often so bureaucratic that it takes a long time for the system to spend the money, and that a great deal of that money

[Mr. Francois]

is therefore wasted because of the time that it takes to get through it? Surely something can be done to make the system more efficient.

Mr. McWalter: I am amazed that the hon. Gentleman's intervention was so tame and tender. I agree with what he says, but there has also been a lot of talk from Members on his own Benches about how wonderful PFI is. In my local health trust, the local PFI outgoings for this year are zero, but it still has a huge problem managing its resource base. I hate to think what would happen in grandiose systems in which such outgoings were quite substantial. The problem of being in chronic debt would simply be regenerated all over again. I understand why the Government sometimes want these projects to be managed at so-called arm's length. The trouble is, however, that if the arms get too long, the projects end up out of sight of those who are committed to the process of parliamentary scrutiny. We must make very sure that that never happens.

I began by making certain points about science and about justice between the generations. This is a wise Budget, in that much of what it does seeks a balance of interest between the generations. I welcome the resources that it proposes and I look forward to the intensive process of scrutinising in great detail all the projects that will emerge from those extra resources.

5.18 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): It is a pleasure to follow the hon. Member for Hemel Hempstead (Mr. McWalter). I was interested to hear that he was about to give up, as I am sure the Conservative prospective parliamentary candidate in his constituency, Mike Penning, will be interested. His comment was really just a confirmation of what the rest of the House, particularly Opposition Members, knew already.

It is a characteristic of Chancellors that they claim credit for everything that goes right and blame everyone else for everything that goes wrong. This Budget went in for fiscal tightening and monetary loosening, but that state of affairs cannot go on indefinitely. I suspect that it was arrived at bearing in mind the date at which the British people will be able to give their verdict on it. That is why it would be useful to point out to them why we believe that it is unsustainable in the long run.

Certain aspects of the Budget are to be warmly welcomed. I give the Chancellor credit for achieving his predicted growth rate this year—contrary to the predictions of many well informed economic commentators, and, indeed, to my own forecast. I suppose that it was that, alongside the relatively full employment of which the Chancellor made much, that allowed him to proceed with what I believe to be his unsustainable expenditure increases. Indeed, were it not for those two factors, I suspect that those expenditure increases would become reckless rather than unsustainable.

Other aspects of the Budget are to be welcomed. Many Members have paid tribute to the £100 one-off payment to pensioners, but it is a bit mean giving with one hand and taking more away with the other. We have all seen the considerable increases in council tax this year, and there were even bigger increases last year. I am sure that we have all had difficult cases in our surgeries. For example, a man told me in my surgery the other day that his small occupational pension takes his income above all benefit entitlements, but that the increase in his occupational pension and state pension this year is much less than the increase in the council tax. It is because of the increase in council tax, therefore, that his standard of living will be reduced. That is unsustainable and unsatisfactory, and we must consider how the money raised locally in council tax reflects more accurately local government functions. One main reason why council tax has got out of control is that the Government keep giving local authorities more and more duties and responsibilities without providing the proper funding.

I want to comment on the fiscal side of the Budget, and then on the monetary side. As I said, this is a fiscal-tightening Budget, which is due largely to not indexing the relief on most taxes, as table A3.1 on page 210 of the Red Book shows. As a result, we will have fiscal tightening of about £750 million which, taking into account enforcement and compliance, will total about £1 billion. Those are fairly small figures in historical terms for this Government, because the previous economic situation must be taken into account. They have already introduced 60 extra taxes, which is a doubling of the rate of tax take, costing the average family some £5,000. I am sure that, when it comes to the next general election, the British public will not be slow to take on board those tax increases.

The only exception to the indexing of relief was small: relief on inheritance tax was raised from £255,000 to £263,000. That is small beer for many families. In many cases, particularly in the south of England, and especially in a constituency such as mine, the value of the house alone will use up nearly all inheritance tax relief. Nevertheless, the rise was welcome.

That is completely overshadowed by the many other forms of relief that the Government have not indexed over seven years, such as stamp duty. When we left office in 1997, stamp duty raised a few hundred million pounds in revenue; today, it raises several billion pounds. That is because seven years ago the relief of £60,000 used to buy a reasonable, small house, but today, in most constituencies in the south of England, it would be impossible to buy much more than a box for £60,000. The stamp duty imposed by this Government is becoming a significant cost to many people who have to move house for their job.

I want to comment on strip stamps, which are not what some hon. Members might suppose, but are related to the fraud and evasion of tax on spirits. I declare an interest as the chairman of the all-party wine group. I have made a spirited speech on this subject in Westminster Hall. The Government—I spoke to the Economic Secretary last night on the subject, and I am grateful to him for offering to talk further to members of the trade—say that £600 million a year is lost in fraud, and that strip stamps, which are duty-paid stamps to be put over corks or caps of bottles of spirits, will cost only £50 million to introduce. That is an overestimate followed by an underestimate. The trade reckons that roughly £250 million in revenue is lost, and that the

measure could cost as much as £150 million to implement. The Government therefore still have a lot of thinking to do on strip stamps.

Sir Robert Smith: It is clear from evidence given by Customs and Excise to the Scottish Affairs Committee that it has not got to grips with the current ways of trying to tackle fraud before imposing a bureaucratic nightmare that could, in fact, open the door to other forms of fraud.

Mr. Clifton-Brown: I agree. The all-party wine group went to Dover to observe the work of Her Majesty's Customs and Excise, and found that what I have called on the Government to do in the Finance Bill for seven years has now been done. Customs and Excise has installed a large machine that can X-ray an entire heavy goods vehicle in one go, and more customs officers have been employed. When the Government came to power, they said that they would cut the number of customs officers.

All those are helpful enforcement measures, but I think that the Government should consider all possible means of enforcement rather than imposing a bureaucratic burden on the spirits industry. I do not even think that it will necessarily work, because the strip stamp system is inherently open to fraud. It has not worked in Poland, or in other countries.

Let me now say something about the Government's monetary policy. Table C1 on page 244 of the Red Book shows that the Government are borrowing £37.5 billion this year, and the amount is rising. It also tells us that gross gilt sales this year will amount to £49.8 billion. If those amounts continue to rise, they will become unsustainable—and we should take into account not just the figures above the line, which are shown in the Red Book, but those accumulating below the line, which are not. I am thinking of, for example, the £20 billion debt accumulated by the Strategic Rail Authority. The Government hardly bought a rail, hardly opened a new station, to build up that debt. The money was largely spent on consultants and lawyers in the process of putting Railtrack into administration—a shocking mismanagement of Government funds.

There are several hundred billion pounds in the private finance initiative. My hon. Friend the Member for Gainsborough (Mr. Leigh) referred to the PFI, which we, the Conservative Government, introduced. It was an excellent idea, and the Government are taking great credit—the Chancellor did it again in the Budget statement—for building a tremendous number of new hospitals through it. The problem is that many of the contracts are let inadequately by the Government. My hon. Friend mentioned some of the problems, prompted by an intervention from me. The Government must become much smarter in letting those contracts and in wording them, so that some of the risk really is passed to the private sector. Otherwise they could borrow the money more cheaply themselves, and might as well fund projects directly.

On page 271 of the Red Book, the Government say all the right things. They say that the public sector contracts to buy services from the private sector

"so as to take advantage of private sector management skills incentivised by having private finance at risk."

They go on to say, in the same paragraph,

"With PFI, the public sector defines what is required to meet public needs and ensures, by contract, delivery of the outputs it sets. It has rights under those contracts to change the output required from time to time."

The trouble is that it does not do that. There are so many exceptions in the contracts, and the private sector is so much smarter at negotiating the exceptions, that the contracts are often extremely weak, and in some cases could be funded more cheaply by the public purse.

As for the Government's so-called efficiency savings, there were great headlines in the press on Thursday morning suggesting that the Chancellor had somehow shot the Conservative fox. That was nonsense. The Government have taken on 390,000 civil servants, and will secure efficiency savings by making 40,000 redundant. They have been taking on civil servants at a rate of 511 a week for the past year. They are far too timid. They are doing too little too late. In any case, as always, they are adopting Conservative policies without having the necessary reasons or philosophy to follow them through.

In the past, the Government and indeed the Chancellor have made great play of public service agreements. The Chief Secretary grins; he may wish to consider this carefully, as he has negotiated public service agreements in the past. The Chancellor abolished 130 of them in the Budget. Having taken great trouble to negotiate with Secretaries of State for other Departments, he finds that they cannot live up to the agreements and has to abolish them. I praise the Government for at least beginning to think about efficiency savings. It is too little, too late, but perhaps it is a good start.

Others wish to speak, so I shall not take long. The Government are beginning at long last to consider outputs rather than inputs. Whenever the Prime Minister hears a criticism during Prime Minister's Question Time of the malfunction or dysfunction of any Department, his only answer is that the Government are spending so many more hundreds of millions or billions on the problem. He does not say that the money buys, for example, so many more operations. In recent years, expenditure on the health service has increased by 37.5 per cent., but in the same period, output in terms of operations has increased by only 4.8 per cent. Those figures clearly demonstrate that expenditure in Departments is not as good as it should be.

Let us consider the social security budget. We are spending approximately £60 billion to £70 billion on the NHS, but it is predicted that we shall spend £150 billion on social security by 2005–06. In 2000–01, that budget broke the £100 billion mark for the first time. It has increased by 50 per cent. in five years. One does not begrudge giving people a hand up rather than a handout when they need it, but we must ascertain whether the money is being spent wisely.

Until last week, I was a housing spokesman for our party. When in an official capacity, I join the ranks of the silent ones, but when I am on the Back Benches, I can make speeches. It is a shocking indictment of the Government—*[Interruption.]* If the Chief Secretary would listen to me instead of gesticulating amusingly, he might like to take account of this shocking statistic. After seven years of a Labour Government, the Select

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Committee on the Office of the Deputy Prime Minister has confirmed that we have the highest number of homeless families that the country has ever experienced. That is a shocking indictment of the Government. I intervened on my hon. Friend the Member for Wycombe (Mr. Goodman) to emphasise that the hard facts in those global statistics are that the number of homeless families with children has increased and the number of those living in bed-and-breakfast accommodation has more than doubled from 4,500 to more than 10,000. Putting people in bed and breakfast is a huge waste of human and financial resources. They have a miserable life.

We were building almost double the amount of social housing when we left office in 1997—some 35,000 houses compared with approximately 20,000 that the Government are building today. They are not building enough social and affordable houses. We have suggested extending the right to buy and using the proceeds to fund a considerable increase in affordable and social housing without any cost to the taxpayer.

Table C13 on page 269 of the Red Book shows that the ODPM's capital budget will increase from £1.5 billion to only £2.4 billion. How will the Government start to solve some of the housing problems, let alone fund the huge sustainable communities plans under which they have committed themselves to spending a great deal? The Prime Minister chairs the Cabinet Committee that deals with the Thames gateway community project. It is called Misc 22 and likes to remain secret because it produces neither a sustainable plan nor communities worthy of the name. It certainly has not managed to attract the very large amount of private finance that it will need to attract to build the infrastructure to accompany the 140,000 houses that are predicted for the Thames gateway over the next 12 to 14 years.

The Government have a problem with their housing policy. They have a problem with their communities plans. They are putting the wrong houses in the wrong places. We do not have joined-up government. They are not committing themselves to the infrastructure that is needed for the communities plans. There is much to be done. Although, as always with this Chancellor, the Budget glittered on the day, once one starts to get into the detail, one begins to see a number of black holes.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. Several hon. Members are hoping to catch my eye. If contributions are brief, more may be successful in doing so.

5.35 pm

Ms Joan Walley (Stoke-on-Trent, North) (Lab): I can agree with the hon. Member for Cotswold (Mr. Clifton-Brown) on one thing: we need to take action urgently on housing. In that respect, I am pleased that in Budget 2004 the Chancellor paid such regard to Kate Barker's report. Housing is featuring now, and will feature in future. I am particularly pleased about that. It means that in my constituency in north Staffordshire, there will be a £2 billion housing investment programme over 15 years, and we shall invest in housing as we need to do.

Listening to the Budget debate, including the golden oldie that we heard from the former Chancellor of the Exchequer, the right hon. and learned Member for Rushcliffe (Mr. Clarke), about the golden rule, I was pleased that the current Chancellor has produced a Budget that will really deal with the economic situation and with investment in jobs, which we desperately need, especially in areas such as mine, where we have the huge legacy of Conservative Governments—the destruction of many of our traditional industries. We must now provide the employment opportunities.

The Budget commends itself to me because the Chancellor is genuinely dealing with environmental issues. Only months ago, we heard from the Government's chief adviser that the threat of global warming was as great as the threat of terrorism. It is important that the Chancellor is at last setting out ways to address global warming. We have environmental issues and we have the prospect at long last of action on energy efficiency. Those of us who have campaigned over many years can now see that there will be real improvement that will make a difference. Many environmental groups will welcome that move in the Budget.

My hon. Friend the Member for Ochil (Mr. O'Neill) talked about the Scotch Whisky Association, and that reminded me that Budgets in the past were often just about smoking and drinking. Whatever he might say about the changes that he would like for Scotch whisky, I have read the small print of the Budget and I am pleased. The Campaign for Real Ale has campaigned alongside the Titanic brewery in my constituency to extend the small breweries relief. It is good that we have a listening Chancellor who is looking at the issues in regional economies. It is important that we listen to what people are saying to us.

I see in his place my hon. Friend the Member for Leigh (Andy Burnham), who has done so much work on football. In the Budget there is at long last an undertaking to look at the role of football supporters trusts. Many of my hon. Friends, and Opposition Members, have had to deal with the prospect of football clubs going into administration. The Chancellor and the Inland Revenue needed to think about that issue, and there it is—a small welcome paragraph saying that the Chancellor will look at the work of football supporters trusts.

The Budget is about jobs, pensions and, more importantly, education. It recognises that, if we are to provide the boost to the economy that is desperately needed and to build on the success that the Chancellor has had so far, we need to concentrate on employment and ensuring that people have a proper, fair wage for the work that they do. That is why the improvements to the minimum wage, particularly for 16 and 17-year-olds, will be so welcomed in my constituency. No action is ever enough, but the Chancellor has shown that the Government care about people receiving a decent wage, work being made to pay, and local economies being boosted, so that we can have that sense of well-being that does so much to improve our areas.

One key aspect of the Budget is the huge investment in education. I have to say a word of thanks to the Chancellor, because Stoke-on-Trent is again to be at the

forefront of the programme to allocate extra money to the rebuilding of secondary schools. We could never even have dreamt of such a programme under the Conservative Government.

The Government are not merely dealing with schools, but are starting with early years provision, and have given a commitment that every deprived ward will have a children's centre by 2008. Only last week my right hon. Friend the Minister for Children visited my constituency and saw how desperately we need a children's centre at Chell Heath. I must tell the Chancellor and my right hon. Friend the Chief Secretary that it is critical that the investment outlined in the Budget be made to work on the ground.

My right hon. Friend the Member for Coatbridge and Chryston (Mr. Clarke) mentioned people with disabilities. There are elements in the Budget that will make ours a fairer society for people with disabilities, which will be welcomed throughout the country.

Bearing in mind that you wish us to be brief in this closing part of the Budget debate, Madam Deputy Speaker, I shall concentrate on just one issue, which I hope the Chief Secretary will address when he replies to the debate. The Budget has given a real commitment to put into practice the findings of Sir Michael Lyons's review. If we are to build on all the investment in the economy, it is important to ensure that in any relocation, civil service jobs go not only to the larger "premiership" cities such as Liverpool, Manchester and Birmingham, but to other urban areas that have so far not had their fair share of Government jobs. I put in a particular plea for north Staffordshire to feature in the work that the Chancellor does in the coming months, so that new jobs will be brought to our area.

The two back-up reports for Sir Michael Lyons's review—undertaken by Evian and King Sturge—do not really take account of the extent of deprivation in areas such as north Staffordshire. They tend to see the benefits of taking jobs away from the south-east as flowing from possible synergy with investment that has already been made in certain other parts of the country—for example, in the health jobs already in Sheffield or the passport office already in Liverpool. In transferring those jobs, location is all-important: location, location, location. North Staffordshire should be one of those locations.

My colleagues who represent other north Staffordshire constituencies feel as strongly as the North Staffordshire chamber of commerce, the local authorities and I do that the jobs that are brought to north Staffordshire should not be just back-street jobs, but the professional and managerial jobs that will help to regenerate the area. The introduction of such jobs would sit side by side with the housing pathfinder work that is bringing in £2 billion over 15 years, and would match the investment in learning and skills spearheaded by our learning and skills council and by Advantage West Midlands in the north Staffordshire regeneration zone.

We have to make certain that when the Government tell us how they will proceed with the relocation of jobs, they have a transparent procedure. If the so-called consultants, who have looked at some 102 cities around the country, have not bothered to flag up north Staffordshire as an area that can benefit, I will want to know why. I want the Chief Secretary to get back to the people of north Staffordshire and start top-level talks to ensure that everything that we want to do on the ground will be reinforced by a proper relocation of jobs to the area.

I hope that the Government can take away that message from this debate. We in north Staffordshire are very keen and eager in that regard, and we want nothing more than to work as closely as possible with the Government to regenerate our economy not only nationally, but in north Staffordshire, where this issue matters so much.

5.46 pm

Mr. David Cameron (Witney) (Con): It is a pleasure to follow the hon. Member for Stoke-on-Trent, North (Ms Walley), who spoke very powerfully for her constituents. I shall talk about whether the Labour tax and spend experiment of the past four years has actually worked, but first I want to make a couple of preliminary remarks. I start where my hon. Friend—and neighbour—the Member for Cotswold (Mr. Clifton-Brown) began, with the so-called shot fox of cost savings and waste in government. I suspect that he is not really in favour of shooting foxes in any event, but as far as I can see this fox is alive and well and living in Whitehall.

We Conservatives have been saying that there is a lot of Government waste and bad spending, and suddenly the Chancellor has said, "Yes, we're wasting £20 billion a year, and 40,000 jobs in the civil service are surplus to requirements." That is a big change in the terms of trade in the debate on tax and spend, because until now, we have been told that every pound that we attempt to save in public services is a pound off the nurses' pay bill, or a pound off front-line services. Now we know that, as we have been saying all along, it is possible to save money in central Government without hitting front-line services.

As I listened to the Budget speech, three points struck me straight away that bear repeating. First, the Budget was highly political. Almost all of it was about us: about Conservative policies that the Chancellor has rejected, and about others—those involving saving money—that he has accepted; he had very little of merit to say for himself. Secondly, he made that last point clear by repeatedly talking about tax rates that he had decided to freeze, as if such taxes normally went up every year and such a freeze somehow constituted generosity. He said that he was generously freezing inheritance tax, income tax and capital gains tax, which proves how little he had to say.

The third point that rang out from the Chancellor's speech is that tax is to come: if Labour gets in again, there will be third-term tax rises. The two figures that jumped out of the Budget speech were the £120 billion that the Chancellor plans to spend over the next five years, and the £140 billion that he plans to borrow.

Mr. Bercow: My hon. Friend is making a characteristically robust contribution. In the context of taxes, is he aware of the sage verdict of the noble Lord Hattersley? In an article in *The Guardian* of 13 June 1995, he said that Labour could be either the party of higher taxes and proud of it, or the party of higher taxation that it is ashamed to describe, afraid to admit to and incapable of calculating with any accuracy.

Mr. Cameron: I am afraid that, as someone who writes a column for *The Guardian* website, I take the

[Mr. Cameron]

view that *The Guardian* is something to write for rather than to read. So I did not read that article, but I shall look it up.

In the time remaining, I shall try to answer two questions: has most of the extra money spent by Labour on our public services been wasted, and if so, why? Those are the two most important questions in British politics today, and the answers to them will probably determine the outcome of the next general election.

Of course, no one would claim that all the money has been wasted, but the case for saying that tax and spend, as an approach to improving our public services, has failed is overwhelming. We know that tax revenue has increased from £271 billion in 1996–97 to £429 billion in the forthcoming year. That amounts to an extra £6,300 for every family in this country. It has not all gone on paying off debt, because Government spending has increased from £317 billion in 1997 to £488 in the forthcoming year—a similar increase. Of course, the Government can and do point to building projects either completed or under way, and some successes on outcomes. I grant that in some respects, notably for primary school results, but the overall picture, as we have heard from many Conservative Members, is pretty dire.

In our hospitals, there are a million people still on waiting lists, with mean and median waiting times for in-patient treatment up over the last four years. In our schools, truancy is up by a fifth since 1997, with 33,000 children leaving school each year without a GCSE. On our streets, violent crime is up by two-thirds, with gun crime doubled, yet the Home Office budget has increased by two-thirds over the Government's period of office.

I believe that anger against the Government has been sharpened by three distinct questions being formed in the public mind. The first is a question about price. When inflation is low and the price of some goods in the shops is falling, people are asking why the cost of government and the public services is rising so rapidly.

The second question is about quality. Families enjoy ever greater choice, and usually greater quality, in the areas of expenditure that they control, such as the family holiday or the family car. They are asking why the quality in the areas that they do not control—usually in the public sector—is often so poor.

The third question is about how the moneys to pay for Labour's tax and spend experiment have been raised. Put simply, the question people ask is why Labour never admitted to plans for a tax and spend programme before introducing one. Before the last election, we heard nothing about national insurance increases and nothing about council tax increases. There was never any admission that we were moving into a tax and spend era, yet we all know that there have been 60 tax rises.

For a while, the stealth tax approach of raising money through ever more ingenious routes actually worked. The raid on the pension funds was not felt immediately. The hikes in stamp duty were felt by those who moved house, but not by those who did not. It was the increase in council tax—up 70 per cent. since 1997—that affected every family in the country. Interestingly, opinion polls show that almost everyone accepts that the principal cause of the increases is central Government. The same goes for national insurance contributions, because people see the money coming out of their pay packets.

Conservative Members aim to prove that much of the extra money raised in taxes has been wasted. I would argue that when even the Chancellor himself admits that 40,000 jobs can be cut out of the public sector, and £20 billion saved, without cuts to front-line services, we are well on our way. I commend my right hon. Friend the shadow Chancellor for his work on those problems.

We also have to explain why the Chancellor has failed in his mission to transform public services through tax and spend. Such a "narrative", to use a new Labour term, is not important for presentational reasons alone; it should form an important part of winning the intellectual argument about how we would do things differently and why a different approach would work.

The Prime Minister's mantra about public services is "investment plus reform". He has a neat addendum when he says that Conservatives are against the investment, and that Liberal Democrats—and most of his own Back Benchers—are against reform. That is his neat mantra, but in order to explain why the money has been wasted, we have to prove that the reform has been a chimera and has not happened. I believe that it is easy to demonstrate that, which is exactly what I shall do in my remaining time.

A key part of the task is to explain the different stages of Labour's reform since 1997. The Opposition have not said nearly enough about that, but the fact is that since taking office, Labour has completely changed direction on public services. Stage one was ruthless centralisation, scrapping almost every area of Conservative devolution and choice: nursery vouchers, trust hospitals, fundholding GPs, the internal market and grant-maintained schools. Anything that devolved power in the public services went.

The second stage, which took place under the right hon. Member for Holborn and St. Pancras (Mr. Dobson) when he was Secretary of State for Health, and the current Home Secretary, who was then Secretary of State for Education and Employment, was rigorous centralisation and control from Whitehall. Stage three, now under way, is a complete reversal of stage two, with a new emphasis on decentralisation. The rhetoric accompanying that decentralisation was powerful. The Prime Minister's rhetoric is always extremely powerful, I find, but the reality is rather more flimsy. Foundation hospitals are a sort of return to trust hospitals, but the concept does not have much meaning. Financial flows are the new thing in the health service, but they are like a half-baked return to the internal market.

The best example of new Labour's lack of clear thinking on how to reform the public services is the Education Act 2002. The House will recall that that legislation was about earned autonomy—that is, giving successful schools the right to manage more of their affairs. We debated it for months: it was passed two years ago, but the earned autonomy powers have never been introduced. Apparently, the Government have decided to give all schools more autonomy, so earned autonomy has gone out of the window. Have schools got more autonomy now? Of course not.

Another element in explaining the Government's failure over public services is the web of bureaucracy on which their reforms rely. That is a subject that deserves

more comment. Any major piece of new Labour reforming legislation has at its heart the requirement that plans and strategies be drawn up and published. Such plans include those for policing and for combating antisocial behaviour; indeed, local government now has more plans than Soviet Russia used to have. To rephrase the John Lewis slogan, local government is never knowingly underplanned.

Individually, the plans sound harmless, or even quite attractive. Taken together, however, they have spawned a culture of paperwork and bureaucracy in the public services. The best example is in policing, where every stop and search has to be recorded, and the paperwork involved in processing one arrest now takes up to five hours.

A third element in an explanation of why the waste has happened is more widely understood. It is the over extension of targets set by central Government. As my hon. Friend the Member for Cotswold said earlier, many of those targets and public service agreements have been scrapped. The Government are now in headlong retreat, scrapping the targets that they introduced with such fanfare only a few years ago. However, the damage has already been done: the Government set off in one direction, they are now heading in another, and the taxpayer has been wholly ripped off meanwhile.

A fourth and little noticed element in the story of waste, and of why Government reform has not worked, is the continuing strength of trade union influence. That may surprise people in this day and age, but anyone involved in the purchase or provision of private finance initiative projects will explain how schemes have been stalled while unions seek guarantees that they will be wholly staffed by public sector workers. I know one or two people in that area of work, and they tell me that rumours abound that the Chancellor tends to bend to such requests, in return for pledges of union support in a future Labour leadership contest. Who are we to question—

Mr. Watson *indicated dissent.*

Mr. Cameron: I see that the hon. Member for West Bromwich, East (Mr. Watson) is chuckling at that. I believe that he has something of a trade union past. He probably knows more about it than I do.

Mr. Watson: I know that it is complete nonsense.

Mr. Cameron: My fifth point in explaining Labour waste, and why Government money has been wasted, is that an analysis of what I can only call "the new salariat" is needed. A vast new industry has been created, made up of regulatory bodies and agencies carved out of Government Departments. For instance, the Department for Environment, Food and Rural Affairs spawned the Food Standards Agency, the Department for Culture, Media and Sport produced Ofcom, and the Department of Transport gave birth to the Strategic Rail Authority. Those are three examples, but I am sure that Opposition Members could name another 33.

Andy Burnham (Leigh) (Lab): Will the hon. Gentleman give way?

Mr. Cameron: Certainly, and I hope that the hon. Gentleman will give me another example of these new regulatory agencies in his intervention.

Andy Burnham: The hon. Gentleman used to work in broadcasting. How many bodies were merged to form Ofcom?

Mr. Cameron: A number of bodies were merged to form Ofcom, but what is interesting is the salaries paid to the people who work there. The new regulatory body industry is growing in size and scale all the time. Staff numbers and salary levels at all the agencies are on the increase, as is the incidence of "mission creep", yet none of the mother Departments—the Department for Culture, Media and Sport, the Department of Health or the Department of Trade and Industry, and so on—has ever seemed to get any smaller.

Most important of all is the fact that Labour's reforms have included no significant element of consumer choice. My right hon. Friend the Member for West Dorset (Mr. Letwin) is fond of making the point—and it is a good one—that introducing an element of consumer choice into the public services means that the people who work in those services will tend to look downwards at the customer, rather than upwards at the bureaucracy. That point is wholly lost on the members of the Treasury Bench.

Mr. Webb: I thought that the Conservatives had proposed that Ofcom's scope should be increased to take on the BBC as well.

Mr. Cameron: Certainly, and that would mean that the BBC would no longer regulate itself, which would be an improvement. My point is straightforward. All those Departments have spawned new agencies. The Department for Transport is the best example, with all the different regulatory bodies and now the Strategic Rail Authority, which does what the Department used to do. Is the Department for Transport now smaller? I bet it is not.

We have all read reports about the Labour party's support for freedom of choice, but virtually nothing has been done to introduce or extend it in the public sector. That is the real reason for the Government's failure to reform the public services adequately and for the waste of money that we have seen. That last part of the explanation for Labour's failure leads most clearly to our own prescription of choice and decentralisation. However, I urge my right hon. Friend the Member for West Dorset not to ignore the other parts. It may be a rather complex chain of interlocking arguments about changes in direction, waste, bureaucracy, unionisation, targets and central control, but it is the truth. In any event, it leads to a relatively simple conclusion that anyone can grasp: the Government have taken taxpayers' money and wasted it, and they have failed to tell the truth about that.

6.1 pm

Mr. Jim Cunningham (Coventry, South) (Lab): I was interested in the analysis made by the hon. Member for Witney (Mr. Cameron) of the past six or seven years, but he did not say how he would solve some of the problems that he outlined. It is worth recalling what happened when his party was in power. He talked about money being wasted on the public services, but I remember hospital closures. I remember people having to lie on trolleys because they could not get a bed. That is the Conservative legacy, and the hon. Gentleman seems to want to take us back to those days. We do not want to go back.

People still remember school closures under the previous Administration and cuts in teacher numbers. No new schools were built. The hon. Gentleman wants to take us back to those days, in the name of what he calls waste, but there will always be an element of waste, as he well knows. To use that to justify taking the country back six or seven years is disgraceful. The hon. Gentleman should be honest and open and say that that is what he intends.

I remember the years when waiting lists were long. We have reduced them. I remember when few new doctors were trained, but we are producing thousands of new doctors. In the Tory years, the number of nurses fell, but under us, it has increased. That is what we should be talking about, and I am glad that the Budget will continue those trends. The hon. Gentleman said that 1 million people are on the waiting list, but under this Government the number is falling. Under the Conservatives' policies, there would be 2 million, 3 million or 4 million people on the waiting list, and we would have hospital closures.

The hon. Gentleman also mentioned the PFI, but the benefits of that initiative are debatable. It is like the Bible: everyone has a different view of it. I remind the hon. Gentleman that it was his party that introduced the PFI, and that was when the problems started, not in 1997. The Conservatives did not even manage to build a new hospital under the PFI, but they want to take the credit for the good aspects and none of the blame for the bad. They cannot rewrite history, no matter how often they try.

I welcome the Pensions Bill. I am not ashamed to say that I have been a trade unionist for many years, and we have campaigned for the Bill, which is now in Committee. It will be amended, but it is a good Bill. In Coventry, we have suffered the closure of Massey Ferguson, which saw people put on the scrapheap, and they did not get a decent occupational pension. The issue is going to the House of Lords, so we cannot say too much about it, but it is worth reminding the Opposition that they introduced the Pensions Act 1995, which created many of the present problems with occupational schemes. We do not need any lessons from them.

Mr. Letwin: Does the hon. Gentleman agree with us that unclaimed assets should be available to help to resolve those problems?

Mr. Cunningham: Before I agreed with the right hon. Gentleman, I would want to know the value of the unclaimed assets and how long it would take to realise them because we could be buying a pig in a poke if we listened to him. I would want to know the answer to that, what sums are involved and a bit more about what he is proposing.

Rob Marris: On the sums involved, some schemes, notably that proposed by Professor Ros Altmann, have been touted as costing £100 million a year. I have corresponded with her by e-mail, and the total package that she proposes involves, on average, £100 million a year over 60 years—£6 billion of Government money.

Mr. Cunningham: I am glad that my hon. Friend has reminded me of that, and I am equally glad that I did not answer the right hon. Gentleman's question in the way that he wanted me to.

The increase in the minimum wage is another part of the Budget that I obviously welcome. Lots of my hon. Friends would like it to be a little higher, but any increase is bound to be welcome.

Mr. Letwin: I am most grateful to the hon. Gentleman for giving way again, as we seem to be having an interesting trilateral discussion. To handle the point made by the hon. Member for Wolverhampton, South-West (Rob Marris), if there were £6 billion of proved, unclaimed assets, would the hon. Gentleman agree to using that money for this purpose?

Mr. Cunningham: I am not going to answer hypothetical questions; I repeat that I have not seen the figures, so it is pointless trying to push that argument.

The business rate change is something else that I certainly welcome in the Budget. For the first time in many years, local authorities will be able to share out the rate, and they are bound to see that as being just. We must remember that the Conservative Government used the business rate to justify introducing the poll tax in the first place, but the business rate accounted for only 1.5 per cent. of any company's turnover.

Mr. James Plaskitt (Warwick and Leamington) (Lab): My hon. Friend mentions the minimum wage. Does he recall the Conservative party's forecasts that the minimum wage would destroy jobs? Can he confirm that many jobs have been created in his constituency, as in mine, since the introduction of the minimum wage?

Mr. Cunningham: I can certainly confirm that. If my memory serves me correctly—I am sure that my hon. Friend would put me right if not—the Conservative party forecast that about 1 million jobs would be lost.

Mr. David Borrow (South Ribble) (Lab): Does my hon. Friend agree that the advantages of the minimum wage and good wages for workers are that they encourage employers to invest in their work force, so we get away from a low-wage, low-skill economy, which is the last place that Britain needs to be in the 21st century?

Mr. Cunningham: I am glad that my hon. Friend raises that issue. I work in industry, and from time to time the House debates the lack of skills and, in some instances, people's lack of ability to acquire skills. Decent wages encourage people to take jobs in, for

example, manufacturing. In the past, young people have not always seen manufacturing as a way forward and a secure future because of upturns and downturns in the economy. Decent wages always act as an incentive, and we are looking for incentives to get young people back into industry and to acquire the necessary skills. Again, they can use decent wages, with further education and ultimately university, as a stepping stone, so that their knowledge and quality of life are increased. It is welcome that the Government have introduced the minimum wage.

Opposition Members have talked about homelessness. I do not know the current homelessness figures, but I certainly remember that, under the Conservative Government, hon. Members did not have to walk very far from the House to find a lot of homeless people living in cardboard boxes. We do not see so much of that today. However, we must be concerned if a homeless problem is building up. It is worth reminding ourselves that councils were not allowed to build council houses under the previous Government. Opposition spokesmen say that that problem could be solved by allowing more council house sales and using the proceeds, but I seem to remember that local authorities were not allowed to use the proceeds. Once again, the Conservative party is back to the policies that it had when it was in government, and we know where that took us. Unemployment is now the lowest in our country's history, which says a lot about how to tackle poverty. High unemployment makes more demands on the National Health Service, benefits and other public services.

Once again, the Chancellor's forecasts of growth have been correct. All the pundits admitted that they got it wrong and that my right hon. Friend got it right, but then they said he might be proved wrong nine month down the road. Anyone who can forecast growth nine months ahead must be good. I am sure that most companies would agree.

Mr. Borrow: Over the past five or six years, businesses large and small in my constituency have appreciated the economic stability provided by Labour Governments, which allows them to plan and invest for the future, in contrast to 18 years of Conservative Government, under various Chancellors.

Mr. Cunningham: In an interview on Budget day or not long after, Digby Jones, director general of the Confederation of British Industry, welcomed the fact that businesses could plan their costs and wages. Anything in the Budget that stabilises, reinforces and encourages businesses, large or small, must be a good thing.

This is the second Budget in which the Chancellor has given extra impetus to the development of brownfield sites. In many inner cities, particularly in parts of Coventry, many brownfield sites that have been derelict for many years are now being developed. Equally, though, we must achieve a balance. If every brownfield site is developed, factories might be built on greenfield sites.

As a movie fan, I also welcome the assistance to the film industry. Many of the special effects used in Hollywood movies have been developed by talents in the British industry.

Mr. Letwin: Does that mean that the hon. Gentleman regrets the passing of the film tax break, which threatened to cost the Treasury £1 billion a year, or does he welcome the Chancellor going back on his original scheme?

Mr. Cunningham: The right hon. Gentleman is entitled to his opinion, but I welcome the Chancellor's measures. Given the pre-Budget predictions by some pundits that all was gloom and doom for the British film industry, I am glad that step was taken.

I welcome the Chancellor's steady-as-she-goes Budget, which maintains investment in health, education and other public services, and I welcome the measures proposed on occupational pensions.

Rob Marris: From his long history of trade union activities, my hon. Friend will be well aware of the manufacturing sector, and he, like me, represents a west midlands constituency—a key manufacturing area. Certain measures in this year's Budget, as in last year's, assist manufacturing, although there is more to do. Will my hon. Friend say more about manufacturing, particularly in the west midlands, and ways in which the Budget will assist venture capital, research and development, and so on?

Mr. Cunningham: Research and development was underfunded in the past. When Rolls-Royce needed R and D aid, it was provided in the form of a loan—not a tax concession—that created many difficulties. Research and development also keeps universities on their toes. The universities of Warwick and Coventry are among many that undertake R and D for companies. R and D support also brings comfort to small employers with 10 to 20 staff, who have families and mortgages to pay and who want to sustain the standard of living that they have achieved through steady employment.

Mr. Desmond Swayne (New Forest, West) (Con): Before the hon. Gentleman took the intervention, he mentioned the impact that the Budget would have on pensions. Can he see any impact that the Budget measures will have on the Government's declared target to have 60 per cent. of pensions fully funded by 2050?

Mr. Cunningham: I would not like to make any forecasts on the basis of that sort of question.

Mr. David Ruffley (Bury St. Edmunds) (Con): I am surprised that the hon. Gentleman has not said anything about the £28 billion savings gap. Can he explain what the Budget does to close it?

Mr. Cunningham: We are all aware of the £28 billion savings gap, and the Chancellor certainly looked at that when he considered the tax situation. Many companies, particularly public utilities, were not reinvesting in their industries; they were taking the profits. They were

[Mr. Cunningham]

encouraged to reinvest, and the hon. Gentleman can get an independent report on that issue from the House of Commons Library.

Mr. Bercow: Will the hon. Gentleman give way?

Mr. Cunningham: I will give way for the last time, but I must then move on.

Mr. Bercow: I am extremely grateful to the hon. Gentleman. Given his long-standing interest in the manufacturing sector and the extreme importance that all of us should attach to small and medium-sized enterprises within that sector, will he tell the House what assessment he has made of the Regulatory Flexibility Act 1980 and the Small Business Regulatory Enforcement Fairness Act 1996 in the United States?

Mr. Cunningham: The hon. Gentleman can do his own analysis of that; I am certainly not going to.

I welcome the Budget. It should be supported as it covers many of our concerns.

6.16 pm

Mr. Oliver Letwin (West Dorset) (Con): I must begin with a tribute to the hon. Member for Coventry, South (Mr. Cunningham). He held the House magnificently for longer than one might have supposed.

This has been a most interesting debate, but I shall restrict myself to commenting on the speeches of Conservative Members. No doubt the Chief Secretary will comment on those made by Labour Members. My hon. Friend the Member for Havant (Mr. Willetts) illustrated brilliantly the impossibility of making administrative savings on a serious scale in the Department for Work and Pensions without simplifying the welfare system. My right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) identified with his customary clarity and mastery the key issue raised by the Budget—namely Labour's third-term tax rises. *[Interruption.]* The Chancellor correctly identifies himself as the cause of that and enters the Chamber at the right moment.

My hon. Friend the Member for Gainsborough (Mr. Leigh), from his lofty position as Chairman of the Public Accounts Committee, told the House about the horror stories of wasted money and made enormously valuable suggestions about how to reduce that waste. My hon. Friend the Member for Wycombe (Mr. Goodman) exposed with extreme lucidity the deficiencies of the Government's well-intentioned but misguided policies on poverty. My hon. Friend the Member for Cotswold (Mr. Clifton-Brown) surprised the House, because he made clear the remarkable fact that, although official borrowing this year is £37.5 billion, the Government are actually programmed to borrow £44 billion of cash. I owe him a profound debt for pointing that out. My hon. Friend the Member for Witney (Mr. Cameron) accurately pinpointed the causes why so much money has been wasted.

Today and on previous days, the Chancellor's Budget has been described as very political and very clever. It was certainly very political. Indeed, so far as I am aware, it is the first time in recent memory that the Chancellor has used his Budget speech almost entirely to respond to a speech by the shadow Chancellor. Perhaps further historical research in the Treasury will show that it was the most political Budget for more than 200 years. I doubt whether, in a few months' time, it will look very clever.

Andy Burnham: The right hon. Gentleman began by commending his colleague the hon. Member for Havant (Mr. Willetts), who, I believe, began the debate by saying that the right hon. Gentleman had not made any specific statements on the defence budget but that the Opposition were committed overall to ensuring the efficient delivery of public services. That is how the hon. Gentleman began. Does the right hon. Gentleman agree that, only a few weeks ago, he said:

"I have agreed with my Shadow Cabinet colleagues that the baseline for spending"—

Madam Deputy Speaker: Order. Interventions should be brief.

Andy Burnham: The right hon. Gentleman said that the

"baseline spending across all of these departmental"—

Madam Deputy Speaker: Order. I call Mr. Letwin.

Mr. Letwin: I am grateful to you, Madam Deputy Speaker, but I wish that the hon. Gentleman had finishing reading that out. I did indeed say that, and I went on to say something else. If he had been in the Chamber during the debate, he would have heard this being read out, too:

"I recognise, moreover, that there will inevitably be cases in which particular programmes, or even the expenditure of whole departments, will need to rise at a rate faster than this. To fund such increases beyond the baseline, specific savings against the baseline will need to be found elsewhere within the non-NHS and non-schools departmental expenditure limits."

I do not know whether he has had the experience in his household budget of having to save money somewhere to spend it on something else. Believe me, if the Chancellor is re-elected, he will have that experience after taxes have gone up.

The Budget was founded on a startling admission. For the first time in new Labour's brief and so far, I fear, rather inglorious history, the Chancellor admitted that he and his colleagues have been happily wasting £20 billion a year of people's money. In 1998, he said that he was

"determined to get value for every penny we spend".

He now tells us that 2 trillion of the pennies that he has been spending each year are valueless. In 2001, the Prime Minister told *The Guardian* that it was impossible to save that sort of money without taking it out of the schools and hospital programme. Will the Chancellor tell us whether the Prime Minister was wrong then or whether he himself is wrong now? *[Interruption.]* I thought that he might not, Madam Deputy Speaker.

Rob Marris: I venture to suggest that I might be able to help the right hon. Gentleman on that point. The Chancellor made it clear in his Budget that the savings from moving staff from the back office to the front office would come because of the Government's investment in information technology. That investment had not been made in 2001, and it had not been put in place by the Conservatives in 1997; that is the situation that we inherited.

Mr. Letwin: I hope desperately that the hon. Gentleman will be given a job because he certainly will not get one as a spin doctor. I assure him that the Chancellor's purported savings have nothing to do with investment.

Parts of the Chancellor's savings are meant to come from cutting the civil service by 40,000 between now and 2008. I understand that the Chancellor's spin doctors—not the hon. Member for Wolverhampton, South-West (Rob Marris), but his genuine spin doctors—have been busy explaining that it was with that very reduction in mind that he increased civil service numbers by 52,361 over the past four years. That sounds enormously clever, does it not? One increases the civil service by 50,000 precisely so that one can reduce it by 40,000. If Labour Members have difficulty identifying the logic behind the strategy, or even if there are hesitations in some quarters about the reduction in civil service numbers, let me reassure them. They do not need to worry because under a Labour Government, there may well be no net reduction whatsoever in civil service numbers.

The Chancellor intends to remove 40,000 from the civil service between now and 2008, but at the present rate of hiring the Government, if re-elected, will add 65,450 civil servants over the same period. The Chancellor's policy on the civil service is admirably clear. His aim is to hire people in order to sack them, just as long as he hires a few more than he sacks. I hope that his spin doctors will have a fine time explaining that proposition over the coming months. [HON. MEMBERS: "Balls!"] Let us not worry about who, or what, the name may be.

The Chancellor's cleverness is not, of course, meant to reside only in the brilliance of his plans for the civil service. It is also meant to be demonstrated by his new-found attachment to 2.5 per cent. per year efficiency savings throughout the public sector. The savings certainly cannot come from reducing numbers of public sector employees, because the Gershon report states clearly that the number of people employed in the public sector as a whole is meant to rise by 300,000 during the next few years. The efficiency savings, which the Chancellor said in 1998 would not be needed and the Prime Minister said in 2001 could not be achieved, will be brought about by adding more than 300,000 new public sector workers. I have to admit that if that can be done, it is very clever indeed. I doubt that a combination of Newton and Einstein could match it for cleverness.

Mr. Watson: There is no point in the right hon. Gentleman spluttering out his speech while he is surrounded by his laughing boys. Will he confirm that he intends to freeze in real terms the defence budget and the law and order budget for the United Kingdom? If not, where are the rest of the cuts going to come from?

Mr. Letwin: Oh dear, I do not know whether the hon. Gentleman has been in the Chamber. I thought that he was, but it may have been a shadow of him. A moment ago, I read a passage that made it perfectly clear that I have made no such commitment and have no intention of doing so.

I fear that the nation will not gain much from efficiencies that never take place, and in which neither the Prime Minister nor the Chancellor had the slightest belief or interest until the Opposition pointed out the colossal and shameful waste that is currently taking place. However, I remind my hon. Friends that there is one large advantage in the Chancellor's admission that he is wasting £20 billion a year and in his new-found belief that he can make 2.5 per cent. efficiency savings a year. If there is waste on that scale and if efficiencies of 2.5 per cent. a year are possible, a Conservative Government who believe in cutting waste could do so without affecting front-line services.

James Purnell: Will the right hon. Gentleman give way?

Mr. Letwin: No, the hon. Gentleman should listen so that he understands a bit of the logic even if his hon. Friends cannot.

A Conservative Government who plan a gross recruitment freeze to cut the civil service by 100,000 with genuine net reductions rather than fiddled figures, and who are not shackled by a commitment to increase the public sector by more than 300,000, can truly make the savings that the Chancellor just wants to talk about. By the logic of the Chancellor's own admission, a Conservative Government can do so without touching front-line services. I do not want to stretch the arithmetical capacities of Government Members, but they will surely see that if a departmental budget of £100 is possible this year, and there is inflation of 2.5 per cent. and offsetting efficiency savings of 2.5 per cent., it is possible to have a departmental budget next year of £100 without a real-terms cut in front-line services. The Treasury Bench have not yet realised that, but by allowing himself to be trapped into admitting £20 billion a year of waste and by allowing himself to admit the potential for 2.5 per cent. efficiency savings a year, the Chancellor has removed completely any slight credibility from his much loved attack on so-called Conservative cuts. If a 2.5 per cent. a year efficiency saving is possible, a cash freeze with no real-terms cuts whatsoever in front-line services is possible.

Once people begin to accept the force of that argument they will stop thinking that the Chancellor's Budget was so very clever, but will not stop thinking it was political. It was very political in every sense. It was political because it was aimed solely at scoring a short-term political point; it contained no measures whatsoever to deal with the massive and growing economic imbalances to which the Chancellor's misguided policies have given rise.

[Mr. Letwin]

I want to do something unusual and pay tribute to our friends on the Liberal Benches, who rightly alluded to those economic imbalances—*[Interruption.]* My right hon. and learned Friend the Leader of the Opposition says, "Steady", but I pay tribute where it is due. I wish that I could pay tribute to the Chancellor's measures to address those imbalances in the Budget, but I cannot. There was nothing to tackle the problem of household indebtedness, which now stands at almost £1 trillion. There was nothing to tackle the problem of the decline in savings—the savings ratio has halved, and the Chancellor proposes to do nothing whatsoever about it. There was nothing to tackle the problem of productivity—the productivity growth rate has halved, and the Chancellor proposes to do nothing whatsoever about it. Most of all, however, the Budget was political because it aimed to hide the Chancellor's rising taxes from the British public.

The Budget provides for the nation's tax bill to rise by almost 8 per cent. next year, and again by almost 8 per cent. the year after. That is what the Chancellor, in a resort to the definitions of the economists, called "fiscal neutrality", but I doubt that the families and businesses who are paying that 8 per cent. increase in tax will regard it as neutral. The Budget locks in huge increases in the burden of tax under Labour. Taxes have increased by £5,000 per household per year since 1997. The Red Book now projects a tax burden in 2008—I hope that my hon. Friends will go to the country and tell people this—that will be the highest for a quarter of a century. Almost no one except the Chancellor himself doubts that tax rates need to rise to fill the Treasury's coffers in the way that his plans demand.

Mr. Wayne David (Caerphilly) (Lab): I have been listening carefully to the right hon. Gentleman. Is he aware that the director general of the CBI said that he commends the Chancellor on producing a Budget that protects economic stability and curbs waste?

Mr. Letwin: The director general of the CBI correctly points out that the Chancellor did no damage in a Budget that did nothing at all about business. It is the first time in many years that that can be said. Unfortunately, however, the tax rises that the Budget augurs will be tax rises for businesses as much as for everybody else. They have been to date and they will be again.

James Purnell: Will the right hon. Gentleman give way?

Mr. Letwin: No, I will not give way again.

Almost no one except the Chancellor doubts that there will be tax rises if Labour is re-elected. It took just 24 hours for the Institute for Fiscal Studies to calculate that the Budget sets us on course for Labour's third-term tax rises, and that only Conservative plans would avoid those tax rises. It took just 72 hours for the Ernst and Young ITEM Club to confirm that this is a borrow now, tax later Budget.

The Chancellor, who prides himself on his forecasts with huge self-confidence, has miscalculated his own borrowing on six successive occasions over three years. He is now predicting borrowing of more than £140 billion over the next five years, despite the fact that he is predicting economic growth at or above trend in each of those years. He knows as well as the rest of us, as well as the Institute for Fiscal Studies and as well as the ITEM Club, that if he borrows that much on the nation's credit card, he will have to raise taxes.

The Chancellor's plan is clear. Up to the election he proceeds entirely by stealth. There are, in fact, six extra stealth taxes in the Budget—the new small business tax, the new company vans tax, the new tax on trusts, the new tax on red diesel and the new tax on other road fuels. That brings the number of stealth taxes to 66. We have before us the clickety-click Chancellor. After the election, if Labour wins, it will all be different. The layers of stealth technology will be swept away in one glorious efficiency saving. The new taxes will be there for all of us to see—£10 billion or £15 billion a year of them, to judge by the independent forecasts, gleaming new taxes that families and businesses will be called upon to pay as a tribute to the Chancellor's great cleverness. Perhaps if the people of this country see that happening to them, they will indeed think it clever, but I suspect it is more likely that they will think it too clever by half.

6.32 pm

The Chief Secretary to the Treasury (Mr. Paul Boateng): This has been a good debate, during which a range of varied opinions has been expressed in all parts of the House, as one would expect. Over the different days of the debate, Members across the House have reflected a range of specific interests and areas of expertise.

There is one issue that I wish to deal with at the outset. I know it is a matter of concern to hon. Members in all parts of the House because they have raised it with me—the issue of whisky, alcohol and tax stamps. Whisky and alcohol are matters of interest in all parts of the House, but tax stamps are a serious matter. I undertake to reply in person to all those who raised specific issues relating to tax stamps, and to pass their views on to my hon. Friend the Economic Secretary, who I know takes these matters very seriously.

Angus Robertson: Scotland's First Minister Jack McConnell is well known for following the orders of London Labour. Is he right to say that he was disappointed by the Chancellor's announcement on strip stamps?

Mr. Boateng: I am sorry that the hon. Gentleman makes such an overtly party political point. He knows that the Government have sought at every stage to involve the industry and that we have set aside some £3 million in a fund for assistance with capital investment targeted at the smallest firms, in order to cover up-front costs. Of course there is a range of opinions about tax stamps and we seek to respond and take them on board, as is appropriate.

Mr. O'Neill: I wonder whether my right hon. Friend can help us. It is not that long ago since he rejected proposals for strip stamps, but he has now changed his mind. What is the reason for this Damascene conversion?

Mr. Boateng: We had to take into account the findings of the Roques committee and the evidence of increasing fraud and evasion. Of course I respect the views of my hon. Friend and others on both sides of the House who have genuine concerns about this issue. However, I should point out that by 2005–06, as a result of the duty freeze announced by my right hon. Friend the Chancellor, the tax on a standard bottle of spirits will be 36p a bottle lower in real terms than now, and £1.33 lower in real terms than if the duty had risen in line with expected inflation since 1997. That is a record that the Conservatives never matched when they were in government.

I shall move on to the main substance of the Budget, and I would like to address a number of the concerns raised by my right hon. and hon. Friends. First, however, let me make a passing reference to some of the points made by Opposition Members. It would be true to say that they set a number of hares running. It would also be true to say that they sought to revive some dead foxes. To say that they added anything to the substance of today's debate, however, would be false. They said absolutely nothing of value about the real issues confronting the British people.

That brings to mind the record of the Conservatives when they were in government. The Leader of the Opposition was Employment Secretary when unemployment doubled—*[Interruption.]* He laughs. The Conservatives do not like to hear about their own record. He was Environment Secretary when the poll tax was introduced. And who was the man who dreamed up the poll tax in his eyrie at No. 10? It was the right hon. Member for West Dorset (Mr. Letwin), the shadow Chancellor. That is the Conservatives' record.

The fact is that the Tory Front Bench has not changed since those days. The personalities have not changed; they have just got bigger, one way or another, and so have their mistakes. There is a real difference between them and us, and this Budget demonstrates that fact. Only a Labour Government are capable of taking the hard decisions, the right decisions, on the economy and public services. Only this Government are up to the challenge of building on our hard-won record of economic stability and our enviable record of growth. That is the difference between them and us. Only this Government are going to do what we have to do to secure and maintain the stability and growth of the economy, and to invest in the education, skills, science and innovation that will drive the growth and prosperity of our nation.

My hon. Friend the Member for Falmouth and Camborne (Ms Atherton) was right to raise Cornwall's interests. My hon. Friend the Member for Hemel Hempstead (Mr. McWalter) was right to raise the issue of science and innovation. Only this party can be guaranteed to invest in those areas, and to meet the needs of the people of Cornwall.

James Purnell: On that point about science and innovation, did my right hon. Friend hear the shadow Chancellor say that he was going to cut by more than zero per cent.—*[Interruption.]* He is going to cut in cash terms all budgets other than those in schools and hospitals. Those cuts could involve science, home affairs or defence.

Mr. Boateng: We will come in due course to analyse the pledges made by the shadow Chancellor.

Only the Labour party in government can be relied on to invest in our vital health service, our housing and transport infrastructure. That was the very point made by my hon. Friend the Member for Stoke-on-Trent, North (Ms Walley) when she spoke movingly of the housing needs of her constituents and the need to make sure that we invest in the economy of Stoke-on-Trent. In an uncertain world, we must also invest in law and order, security and defence, to protect our citizens at home and our interests abroad. And we must meet our global responsibilities to others by investing in international development and the achievement of the millennium development goals. In that regard, I think particularly of my right hon. Friend the Member for Coatbridge and Chryston (Mr. Clarke) and his distinguished record on matters related to overseas development.

Not only could the Conservative party not deliver the economic stability to match our investments: it does not even have the desire to do so. It is a party driven by commitment to cuts in public services and lower investment as a matter of blind dogma—*[Interruption.]* I was not listening, and I will tell the House what to.

Last month, the shadow Chancellor announced a two-year cash freeze in spending—he can deny it at any time. That is a 5 per cent. real terms cut in 2005–06 and 2006–07, with immediate implementation of £18 billion worth of real terms cuts. There was much gnashing of teeth by his disgruntled colleagues, and much wringing of hands, but the policy of the shadow Chancellor and his party is clear—to cut investment at the very time in the economic cycle when it is right to invest, and yet to continue to make spending pledges that simply cannot be funded. In that, they share a great deal with the Liberal Democrats.

Mr. Cameron: Will the Chief Secretary give way?

Mr. Boateng: Not at the moment.

That, of course, left the shadow Chancellor's shadow Cabinet colleagues in a state of abject disarray.

Mr. Cameron: Will the Chief Secretary give way?

Mr. Boateng: I was hoping that the hon. Member for Buckingham (Mr. Bercow), who sits strangely silent in front of the hon. Gentleman, would defend those cuts at this stage. Apparently not, however, so I will give way to the hon. Member for Witney (Mr. Cameron).

Mr. Cameron: If inflation is at 2.5 per cent., and efficiency gains are at 2.5 per cent., how can a freeze be a cut?

Mr. Boateng: Well, the hon. Gentleman should tell that—[HON. MEMBERS: "Answer."] I will. What the Conservatives have promised is a cash cut. That is why the hon. Member for Mid-Sussex (Mr. Soames), who, sadly, is not in his place, said of that cut:

"It is outrageous. You cannot possibly go into an election with this pledge".

The shadow International Development Secretary, the hon. Member for Buckingham, said:

"If we are to be taken seriously as a party of government which cares about the most vulnerable people on the planet, there has to be a public spending commitment."

I see that he is nodding. But the promise is not a commitment; it is a cut.

Rob Marris: Will my right hon. Friend note that the mathematics of the shadow Chancellor and the hon. Member for Witney, who taunted Labour Members for their mathematics, are faulty? If we have growth from 100—to use the figure used by the shadow Chancellor—with inflation, to 102.5, and we then cut that by 2.5 per cent., we will end up with a figure of less than 100. That is a cut, and that is the mathematics.

Mr. Boateng: Well, the reality is that it is all down in black—

Mr. Letwin: Will the right hon. Gentleman give way?

Mr. Boateng: Of course.

Mr. Letwin: I am delighted that the Chief Secretary has given way. Will he return to the question asked by my hon. Friend the Member for Witney (Mr. Cameron), which is very simple? Given that the Chancellor believes that efficiency cuts amounting to 2½ per cent. are being made, how can a freeze of a departmental budget at 100 conceivably constitute a real-terms cut in front-line services? The Chief Secretary has to answer that, because the Chancellor has made him answer it.

Mr. Boateng: What the right hon. Gentleman has offered is a cash freeze. This is what he said:

"I have agreed with my Shadow Cabinet colleagues that the baseline for spending across all of these departmental budgets will be 0 per cent. growth for the first two years.

I fully accept that holding programme spending within departmental expenditure limits other than the NHS and schools to a zero increase for the first two years and to what amounts to a zero real terms increase thereafter is a tough constraint."

You bet it is a tough constraint. That is why they were squealing and whining when they heard about it.

Mr. Letwin: I am most grateful to the Chief Secretary for giving way again. It is a tough constraint. The Chancellor said that he had tough choices to make; so have we. We can have his tax rises, or our constraint. Will the Chief Secretary answer the question? If you have 2½ per cent. efficiency and 2½ per cent. inflation, do you or do you not have to make real-terms cuts in front-line services? Yes or no?

Mr. Boateng: Let the right hon. Member tell that to the shadow Secretaries of State for Defence, International Development and Transport. Or let us return to the quotation—*[Interruption.]*

Mr. Speaker: Order. I cannot hear the Minister. It is no fault of his; there is a lot of shouting.

Mr. Boateng: What the Conservatives would do is freeze expenditure—

The Chancellor of the Exchequer (Mr. Gordon Brown): In each of their Departments.

Mr. Boateng: In each of their Departments. If that is not what the Conservatives are going to do, let the right hon. Gentleman say so. Answer comes there none. This Labour Government—*[Interruption.]*

Mr. Speaker: Order. I cannot hear the Chief Secretary. The Chief Secretary is addressing the Chair.

Mr. Boateng: In contrast, this Labour Government are in a position to invest more, not less, and they will do so in areas that will enable the United Kingdom to grow and prosper in the global economy of the future. In this Budget the Government reject the approach of our political opponents, who, faced with tough choices, have consistently shirked them. Let me take them through those choices. The right hon. Gentleman can rise and protest if I misrepresent his position.

We recognise that international terrorism puts additional pressures on law and order, so to keep the country safe and secure the Government are making real-terms increases in spending on our police and other forms of security at home. Will the right hon. Gentleman do likewise? That is the answer that the British people will be waiting for, and the answer that they will note. In contrast, our party has seen the provision of an additional 11,000 police officers. If the Conservatives had their way they would impose cuts amounting to £669 million, the equivalent of 13,000 police officers—and theirs is the party under which crime doubled. There is no commitment from the Opposition to increase expenditure on the police or on all the priorities that are those of the British people.

Let us consider defence. That will give the Opposition another opportunity to clarify their position. We recognise the pressures that are caused by commitments in Kosovo, Afghanistan and Iraq and in the wider fight against terrorism. We will not leave our troops ill equipped or unsupported and we have therefore allocated real-terms increases in defence spending. Will the Opposition do likewise? [HON. MEMBERS: "Answer."] We are entitled to know the Conservative defence policy. Opposition Members would freeze spending on defence and that would amount to cuts of £1.5 billion by 2008—the equivalent of 40,000 personnel. If that is not true, let them now say so. [HON. MEMBERS: "Answer."]

Furthermore, the Government intend to sustain real-terms increases in spending on international development while the Opposition advocate a spending freeze. [*Interruption.*] One Conservative Front-Bench Member says, "Absolutely" and another says, "No." Such a freeze would mean a real-terms cut of £229 million in the first two years—the equivalent of eliminating the United Kingdom's programmes for Sudan, Sierra Leone and Ethiopia. If that is not true, let Conservative Members now say so. [HON. MEMBERS: "Answer."]

At the heart of this year's Budget, as enunciated by my right hon. Friend the Chancellor, was the announcement of resources for education, skills, science and technology. They are vital for business, as the CBI recognised, and will drive our future prosperity. It is imperative that we invest in them now. That is why my right hon. Friend announced an extra £8.5 billion for UK education in 2007–08 compared with 2005–06—an average annual increase of 4.4 per cent. across the 2004 spending review period. Are the Opposition prepared to match that?

The reality is that, in contrast to the spending freeze that the Opposition propose, we intend to ensure that we maintain progress in education and children's services. We intend to spend approximately £900 million on children's services. If the Opposition had their way, there would be £900 million of cuts. That would mean 36,000 fewer social workers working with the most vulnerable children. That would be the result of their spending plans.

Huw Irranca-Davies (Ogmore) (Lab): My right hon. Friend is cruelly taunting the Opposition, which is highly enjoyable. Perhaps one figure could succour them. How many years does my right hon. Friend believe that it will take for the electorate to forget the Conservative party's record of sheer economic incompetence?

Mr. Boateng: They will never forget it and we will never allow them to forget it.

I want to give the Opposition the opportunity to explain the patient's passport. We have heard many different stories about what it is. What is their commitment? Is it, as we believe, to subsidise private medicine? Does not the patient's passport, as the Opposition describe it, mean taking money out of the NHS and giving it to BUPA? They would prefer one extra patient to be treated by BUPA than tens of thousands of patients to be treated by the NHS.

What exactly is the pupil's passport? On 22 February, the shadow Chancellor said that the pupil's passport could be topped up and used for cheap private schools—St. Trinian's and St. Cuthbert's rather than Eton and Roedean. On 6 March, the Conservative website confirmed that but on 7 March, it claimed that the statement on 6 March was an error and that parents could not top up the pupil's passport. Is the pupils passport on or off? What is the Conservatives' policy on education? The truth is that they simply have not yet worked it out. On health, employment and welfare—

Mr. Kenneth Clarke: As the Chief Secretary seems to be getting a bit lost in this political diatribe, may I remind him that he is about to embark on what will be the most difficult public spending round that the Government have faced since they came to office, because they are seeking to slow the growth of public spending. When one of his colleagues tells him that a particular service needs 2.5 per cent. growth, will he tell him that that can be achieved by 2.5 per cent. efficiency savings with no increase in the cash settlement?

Mr. Boateng: Of course I would because we have made it clear where our priorities are. They are on education.

Mr. Eric Forth (Bromley and Chislehurst) (Con): On a point of order, Mr. Speaker. Can you confirm that, even at this stage of the debate, you are allowed to call a different Member on the Government Front Bench to speak? The Chancellor is constantly prompting the Chief Secretary, who is obviously completely lost. Can you call the Chancellor instead, so that we can get a proper version of the Government's policies instead of a second-hand one?

Mr. Speaker: Chancellors are entitled to prod—*[Interruption.]* Order. I would not dream of stopping the Chancellor from doing that.

Mr. Boateng: It is called teamwork. When we listen to the dissonant voices of right hon. and hon. Members in the Opposition, we realise that, until they start to act like a team, they will never be fit for Government.

The reality is, as the Secretary of State for Work and Pensions outlined, that the Budget delivers proposals to tackle unemployment and inactivity. It builds on the success of the new deal, which has already enabled 1 million people to get back into work since 1997. What is the proposal of Conservative Members in relation to the new deal? It is to scrap it. It is to fly in the face of the reality of their constituents and our constituents who have been helped back into gainful employment as a result of the new deal. When the Conservatives last had stewardship of the economy, unemployment topped 3 million. We have created 1.7 million new jobs and we continue to create new jobs. That is good news. That is the difference between them—*[Interruption.]*

Mr. Speaker: Order. Mr. Bercow, I have told you before about getting too excited. I will not allow it.

Mr. Boateng: That is the difference between the Conservatives and us. We care about jobs. We care about people. We are delivering to people. We are delivering jobs. Business recognises that it is Labour that works and it will be a disaster were the Tories ever again to get stewardship of the economy. To support our spending plans, the public sector will be seeking—we are entitled to expect it and we will deliver it—value for money to maximise efficiency and to minimise waste.

The choice is clear. In the Budget statement, the Chancellor explained how our hard-won economic stability and sustained growth allow the Government to

[Mr. Boateng]

commit more investment in the areas that matter to the country, not less, as the Conservative party would have it. The dividing lines between the Conservatives and us are clear. The choice of two futures for Britain is plain: sustained economic stability, or a return to boom and bust, stop and go and deep recession; investment and reform in health, education, transport and tackling crime, or cuts, charges and privatisation; expansion of the new deal, or its abolition; investment in science, or a failure to invest in science. We condemn the cuts and commend the Budget.

Question put and agreed to.

Resolved,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.

MR. SPEAKER *then, pursuant to Standing Order No. 51(3) (Ways and Means Motions), put forthwith the Questions necessary to dispose of the further motions*

2. RATES OF TOBACCO PRODUCTS DUTY

Resolved,

That—

(1) For the Table of rates of duty in Schedule 1 to the Tobacco Products Duty Act 1979 there shall be substituted—

Table

1. Cigarettes	An amount equal to 22 per cent of the retail price plus £99.80 per thousand cigarettes.
2. Cigars	£145.35 per kilogram.
3. Hand-rolling tobacco	£104.47 per kilogram.
4. Other smoking tobacco and chewing tobacco	£63.90 per kilogram.

(2) This Resolution shall have effect as from 6 o'clock in the evening of 17th March 2004.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

3. RATE OF DUTY ON BEER

Resolved,

That—

(1) In section 36(1AA)(a) of the Alcoholic Liquor Duties Act 1979, for "£12.22" there shall be substituted "£12.59".

(2) This Resolution shall have affect as from midnight on 21st March 2004.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

4. RATES OF DUTY ON WINE AND MADE-WINE

Resolved,

That—

(1) For Part 1 of the Table of rates of duty in Schedule 1 to the Alcoholic Liquor Duties Act 1979 there shall be substituted—

PART 1

WINE AND MADE-WINE OF A STRENGTH NOT EXCEEDING 22 PER CENT

Description of wine or made-wine	*Rates of duty per hectolitre*
	£
Wine or made-wine of a strength not exceeding 4 per cent	50.38
Wine or made-wine of a strength exceeding 4 per cent but not exceeding 5.5 per cent	69.27
Wine or made-wine of a strength exceeding 5.5 per cent but not exceeding 15 per cent and not sparkling	163.47
Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent but less than 8.5 per cent	166.70
Sparkling wine or sparkling made-wine of a strength of 8.5 per cent or of a strength exceeding 8.5 per cent but not exceeding 15 per cent	220.54
Wine or made-wine of a strength exceeding 15 per cent but not exceeding 22 per cent	217.95

(2) This Resolution shall have effect as from midnight on 21st March 2004.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

5. ALCOHOLIC LIQUOR DUTIES (DUTY STAMPS)

Motion made, and Question put,

That provision may be made about stamps to be purchased for, affixed to and carried by retail containers of certain alcoholic liquors.

The House divided: Ayes 309, Noes 205.

Division No. 97] **[7:00 pm**

AYES

Abbott, Ms Diane
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul

Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cabom, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cooper, Yvette
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Darling, rh Alistair
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Leslie, Christopher
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Moffatt, Laura
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mudie, George
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ruane, Chris
Ruddock, Joan
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Jack
Stringer, Graham
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Mr. Nick Ainger and Joan Ryan

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cotter, Brian
Cran, James *(Beverley)*
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Ewing, Annabelle
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hermon, Lady
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Marsden, Paul *(Shrewsbury & Atcham)*
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Steen, Anthony
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Wiggin, Bill
Wilkinson, John
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Noes:
Mr. David Ruffley and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

6. HYDROCARBON OIL ETC DUTIES (RATES)

Motion made, and Question put,

That provision may be made amending rates of duty and rebate in the Hydrocarbon Oil Duties Act 1979.

The House divided: Ayes 311, Noes 205.

Division No. 98] **[7:16 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor

Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Darling, rh Alistair
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Leslie, Christopher
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Mountie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mudie, George
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ruane, Chris
Ruddock, Joan
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Jack
Stringer, Graham
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Mr. Nick Ainger and Joan Ryan

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Beith, rh A. J.

Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cotter, Brian
Cran, James *(Beverley)*
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Ewing, Annabelle
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hermon, Lady
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McGrady, Eddie
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Marsden, Paul *(Shrewsbury & Atcham)*
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Steen, Anthony
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Tonge, Dr. Jenny
Tredinnick, David
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Wiggin, Bill
Wilkinson, John
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Noes:
Mr. Geoffrey Clifton-Brown and Hugh Robertson

Question accordingly agreed to.

7. HYDROCARBON OIL ETC DUTIES (ROAD FUEL GAS)

Resolved,

That provision may be made amending the Hydrocarbon Oil Duties Act 1979 in respect of road fuel gas.

8. HYDROCARBON OIL ETC DUTIES (FUEL OIL)

Resolved,

That provision may be made enabling the amendment of the definition of "fuel oil" for the purposes of the Hydrocarbon Oil Duties Act 1979.

9. HYDROCARBON OIL ETC DUTIES (MIXING)

Resolved,

That provision may be made imposing an excise duty on mixtures containing fully-rebated or partially-rebated hydrocarbon oil.

10. HYDROCARBON OIL ETC DUTIES (BIOETHANOL)

Resolved,

That provision may be made—

(a) imposing an excise duty on bioethanol and mixtures containing bioethanol,

(b) for the application in relation to bioethanol of the provisions of the enactments relating to hydrocarbon oil or any description of hydrocarbon oil,

(c) for the modification in relation to bioethanol of the provisions of the enactments relating to hydrocarbon oil or any description of hydrocarbon oil, and

(d) defining bioethanol for those purposes and conferring power to amend the definition by order.

11. HYDROCARBON OIL ETC DUTIES (SULPHUR-FREE PETROL AND DIESEL)

Resolved,

That provision may be made amending the Hydrocarbon Oil Duties Act 1979 in respect of "sulphur-free petrol" and "sulphur-free diesel".

12. HYDROCARBON OIL ETC DUTIES (BIODIESEL)

Resolved,

That provision may be made amending the provisions of the Hydrocarbon Oil Duties Act 1979 in relation to biodiesel.

13. HYDROCARBON OIL ETC DUTIES (FUEL SUBSTITUTES)

Resolved,

That provision may be made amending section 6A of the Hydrocarbon Oil Duties Act 1979.

14. HYDROCARBON OIL ETC DUTIES (WAREHOUSING)

Resolved,

That provision may be made enabling the application of Part VIII of the Customs and Excise Management Act 1979 to certain substances.

15. HYDROCARBON OIL ETC DUTIES (TREATMENT OF ENERGY PRODUCTS)

Resolved,

That provision may be made amending section 10 of the Finance Act 1993 so as to permit the treatment of certain energy products as hydrocarbon oil or road fuel gas.

16. BETTING DUTIES (TREATMENT OF POOL BETS ETC)

Resolved,

That provision may be made about the charging of duty under the Betting and Gaming Duties Act 1981 in respect of pool betting and certain other betting.

17. AMUSEMENT MACHINE LICENCE DUTY (RATES)

Resolved,

That—

(1) In section 23 of the Betting and Gaming Duties Act 1981 for the Table in subsection (2) there shall be substituted—

Table

(1) Period (in months) for which licence granted	*(2) Category A* £	*(3) Category B* £	*(4) Category C* £	*(5) Category D* £	*(6) Category E* £
1	30	80	85	170	230
2	50	155	165	330	445
3	75	225	245	480	650
4	95	295	315	625	845
5	120	355	380	755	1,020
6	140	410	445	875	1,185
7	160	465	500	990	1,340
8	185	515	555	1,095	1,480
9	205	560	600	1,190	1,610
10	225	600	645	1,275	1,725
11	240	635	680	1,350	1,825
12	250	665	715	1,415	1,915

(2) This Resolution shall have effect in relation to any amusement machine licence for which an application is received by the Commissioners of Customs and Excise on or after 22nd March 2004.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

18. VALUE ADDED TAX (GROUPS OF COMPANIES)

Motion made, and Question put,

That provision may be made about the grouping of companies for the purposes of value added tax.

The House divided: Ayes 358, Noes 146.

Division No. 99] **[7:32 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allan, Richard
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Baker, Norman
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Beith, rh A. J.
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Paul
Byers, rh Stephen
Cable, Dr. Vincent
Caborn, rh Richard
Cairns, David
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Carmichael, Alistair
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cotter, Brian
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Darling, rh Alistair
Davey, Edward *(Kingston)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara

Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, Andrew *(St. Ives)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Green, Matthew *(Ludlow)*
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hancock, Mike
Hanson, David
Harman, rh Ms Harriet
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harris, Tom *(Glasgow Cathcart)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Joyce, Eric *(Falkirk W)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kemp, Fraser
Kennedy, rh Charles *(Ross Skye & Inverness)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, David
Lawrence, Mrs Jackie
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Leslie, Christopher
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marsden, Paul *(Shrewsbury & Atcham)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Moonie, Dr. Lewis
Moore, Michael
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mudie, George
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
Oaten, Mark *(Winchester)*
O'Brien, Bill *(Normanton)*
O'Neill, Martin
Öpik, Lembit
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Rendel, David
Robertson, Angus *(Moray)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Salmond, Alex
Salter, Martin
Sanders, Adrian
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stunell, Andrew
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Thomas, Gareth *(Clwyd W)*
Thomas, Simon *(Ceredigion)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
Weir, Michael
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wills, Michael
Wishart, Pete
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Mr. Nick Ainger and Joan Ryan

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burt, Alistair
Butterfill, Sir John
Cameron, David
Campbell, Gregory *(E Lond'y)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cran, James *(Beverley)*
Davies, Quentin *(Grantham & Stamford)*

Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Forth, rh Eric
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hermon, Lady
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Leigh, Edward
Letwin, rh Oliver
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Randall, John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Sayeed, Jonathan
Selous, Andrew
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smyth, Rev. Martin *(Belfast S)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Steen, Anthony
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Tredinnick, David
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Wiggin, Bill
Wilkinson, John
Willetts, David
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George

Tellers for the Noes:
Mr. David Ruffley and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

19. VALUE ADDED TAX (GAS AND ELECTRICITY SUPPLIED BY PERSONS OUTSIDE UK)

Resolved,

That provision may be made for the purposes of value added tax about gas and electricity supplied by persons outside the United Kingdom.

20. VALUE ADDED TAX (PRIVATE USE OF STOCK IN TRADE CARS BY EMPLOYEES ETC)

Resolved,

That provision may be made for the purposes of value added tax in relation to a supply which is a supply of services by virtue of paragraph 5(4) of Schedule 4 to the Value Added Tax Act 1994 where—

(a) the goods in question consist of a motor car,

(b) the person making the supply is a motor dealer or motor manufacturer,

(c) the supply is for a consideration, and

(d) the value of the supply for the purposes of value added tax is less than its open market value.

21. INCOME TAX (CHARGE AND RATES FOR 2004–05)

Resolved,

That income tax shall be charged for the year 2004–05, and for that year—

(a) the starting rate shall be 10%;

(b) the basic rate shall be 22%;

(c) the higher rate shall be 40%.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

22. INCOME TAX (PERSONAL ALLOWANCES FOR THOSE AGED 65 OR MORE)

Resolved,

That—

(1) For the year 2004–05—

(a) the amount specified in section 257(2) of the Income and Corporation Taxes Act 1988 shall be £6,830; and

(b) the amount specified in section 257(3) of that Act shall be £6,950.

(2) Accordingly, section 257C(1) of that Act, so far as it relates to the amounts so specified, shall not apply for that year.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

23. CORPORATION TAX (CHARGE AND RATE FOR 2005)

Motion made, and Question put,

That corporation tax shall be charged for the financial year 2005 at the rate of 30%.

The House divided: Ayes 342, Noes 16.

Division No. 100] **[7:46 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allan, Richard
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Baker, Norman
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Beith, rh A. J.
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*

Bradley, Peter *(The Wrekin)*
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Paul
Byers, rh Stephen
Cable, Dr. Vincent
Cairns, David
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Carmichael, Alistair
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cotter, Brian
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Darling, rh Alistair
Davey, Edward *(Kingston)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, Andrew *(St. Ives)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Green, Matthew *(Ludlow)*
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hancock, Mike
Hanson, David
Harman, rh Ms Harriet
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harris, Tom *(Glasgow Cathcart)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Joyce, Eric *(Falkirk W)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kemp, Fraser
Kennedy, rh Charles *(Ross Skye & Inverness)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Lamb, Norman
Lawrence, Mrs Jackie
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Leslie, Christopher
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marsden, Paul *(Shrewsbury & Atcham)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Moonie, Dr. Lewis
Moore, Michael
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mudie, George
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
Oaten, Mark *(Winchester)*
O'Brien, Bill *(Normanton)*
O'Neill, Martin
Öpik, Lembit
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Salter, Martin
Sanders, Adrian
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stunell, Andrew
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Teather, Sarah
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon

Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Roger *(Brecon)*
Willis, Phil
Wills, Michael
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Mr. Nick Ainger and Joan Ryan

NOES

Beggs, Roy *(E Antrim)*
Burnside, David
Dodds, Nigel
Donaldson, Jeffrey M.
Ewing, Annabelle
Hermon, Lady
Llwyd, Elfyn
Robertson, Angus *(Moray)*
Robinson, Peter *(Belfast E)*
Salmond, Alex
Shephard, rh Mrs Gillian
Smyth, Rev. Martin *(Belfast S)*
Taylor, Dr. Richard *(Wyre F)*
Trimble, rh David
Williams, Hywel *(Caernarfon)*
Wishart, Pete

Tellers for the Noes:
Mr. Simon Thomas and Mr. Michael Weir

Question accordingly agreed to.

24. Corporation tax (small companies' rate for 2004)

Resolved,

That for the financial year 2004—

(a) the small companies' rate shall be 19%, and

(b) the fraction mentioned in section 13(2) of the Income and Corporation Taxes Act 1988 shall be 11/400ths.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

25. Corporation tax (starting rate for 2004)

Resolved,

That for the financial year 2004—

(a) the corporation tax starting rate shall be 0%, and

(b) the fraction mentioned in section 13AA of the Income and Corporation Taxes Act 1988 shall be 19/400ths.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

26. Corporation tax (non-corporate distribution rate)

Motion made, and Question put,

That—

(a) provision may be made for a special rate of corporation tax (the "non-corporate distribution rate") where a company makes, or is treated as making, a distribution to a person other than a company, and

(b) the non-corporate distribution rate for the financial year 2004 shall be 19%.

The House divided: Ayes 290, Noes 191.

Division No. 101] **[7:58 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Darling, rh Alistair
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan

Hutton, rh John
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Leslie, Christopher
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mudie, George
Munn, Ms Meg
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ruane, Chris
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Gillian Merron and Mr. Jim Murphy

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burnside, David
Burstow, Paul
Burt, Alistair
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cotter, Brian
Cran, James *(Beverley)*
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Evans, Nigel
Ewing, Annabelle
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hermon, Lady
Hoban, Mark *(Fareham)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Letwin, rh Oliver
Liddell-Grainger, Ian
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Marsden, Paul *(Shrewsbury & Atcham)*
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie

Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paterson, Owen
Pickles, Eric
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Spink, Bob *(Castle Point)*
Spring, Richard
Steen, Anthony
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Tonge, Dr. Jenny
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willetts, David
Williams, Hywel *(Caernarfon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Young, rh Sir George

Tellers for the Noes:
Mr. David Ruffley and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

27. Special rates of tax applicable to trusts

Resolved,

That in relation to the year 2004–05 and any subsequent year of assessment for which income tax is charged—

(a) the Schedule F trust rate shall be 32.5 per cent, and

(b) the rate applicable to trusts shall be 40 per cent.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

28. Sums paid to settlor otherwise than as income

Resolved,

That provision may be made amending section 677 of the Income and Corporation Taxes Act 1988.

29. Provision not at arm's length

Resolved,

That provision may be made amending Schedule 28AA to the Income and Corporation Taxes Act 1988.

30. Company distributions (payments of excessive interest etc)

Resolved,

That provision may be made for the repeal of section 209(2)(da) of the Income and Corporation Taxes Act 1988.

31. Investment companies and companies with investment business

Resolved,

That provision may be made for the purposes of corporation tax in relation to companies which are or have been—

(a) investment companies, as defined in section 130 of the Income and Corporation Taxes Act 1988, or

(b) companies whose business consists wholly or partly in the making of investments.

32. Insurance companies

Resolved,

That provision may be made about insurance companies and companies which have ceased to be insurance companies after a transfer of business.

33. Loan relationships etc

Resolved,

That provision (including provision having retrospective effect) may be made for the purposes of corporation tax in relation to—

(a) loan relationships; and

(b) other relationships where a company stands, or is treated as standing, in the position of a creditor or debtor in relation to a debt.

34. Derivative contracts

Resolved,

That provision (including provision having retrospective effect) may be made in relation to derivative contracts for the purposes of corporation tax.

35. Accounting practice

Resolved,

That provision may be made as to the meaning of generally accepted accounting practice and otherwise amending provisions of the Tax Acts that operate by reference to accounting practice.

36. Construction industry scheme

Motion made, and Question put,

That provision may be made in relation to sub-contractors in the construction industry.

The House divided: Ayes 341, Noes 127.

Division No. 102] **[8:14 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allan, Richard
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Baker, Norman
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Beith, rh A. J.
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*

Bradley, Peter *(The Wrekin)*
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Paul
Byers, rh Stephen
Cable, Dr. Vincent
Cairns, David
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Carmichael, Alistair
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Cotter, Brian
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Edward *(Kingston)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, Andrew *(St. Ives)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Roger
Green, Matthew *(Ludlow)*
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hancock, Mike
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Joyce, Eric *(Falkirk W)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kemp, Fraser
Kennedy, rh Charles *(Ross Skye & Inverness)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Lamb, Norman
Lawrence, Mrs Jackie
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Leslie, Christopher
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marsden, Paul *(Shrewsbury & Atcham)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Moonie, Dr. Lewis
Moore, Michael
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mudie, George
Munn, Ms Meg
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
Oaten, Mark *(Winchester)*
O'Brien, Bill *(Normanton)*
O'Neill, Martin
Öpik, Lembit
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robertson, Angus *(Moray)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Ryan, Joan *(Enfield N)*
Salmond, Alex
Salter, Martin
Sanders, Adrian
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stunell, Andrew
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*

Twigg, Stephen *(Enfield)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
Weir, Michael
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Hywel *(Caernarfon)*
Willis, Phil
Wills, Michael
Wishart, Pete
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Gillian Merron and
Mr. Jim Murphy

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burnside, David
Burt, Alistair
Cameron, David
Campbell, Gregory *(E Lond'y)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Duncan, Peter *(Galloway)*
Evans, Nigel
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Forth, rh Eric
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heathcoat-Amory, rh David
Hermon, Lady
Hoban, Mark *(Fareham)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Letwin, rh Oliver
Liddell-Grainger, Ian
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Paterson, Owen
Prisk, Mark *(Hertford)*
Randall, John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Ruffley, David
Sayeed, Jonathan
Shepherd, Richard
Simmonds, Mark
Smyth, Rev. Martin *(Belfast S)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Steen, Anthony
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willetts, David
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George

Tellers for the Noes:
Mr. Peter Atkinson and
Mr. Hugo Swire

Question accordingly agreed to.

37. EMPLOYMENT INCOME ETC

Resolved,

That provision (including provision having retrospective effect) may be made amending, or making amendments connected with, the Income Tax (Earnings and Pensions) Act 2003.

38. INCOME TAX (PROPERTY HELD JOINTLY BY SPOUSES)

Motion made, and Question put,

That provision may be made amending section 282A of the Income and Corporation Taxes Act 1988.

The House divided: Ayes 334, Noes 130.

Division No. 103] **[8:30 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allan, Richard
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Baker, Norman
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Beith, rh A. J.
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Paul
Byers, rh Stephen
Cable, Dr. Vincent
Cairns, David
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Carmichael, Alistair
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Corbyn, Jeremy
Cotter, Brian
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Edward *(Kingston)*
David, Wayne

Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, Andrew *(St. Ives)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Roger
Green, Matthew *(Ludlow)*
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hancock, Mike
Hanson, David
Harman, rh Ms Harriet
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harris, Tom *(Glasgow Cathcart)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Joyce, Eric *(Falkirk W)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kemp, Fraser
Kennedy, rh Charles *(Ross Skye & Inverness)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Lamb, Norman
Lammy, David
Lawrence, Mrs Jackie
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Leslie, Christopher
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marsden, Paul *(Shrewsbury & Atcham)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Moonie, Dr. Lewis
Moore, Michael
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mudie, George
Munn, Ms Meg
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
Oaten, Mark *(Winchester)*
O'Brien, Bill *(Normanton)*
O'Neill, Martin
Öpik, Lembit
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sanders, Adrian
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stunell, Andrew
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Stephen *(Enfield)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Willis, Phil
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Gillian Merron and Mr. Jim Murphy

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burnside, David
Burt, Alistair
Cameron, David
Campbell, Gregory *(E Lond'y)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek

Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Duncan, Peter *(Galloway)*
Evans, Nigel
Ewing, Annabelle
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Forth, rh Eric
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heathcoat-Amory, rh David
Hermon, Lady
Hoban, Mark *(Fareham)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Liddell-Grainger, Ian
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paterson, Owen
Prisk, Mark *(Hertford)*
Randall, John
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Salmond, Alex
Sayeed, Jonathan
Shepherd, Richard
Simmonds, Mark
Smyth, Rev. Martin *(Belfast S)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Steen, Anthony
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Thomas, Simon *(Ceredigion)*
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Weir, Michael
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willetts, David
Williams, Hywel *(Caernarfon)*
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Young, rh Sir George

Tellers for the Noes:
Mr. David Ruffley and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

39. Enterprise investment scheme

Resolved,

That provision may be made amending Chapter 3 of Part 7 of the Income and Corporation Taxes Act 1988 and Schedule 5B to the Taxation of Chargeable Gains Act 1992.

40. Venture capital trusts

Resolved,

That provision may be made amending Schedule 28B to the Income and Corporation Taxes Act 1988 and repealing section 151A(3) of, and Schedule 5C to, the Taxation of Chargeable Gains Act 1992.

41. Corporate venturing scheme

Resolved,

That provision may be made amending Schedule 15 to the Finance Act 2000.

42. Chargeable gains (gifts relief etc)

Motion made, and Question put,

That provision (including provision having retrospective effect) may be made—

(a) in relation to relief under section 165 or 260 of the Taxation of Chargeable Gains Act 1992, and

(b) as to the meaning of "arrangements" in section 79(5) of that Act.

The House divided: Ayes 287, Noes 163.

Division No. 104] **[8.46 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Corbyn, Jeremy
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*

Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Leslie, Christopher
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mudie, George
Munn, Ms Meg
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ruane, Chris
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Gillian Merron and Mr. Jim Murphy

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burnside, David
Burstow, Paul
Burt, Alistair
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cotter, Brian
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Peter *(Galloway)*
Evans, Nigel
Ewing, Annabelle
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Forth, rh Eric
Foster, Don *(Bath)*
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heath, David
Hermon, Lady
Hoban, Mark *(Fareham)*
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Liddell-Grainger, Ian
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Marsden, Paul *(Shrewsbury & Atcham)*
Maude, rh Francis
Mawhinney, rh Sir Brian
Mercer, Patrick
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit

Osborne, George *(Tatton)*
Ottaway, Richard
Paterson, Owen
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Shepherd, Richard
Simmonds, Mark
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Steen, Anthony
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Tonge, Dr. Jenny
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willetts, David
Williams, Hywel *(Caernarfon)*
Willis, Phil
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete

Tellers for the Noes:
Gregory Barker and
Mr. Mark Francois

Question accordingly agreed to.

43. Chargeable gains (private residences)

Resolved,

That provision (including provision having retrospective effect) may be made in relation to relief under section 223 of the Taxation of Chargeable Gains Act 1992.

44. Individuals benefited by film relief

Resolved,

That provision (including provision having retrospective effect) may be made in relation to cases where relief is or has been claimed in respect of losses sustained in a trade whose profits or losses were computed in accordance with any of—

(a) sections 40A to 40C of the Finance (No. 2) Act 1992;

(b) sections 41 to 43 of that Act;

(c) section 48 of the Finance (No. 2) Act 1997.

45. Partnerships (income tax)

Resolved,

That provision (including provision having retrospective effect) may be made for the purposes of income tax in relation to individuals who are or have been members of partnerships.

46. Partnerships (corporation tax)

Resolved,

That provision may be made for the purposes of corporation tax in relation to companies which are or have been members of partnerships.

47. Leaseback of assets

Resolved,

That provision may be made for the purposes of income tax and corporation tax about arrangements for the sale and leaseback of assets or the lease and leaseback of assets.

48. Manufactured dividends

Resolved,

That provision (including provision having retrospective effect) may be made in relation to cases where payments are or have been made, or treated as made, which are representative of dividends on shares of companies resident in the United Kingdom.

49. Strips of government securities

Resolved,

That provision (including provision having retrospective effect) may be made in relation to strips, within the meaning of Schedule 13 to the Finance Act 1996.

50. Life policies etc

Resolved,

That provision (including provision having retrospective effect) may be made restricting the amount allowable as a deduction under section 549(1) of the Income and Corporation Taxes Act 1988.

51. Offshore funds

Resolved,

That provision (including provision having retrospective effect) may be made amending the provisions of the Income and Corporation Taxes Act 1988 relating to offshore funds.

52. Offshore installations

Resolved,

That provision may be made amending provisions of the Tax Acts referring to offshore installations and oil rigs.

53. Immediate needs annuities

Resolved,

That provision may be made in relation to contracts for life annuities (whenever entered into).

54. Corporation tax: Health Service bodies

Resolved,

That provision may be made amending section 519A of the Income and Corporation Taxes Act 1988.

55. Pension schemes etc

Resolved,

That provision may be made in relation to pension schemes and similar schemes under which benefits are provided to or in respect of employees or former employees.

56. Petroleum revenue tax (allowable expenditure, receipts etc)

Resolved,

That provision (including provision having retrospective effect) may be made—

(a) in relation to expenditure allowable under the Oil Taxation Act 1975 or the Oil Taxation Act 1983,

(b) in relation to disposal receipts, within the meaning of section 7 of the Oil Taxation Act 1983,

(c) amending section 98 of the Finance Act 1999.

57. Oil extraction activities (tax-exempt tariffing receipts)

Resolved,

That provision (including provision having retrospective effect) may be made amending section 496 of the Income and Corporation Taxes Act 1988.

58. PETROLEUM REVENUE TAX (ALLOWABLE EXPENDITURE)

Resolved,

That provision may be made amending paragraph 2 of Schedule 4 to the Oil Taxation Act 1975.

59. PETROLEUM REVENUE TAX (TERMINAL LOSSES)

Resolved,

That provision may be made in place of paragraph 15 of Schedule 17 to the Finance Act 1980.

60. CLIMATE CHANGE LEVY (SUPPLIES TO PRODUCERS OF COMMODITIES)

Resolved,

That provision may be made for the purposes of climate change levy about supplies to producers of commodities.

61. AGGREGATES LEVY (TRANSITIONAL TAX CREDIT IN NORTHERN IRELAND: EXISTING SCHEME)

Resolved,

That—

(1) In section 30A of the Finance Act 2001 after subsection (3) insert—

"(4) The Treasury may by order made by statutory instrument amend subsection (2) above so as to—

(a) change the period in relation to which the amount of a tax credit is to be reduced;

(b) change the amount by which a tax credit is to be reduced.

(5) An order under subsection (4) above shall not be made unless a draft of the order has been laid before Parliament and approved by a resolution of the House of Commons."

(2) This Resolution has effect on and after 1st April 2004.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

62. AGGREGATES LEVY (TRANSITIONAL TAX CREDIT IN NORTHERN IRELAND: NEW SCHEME)

Resolved,

That provision (including retrospective provision) may be made about tax credits in respect of aggregates levy charged on aggregate subjected to commercial exploitation in Northern Ireland.

63. STAMP DUTY LAND TAX AND STAMP DUTY

Motion made, and Question put,

That provision may be made amending Parts 4 and 5 of the Finance Act 2003.

The House divided: Ayes 322, Noes 15.

Division No. 105] **[9:01 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allan, Richard
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Beith, rh A. J.
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Paul
Byers, rh Stephen
Cable, Dr. Vincent
Cairns, David
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Carmichael, Alistair
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Corbyn, Jeremy
Cotter, Brian
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Edward *(Kingston)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, Andrew *(St. Ives)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Roger
Green, Matthew *(Ludlow)*
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harris, Tom *(Glasgow Cathcart)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jamieson, David

Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Joyce, Eric *(Falkirk W)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kemp, Fraser
Kennedy, rh Charles *(Ross Skye & Inverness)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Lamb, Norman
Lammy, David
Lawrence, Mrs Jackie
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Leslie, Christopher
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marsden, Paul *(Shrewsbury & Atcham)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Moonie, Dr. Lewis
Moore, Michael
Morgan, Julie
Morley, Elliot
Mudie, George
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Neill, Martin
Öpik, Lembit
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robertson, John *(Glasgow Anniesland)*
Roche, Mrs Barbara
Rooney, Terry
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sanders, Adrian
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stunell, Andrew
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Teather, Sarah
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Stephen *(Enfield)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Willis, Phil
Wills, Michael
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Margaret Moran and Paul Clark

NOES

Beggs, Roy *(E Antrim)*
Burnside, David
Campbell, Gregory *(E Lond'y)*
Dodds, Nigel
Donaldson, Jeffrey M.
Ewing, Annabelle
Hermon, Lady
Llwyd, Elfyn
Robertson, Angus *(Moray)*
Robinson, Peter *(Belfast E)*
Salmond, Alex
Smyth, Rev. Martin *(Belfast S)*
Trimble, rh David
Weir, Michael
Williams, Hywel *(Caernarfon)*

Tellers for the Noes:
Mr. Simon Thomas and Pete Wishart

Question accordingly agreed to.

64. STAMP DUTY LAND TAX (MISCELLANEOUS AMENDMENTS)

Resolved,

That—

(1) Part 4 of the Finance Act 2003 shall be amended in accordance with the following provisions of this Resolution.

(2) In section 43—

(a) in paragraph (c) of subsection (3), after "interest" there shall be inserted "(other than a lease)";

(b) after that paragraph there shall be inserted—

"(d) the variation of a lease is an acquisition and disposal of a chargeable interest only where it takes effect, or is treated for the purposes of this Part, as the grant of a new lease.".

(3) After subsection (9) of section 44 there shall be inserted—

"(9A) Where—

(a) paragraph 12A of Schedule 17A applies (agreement for lease), or

(b) paragraph 19(3) to (6) of Schedule 17A applies (missives of let in Scotland),

it applies in place of subsections (4), (8) and (9).".

(4) After that section there shall be inserted—

"44A Contract providing for conveyance to third party

(1) This section applies where a contract is entered into under which a chargeable interest is to be conveyed by one party to the contract (A) at the direction or request of the other (B)—

(a) to a person (C) who is not a party to the contract, or

(b) either to such a person or to B.

(2) B is not regarded as entering into a land transaction by reason of entering into the contract, but the following provisions have effect.

(3) If the contract is substantially performed B is treated for the purposes of this Part as acquiring a chargeable interest, and accordingly as entering into a land transaction.

The effective date of the transaction is when the contract is substantially performed.

(4) Where the contract is (to any extent) afterwards rescinded or annulled, or is for any other reason not carried into effect, the tax paid by virtue of subsection (3) shall (to that extent) be repaid by the Inland Revenue.

Repayment must be claimed by amendment of the land transaction return made in respect of the contract.

(5) Subject to subsection (6), section 44 (contract and conveyance) does not apply (except so far as it defines "substantial performance") in relation to the contract.

(6) Where—

(a) this section applies by virtue of subsection (1)(b), and

(b) by reason of B's direction or request, A becomes obliged to convey a chargeable interest to B,

section 44 applies to that obligation as it applies to a contract for a land transaction that is to be completed by a conveyance.

(7) Section 44 applies in relation to any contract between B and C, in respect of the chargeable interest referred to in subsection (1) above, that is to be completed by a conveyance.

References to completion in that section, as it so applies, include references to conveyance by A to C of the subject matter of the contract between B and C.

(8) In this section "contract" includes any agreement and "conveyance" includes any instrument.".

(5) In section 45—

(a) after paragraph (b) of subsection (1) there shall be inserted ", and

(c) paragraph 12B of Schedule 17A (assignment of agreement for lease) does not apply.";

(b) at the end of that subsection there shall be inserted ", and references to the transferor and the transferee shall be read accordingly.";

(c) for subsection (5) there shall be substituted—

"(5) Where a transfer of rights relates to part only of the subject-matter of the original contract ("the relevant part")—

(a) subsection (8)(b) of section 44 (restriction of charge to tax on subsequent conveyance) has effect as if the reference to the amount of tax chargeable on that contract were a reference to an appropriate proportion of that amount, and

(b) a reference in the second sentence of subsection (3) above to the original contract, or a reference in subsection (4) above to the secondary contract arising from an earlier transfer of rights, is to that contract so far as relating to the relevant part (and that contract so far as not relating to the relevant part shall be treated as a separate contract).";

(d) after that subsection there shall be inserted—

"(5A) In relation to a land transaction treated as taking place by virtue of subsection (3)—

(a) references in Schedule 7 (group relief) to the vendor shall be read as references to the vendor under the original contract;

(b) other references in this Part to the vendor shall be read, where the context permits, as referring to either the vendor under the original contract or the transferor.".

(6) After section 45 there shall be inserted—

"45A Contract providing for conveyance to third party: effect of transfer of rights

(1) This section applies where—

(a) a contract ("the original contract") is entered into under which a chargeable interest is to be conveyed by one party to the contract (A) at the direction or request of the other (B)—

(i) to a person (C) who is not a party to the contract, or

(ii) either to such a person or to B,

and

(b) there is an assignment or other transaction (relating to the whole or part of the subject-matter of the original contract) as a result of which a person (D) becomes entitled to exercise any of B's rights under the original contract in place of B.

References in the following provisions of this section to a transfer of rights are to any such assignment or other transaction.

(2) D is not regarded as entering into a land transaction by reason of the transfer of rights, but section 44A (contract providing for conveyance to third party) has effect in accordance with the following provisions of this section.

(3) That section applies as if—

(a) D had entered into a contract (a "secondary contract") in the same terms as the original contract except with D as a party instead of B, and

(b) the consideration due from D under the secondary contract were—

(i) so much of the consideration under the original contract as is referable to the subject-matter of the transfer of rights and is to be given (directly or indirectly) by D or a person connected with him, and

(ii) the consideration given for the transfer of rights.

(4) The substantial performance of the original contract shall be disregarded if—

(a) it occurs at the same time as, and in connection with, the substantial performance of the secondary contract, or

(b) it occurs after the transfer of rights.

(5) Where there are successive transfers of rights, subsection (3) has effect in relation to each of them.

(6) The substantial performance of the secondary contract arising from an earlier transfer of rights shall be disregarded if—

(a) it occurs at the same time as, and in connection with, the substantial performance of the secondary contract arising from a subsequent transfer of rights, or

(b) it occurs after that subsequent transfer.

(7) Where a transfer of rights relates to only part of the subject matter of the original contract, or to only some of the rights under that contract—

(a) a reference in subsection (3)(a) or (4) to the original contract, or a reference in subsection (6) to the secondary contract arising from an earlier transfer, is to that contract so far as relating to that part or those rights, and

(b) that contract so far as not relating to that part or those rights shall be treated as a separate contract.

(8) The effective date of a land transaction treated as entered into by virtue of subsection (3) is not earlier than the date of the transfer of rights.

(9) In relation to a such a transaction—

(a) references in Schedule 7 (group relief) to the vendor shall be read as references to A;

(b) other references in this Part to the vendor shall be read, where the context permits, as referring to either A or B.

(10) Section 839 of the Taxes Act 1988 (connected persons) applies for the purposes of subsection (3)(b).

(11) In this section "contract" includes any agreement.".

(7) After subsection (6) of section 48 there shall be inserted—

"(7) This section has effect subject to subsection (3) of section 44A (contract and conveyance to third party).".

(8) After subsection (4) of section 77 there shall be inserted—

"(5) A land transaction that a person is treated as entering into by virtue of subsection (3) of section 44A (contract and conveyance to third party) is notifiable.".

(9) In section 57A—

(a) for paragraph (b) of subsection (3) there shall be substituted—

"(aa) that the sale transaction is entered into wholly or partly in consideration of the leaseback transaction being entered into,

(b) that the only other consideration (if any) for the sale is the payment of money or the assumption, satisfaction or release of a debt (or both),";

(b) after paragraph (c) of that subsection there shall be inserted—

"(d) that the sale is not a transfer of rights within the meaning of section 45 (contract and conveyance: effect of transfer of rights) or 45A (contract providing for conveyance to third party: effect of transfer of rights), and

(e) where A and B are both bodies corporate at the effective date of the leaseback transaction, that they are not members of the same group for the purposes of group relief (see paragraph 1 of Schedule 7) at that date.";

(c) subsection (4) shall be omitted.

(10) In section 79(2), for the words from "other than" to the end of paragraph (b) there shall be substituted "other than a transaction treated as taking place—

(a) under subsection (4) of section 44 (contract and conveyance) or under that section as it applies by virtue of section 45 (contract and conveyance: effect of transfer of rights), or

(b) under subsection (3) of section 44A (contract providing for conveyance to third party) or under that section as it applies by virtue of section 45A (contract providing for conveyance to third party: effect of transfer of rights).".

(11) In section 119(2)—

(a) after the entry for section 44(4) there shall be inserted—

"section 44A(3) (contract providing for conveyance to third party),

section 45A(8) (contract providing for conveyance to third party: effect of transfer of rights),";

(b)at the end there shall be inserted—

"paragraph 12A(2) of Schedule 17A (agreement for lease followed by substantial performance),

paragraph 12B(3) of that Schedule (assignment of agreement for lease occurring after agreement substantially performed), and

paragraph 19(3) of that Schedule (missives of let in Scotland followed by substantial performance).".

(12) In section 122, in the entry for "vendor" there shall be inserted at the end "(see too sections 45(5A) and 45A(9))".

(13) In Schedule 4—

(a) after sub-paragraph (2) of paragraph 10 there shall be inserted—

"(2A) Where subsection (8) of section 44 (contract and conveyance) applies, so that there are two notifiable transactions (the first being the contract and the second being the transaction effected on completion), the condition in sub-paragraph (2)(a) is treated as met in relation to the second transaction if it is met in relation to the first.";

(b) after sub-paragraph (4) of paragraph 17 there shall be inserted—

"(4A) Sub-paragraphs (3) and (4) shall be disregarded for the purposes of determining whether the land transaction in question is notifiable.".

(14) After paragraph 1 of Schedule 5 there shall be inserted—

"Amounts payable in respect of periods before grant of lease

1A For the purposes of this Part "rent" does not include any chargeable consideration for the grant of a lease that is payable in respect of a period before the grant of the lease."

(15) After paragraph 7 of Schedule 17A there shall be inserted—

"First rent review in final quarter of fifth year

7A Where—

(a) a lease contains provision under which the rent may be adjusted,

(b) under that provision the first (or only) such adjustment—

(i) is to an amount that (before the adjustment) is uncertain, and

(ii) has effect from a date (the "review date") that is expressed as falling five years after a specified date,

and

(c) the specified date falls within the three months before the beginning of the term of the lease,

this Schedule has effect as if references to the first five years of the term of the lease were to the period beginning with the start of the term of the lease and ending with the review date.

References to the fifth year of the term of the lease shall be read accordingly.".

(16) In paragraph 9(1) of that Schedule, at the end of paragraph (b) there shall be inserted ", or

(c) a person claiming relief against re-entry or forfeiture as under-lessee in relation to the original sub-lease ("the old lease") is granted a lease ("the new lease") in pursuance of an order of a court.".

(17) After paragraph 12 of that Schedule there shall be inserted—

"Agreement for lease

12A(1) This paragraph applies where in England and Wales or Northern Ireland—

(a) an agreement for a lease is entered into, and

(b) the agreement is substantially performed without having been completed.

(2) The agreement is treated as if it were the grant of a lease in accordance with the agreement ("the notional lease"), beginning with the date of substantial performance.

The effective date of the transaction is that date.

(3) Where a lease is subsequently granted in pursuance of the agreement—

(a) the notional lease is treated as if it were surrendered at that time, and

(b) the lease itself is treated for the purposes of paragraph 9 (rent for overlap period in case of grant of further lease) as if it were granted in consideration of that surrender.

(4) Where sub-paragraph (1) applies and the agreement is (to any extent) afterwards rescinded or annulled, or is for any other reason not carried into effect, the tax paid by virtue of that sub-paragraph shall (to that extent) be repaid by the Inland Revenue.

Repayment must be claimed by amendment of the land transaction return made in respect of the agreement.

(5) In this paragraph "substantially performed" and "completed" have the same meanings as in section 44 (contract and conveyance).

Assignment of agreement for lease

12B (1) This paragraph applies, in place of section 45 (contract and conveyance: effect of transfer of rights) where in England and Wales or Northern Ireland a person assigns his interest as lessee under an agreement for a lease.

(2) If the assignment occurs without the agreement having been substantially performed, section 44 (contract and conveyance) has effect as if—

(a) the contract were with the assignee and not the assignor, and

(b) the consideration given by the assignee for entering into the contract included any consideration given by him for the assignment.

(3) If the assignment occurs after the agreement has been substantially performed—

(a) the assignment is a separate land transaction, and

(b) the effective date of that transaction is the date of the assignment.

(4) Where there are successive assignments, this paragraph has effect in relation to each of them.".

(18) At the end of paragraph 16 of that Schedule there shall be inserted—

"Paragraph 5 (exchanges) of Schedule 4 (chargeable consideration) does not apply in such a case.".

(19) For paragraph 19(2) of that Schedule there shall be substituted—

"(2) Where in Scotland there is a lease constituted by concluded missives of let ("the first lease") and at some later time a lease is executed ("the second lease")—

(a) the first lease is treated as if it were surrendered at that time, and

(b) the second lease is treated for the purposes of paragraph 9 (rent for overlap period in case of grant of further lease) as if it were granted in consideration of that surrender.

(3) Where in Scotland—

(a) there are concluded missives of let that do not constitute a lease, and

(b) the agreement represented by the missives of let is substantially performed without a lease having been executed,

the missives of let are treated as if they did constitute a lease ("the notional lease").

The effective date of the transaction is when the agreement is substantially performed.

(4) Where sub-paragraph (3) applies and at some later time a lease is executed—

(a) the notional lease is treated as if it were surrendered at that time, and

(b) the lease itself is treated for the purposes of paragraph 9 as if it were granted in consideration of that surrender.

(5) References in sub-paragraphs (2) to (4) to the execution of a lease are to the execution of a lease that either—

(a) is in conformity with the missives of let, or

(b) relates to substantially the same property and period as the missives of let.

(6) Where subsection (3) applies and the agreement is (to any extent) afterwards rescinded or annulled, or is for any other reason not carried into effect, the tax paid by virtue of that sub-paragraph shall (to that extent) be repaid by the Inland Revenue.

Repayment must be claimed by amendment of the land transaction return made in respect of the agreement.".

(20) For paragraph 3(3)(c) of Schedule 19 there shall be substituted—

"(c) if on or after that date there is an assignment, subsale or other transaction (relating to the whole or part of the subject-matter of the contract) as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance to him.".

(21) Paragraphs (4), (7) and (8) of this Resolution, and paragraphs (10) and (11) so far as relating to the section 44A inserted by paragraph (4), shall apply in relation to any contract entered into after 17th March 2004.

(22) Paragraphs (5), (6) and (12) of this Resolution, and paragraphs (10) and (11) so far as relating to the section 45A inserted by paragraph (6), shall apply in relation to any transfer of rights occurring after that date.

(23) Subject to paragraph (24) of this Resolution, the amendments made by the other provisions of this Resolution shall apply in relation to any transaction of which the effective date is after 17th March 2004.

(24) Paragraph (20) of this Resolution shall not apply in relation to a contract that was substantially performed before 17th March 2004.

(25) In this Resolution—

"effective date" and "substantially performed" have the same meaning as in Part 4 of the Finance Act 2003 (as amended by this Resolution);

"transfer of rights" has the same meaning as in section 45 of that Act or, as the case may require, section 45A of that Act (inserted by paragraph (6) of this Resolution).

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

65. STAMP DUTY LAND TAX (SHARED OWNERSHIP LEASES)

Resolved,

That—

(1) After paragraph 4 of Schedule 9 to the Finance Act 2003 there shall be inserted—

"Shared ownership lease: treatment of staircasing transaction

4A (1) This paragraph applies where under a shared ownership lease—

(a) the lessee or lessees have the right, on the payment of a sum, to require the terms of the lease to be altered so that the rent payable under it is reduced, and

(b) by exercising that right the lessee or lessees acquire an interest, additional to one already held, calculated by reference to the market value of the dwelling and expressed as a percentage of the dwelling or its value (a "share of the dwelling").

(2) Such an acquisition is exempt from charge if—

(a) an election was made for tax to be charged in accordance with paragraph 2 or, as the case may be, paragraph 4 and any tax chargeable in respect of the grant of the lease has been paid, or

(b) immediately after the acquisition the total share of the dwelling held by the lessee or lessees does not exceed 80%.

(3) In this paragraph "shared ownership lease" means a lease granted—

(a) by a qualifying body, or

(b) in pursuance of the preserved right to buy,

in relation to which the conditions in paragraph 2(2) or 4(2) are met.

(4) Section 118 (meaning of "market value") does not apply in relation to the references in this paragraph to the market value of the dwelling.".

(2) In sub-paragraph (1) of paragraph 5 of that Schedule, for "2 and 4" there shall be substituted "2, 4 and 4A".

(3) In Schedule 19 to that Act, for sub-paragraph (2) of paragraph 7 there shall be substituted—

"(2) In paragraph 3 of Schedule 9 (relief for transfer of reversion under shared ownership lease where election made for market value treatment) and paragraph 4A of that Schedule (shared ownership lease: treatment of staircasing transaction) as they apply in a case where the original lease was granted before the implementation date—

(a) a reference to a lease to which paragraph 2 of that Schedule applies shall be read as a reference to a lease to which section 97 of the Finance Act 1980 applied (which made provision for stamp duty corresponding to that paragraph), and

(b) a reference to an election having been made for tax to be charged in accordance with paragraph 2 or 4 of that Schedule shall be read as a reference to the lease having contained a statement of the parties' intention such as is mentioned in section 97(2)(d) of the Finance Act 1980 or, as the case may be, paragraph (d) of section 108(5) of the Finance Act 1981 (which made provision for stamp duty corresponding to paragraph 4).".

(4) The amendments made by paragraphs (1) and (2) of this Resolution shall apply in relation to an acquisition after 17th March 2004.

(5) Paragraph (3) of this Resolution shall be deemed to have come into force on 1st December 2003.

And it is hereby declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

66. PERIOD WITHIN WHICH CERTAIN CLAIMS MAY BE MADE

Resolved,

That provision (including provision having retrospective effect) may be made as to the period within which a claim may be made in respect of a mistake of law relating to a taxation matter under the care and management of the Commissioners of Inland Revenue.

67. RELIEF FOR SHIPBUILDERS (ABOLITION)

Resolved,

That provision (including provision having retrospective effect) may be made ending the availability of relief under section 2 of the Finance Act 1966.

68. RELIEF FROM TAX (INCIDENTAL AND CONSEQUENTIAL CHARGES)

Resolved,

That it is expedient to authorise any incidental or consequential charges to any duty or tax (including charges having retrospective effect) that may arise from provisions designed in general to afford relief from taxation.

PROCEDURE (AMOUNTS DEDUCTED FROM PAYMENTS TO SUB-CONTRACTORS)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may include provision authorising sums—

(a) deducted from payments to or for sub-contractors in the construction industry, and

(b) paid to the Commissioners of Inland Revenue,

to be treated as paid in respect of, or on account of, liabilities of the sub-contractor other than liabilities in respect of income tax or corporation tax.

PROCEDURE (SAVINGS INCOME)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain provision for implementing—

(a) Article 14 of Council Directive 2003/48/EC of 3rd June 2003 on taxation of savings income in the form of interest payments, or

(b) any corresponding provision of arrangements made in relation to a territory other than a member State.

PROCEDURE (MINIMUM CONTRIBUTIONS TO PERSONAL PENSION SCHEMES)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may make provision for the payment of sums out of the National Insurance Fund or the Northern Ireland National Insurance Fund in connection with provisions relating to the payment of minimum contributions under section 43 of the Pension Schemes Act 1993 or section 39 of the Pension Schemes (Northern Ireland) Act 1993.

PROCEDURE (MUTUAL ASSISTANCE IN CONNECTION WITH CUSTOMS UNION WITH ANDORRA)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may include provision to give effect to arrangements concerning mutual assistance made for the purposes of the Customs Union between the European Community and the Principality of Andorra.

PROCEDURE (FUTURE TAXATION)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain the following provisions taking effect in a future year—

(a) provision for corporation tax to be charged for the financial year 2005;

(b) provision about childcare or childcare vouchers provided for an employee;

(c) provision amending Parts 3 and 4 of the Income Tax (Earnings and Pensions) Act 2003 in relation to vans;

(d) provision about the enjoyment by an individual of property which is or represents property in which he previously owned an interest;

(e) provision about Lloyd's underwriters;

(f) provision in relation to pension schemes and similar schemes under which benefits are provided to or in respect of employees or former employees.

FINANCE (MONEY)

Queen's recommendation having been signified—

Resolved,

That, for the purposes of any Act of the present Session relating to finance ("the Act"), it is expedient to authorise—

(a) the deduction of sums from the gross revenues of the department of the Commissioners of Inland Revenue for the purpose of paying amounts in the implementation of—

(i) Article 14 of Council Directive 2003/48/EC of 3rd June 2003 on taxation of savings income in the form of interest payments, or

(ii) any corresponding provision of arrangements made in relation to a territory other than a member State;

(b) the payment out of money provided by Parliament of any increase attributable to the Act in the sums paid out of the National Insurance Fund and the Northern Ireland National Insurance Fund under the Pension Schemes Act 1993 and the Pension Schemes (Northern Ireland) Act 1993;

(c) the payment out of money provided by Parliament of sums required by the Treasury and the Director of Savings to meet expenditure incurred with a view to securing—

(i) that the Treasury would be able to exercise their functions under sections 12 to 20A of (and Schedule 5A to) the National Loans Act 1968, and

(ii) that the Director of Savings would be able to exercise his functions,

if the United Kingdom were to adopt the single currency in accordance with the Treaty establishing the European Communities.

Bill ordered to be brought in upon the foregoing resolutions: And that the Chairman of Ways and Means, Mr. Chancellor of the Exchequer, Mr. Secretary Prescott, Mr. Secretary Blunkett, Mr. Secretary Reid, Mr. Secretary Smith, Ms Secretary Hewitt, Mr. Secretary Clarke, Mr. Paul Boateng, Ruth Kelly, John Healey and Dawn Primarolo.

Finance Bill

Dawn Primarolo accordingly presented a Bill to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance: And the same was read the First time; and ordered to be read a Second time tomorrow, and to be printed [Bill 79].

DELEGATED LEGISLATION

Madam Deputy Speaker (Sylvia Heal): With the leave of the House I will take the motions on delegated legislation together.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Animals

That the Mink Keeping (Prohibition) (England) Order 2004 (S.I., 2004, No. 100), dated 19th January 2004, a copy of which was laid before this House on 20th January, be approved.

Electricity

That the draft Renewables Obligation (Amendment) Order 2004, which was laid before this House on 24th February, be approved.

Employment

That the draft Paternity and Adoption Leave (Amendment) Regulations 2004, which were laid before this House on 9th February, be approved.

Social Security

That the draft Statutory Paternity Pay and Statutory Adoption Pay (Weekly Rates) (Amendment) Regulations 2004, which were laid before this House on 9th February, be approved.

That the draft Social Security (Contributions) (Re-rating and National Insurance Funds Payments) Order 2004, which was laid before this House on 4th February, be approved.

That the draft Child Benefit and Guardian's Allowance Up-rating Order 2004, which was laid before this House on 23rd February, be approved.

Social Security (Northern Ireland)

That the draft Child Benefit and Guardian's Allowance Up-rating (Northern Ireland) Order 2004, which was laid before this House on 23rd February, be approved.

Tax Credits

That the draft Tax Credits Up-rating Regulations 2004, which were laid before this House on 23rd February, be approved.

Supreme Court of England and Wales

That the draft Courts Boards Areas Order 2004, which was laid before this House on 26th February, be approved.

That the draft Courts Boards (Appointments and Procedure) Regulations 2004, which were laid before this House on 26th February, be approved.

Constitutional Law

That the draft Primary Medical Services (Scotland) Act 2004 (Consequential Modifications) Order 2004, which was laid before this House on 25th February, be approved.

That the draft Local Government in Scotland Act 2003 (Destination of Fixed Penalties in Scotland) Order 2004, which was laid before this House on 25th February, be approved.

Government Trading Funds

That the draft Driver and Vehicle Licensing Agency Trading Fund Order 2004, which was laid before this House on 25th February, be approved.

Northern Ireland

That the draft Agricultural Statistics (Northern Ireland) Order 2004, which was laid before this House on 12th February, be approved.—*[Mr. Heppell.]*

Question agreed to.

EUROPEAN COMMUNITY DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

Fisheries: Catch Quotas and Effort Limitation

That this House takes note of European Union Document No.15388/03, draft Regulation fixing for 2004 the fishing opportunities and associated conditions for certain fish stocks and groups of fish stocks, applicable in Community waters and, for Community vessels, in waters where catch limitations are required; and notes that the Government was successful in negotiating Total Allowance Catches which take full account of scientific advice while securing the best possible fishing opportunities for United Kingdom fishermen.—*[Mr. Heppell.]*

Madam Deputy Speaker: I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 24 March, pursuant to Orders [28 June 2001 and 6 November 2003].

ADJOURNMENT (EASTER)

Ordered,

That this House, at its rising on Thursday 1st April, do adjourn till Monday 19th April 2004.—*[Mr. Heppell.]*

PARLIAMENTARY CONTRIBUTORY PENSION FUND

Ordered,

That Mr Eric Martlew, Ms Gisela Stuart and Dr Nick Palmer be discharged as Managing Trustees of the Parliamentary Contributory Pension Fund and Mr David Borrow, Mr Terry

Rooney and Mr Andrew Love be appointed as Managing Trustees in pursuance of section 1 of the Parliamentary and other Pensions Act 1987.—*[Mr. Heppell.]*

PETITION

Council Tax

9.15 pm

Mr. Paul Goodman (Wycombe) (Con): I wish to present a petition on behalf of 1,000 readers of *The Star* newspaper in my constituency about the council tax. It reads as follows:

To the honourable the Commons of the United Kingdom of Great Britain and Northern Ireland in Parliament assembled,

The humble petition of the readers of *The Star* newspaper sheweth

That levels of council tax are too high and should be reduced.

Wherefore your Petitioners pray that your Honourable House will urge the Deputy Prime Minister to reduce the levels of council tax in Buckinghamshire.

And your Petitioners, as in duty bound, will ever pray, etc.

To lie upon the Table.

Health Services (Northavon)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Heppell.]*

9.16 pm

Mr. Steve Webb (Northavon): After two and a quarter hours of voting, it is good to have the opportunity to raise the future of hospital and community health services in my constituency. I particularly welcome the Under-Secretary of State for Health, the hon. Member for Welwyn Hatfield (Miss Johnson), to her place, because I understand that she grew up in Northavon, or at least spent 10 very happy years there. She will therefore appreciate some of the issues that I seek to raise about the need for health care not merely for those living in inner-urban areas, but for those who live in market towns and rural villages.

The future of hospitals and community health services in my constituency is in a state of flux, and it feels as though it has been like that for as long as I have been a Member of this House, and probably for a very long time before that. The local strategic health authority is preparing something called the Bristol health services plan, and it is indicative of the approach being taken that it is seen as a Bristol-driven process to look at the needs of the urban community. The fact that it also serves the more rural communities of south Gloucestershire and north Somerset does not seem to feature quite as strongly on the agenda of the strategic health authority as I would wish.

At present, the local health trusts are involved in what they call "engagement" with the local communities, rather than consultation, as they do not yet know what they want to do. Public meetings are being held, some of which are well attended, some of which are sparsely attended. I could have saved the trusts a good deal of trouble in that regard. As the Minister knows, I undertook my own "engagement" with my constituents, in which I issued a detailed and careful health survey to every household in the constituency. I received more than 8,000 replies, and I have supplied the Minister with a copy of the report of the survey.

Sometimes such surveys can be a bit dodgy, involving questions such as "Do you want your local hospital to be closed: yes or no?" We all know the value of the response to surveys such as those. I like to think that the exercise that I undertook was a bit more serious. It put to local residents some of the hard choices that have to be made and asked them whether, if local health professionals advocated a particular reconfiguration, they would endorse it, whether or not it was driven by clinical guidance.

I should like to report some of the survey results to the House. The most striking was that 81 per cent. of the constituents who responded felt that the residents of south Gloucestershire—as distinct from the residents of Bristol—were not being fully taken into the process. To give an example of that, the local national health service trust, North Bristol NHS trust, recently reported a massive financial deficit and invited local MPs to a meeting to tell them about it. I discovered on the day of the meeting that I had not been invited. The meeting was being held at Frenchay hospital, in my constituency. When I rang the hospital to ask why I had not been invited, I was told that the Bristol MPs had been invited,

and that I was not in Bristol but in south Gloucestershire. This may sound like parochial nit-picking, but it goes to the heart of my concerns. Health care decisions are often driven by an urban agenda, and by the needs of the big city and the big conurbation. Areas such as south Gloucestershire can sometimes be marginalised in the decision-making process. When I turned up to the meeting, I asked whether local councillors had been invited, and I was told, "Yes, the Bristol city councillors are here," so I said, "Have any south Gloucestershire councillors been invited?" The reply was, "Oh, no, we didn't think about that." It is indicative that the Bristol health services plan has not paid attention to the needs of south Gloucestershire residents, and that is why I am pleased to raise the issue.

Not only did 81 per cent. of my constituents feel that south Gloucestershire's residents were not being listened to properly in this process, but there was substantial opposition to one of the key ideas coming forward. That idea was that of the two principal sites currently run by North Bristol NHS trust—Frenchay and Southmead—the current drift of thinking is that Frenchay should be at best downgraded, perhaps lose its A and E department, perhaps be no more than a community hospital, or even have nothing at all on the site. Some 81 per cent. of my constituents said that they would not accept that outcome, even if the trust said that that was on medical grounds. The public are very sceptical. They have heard about the financial position of the trust, and they are sceptical about the proposals being driven by health considerations rather than financial ones. One of the difficulties that the trust faces is that at the same time as trying to make long-term plans, it is trying to deal with a massive deficit. Short-term cuts are therefore going on at the same time as it tries to set out a long-term vision. That sends confusing messages to the local public about cuts.

Dr. Doug Naysmith (Bristol, North-West) (Lab/Co-op): Will the hon. Gentleman give way?

Mr. Webb: I will not at the moment. If I have time, I will do so later.

I put to my constituents the idea of some community-based facilities. One idea that I put to them was that of a walk-in minor injuries centre, perhaps at Yate, one of the principal population centres in my constituency. That idea was quite well received, but it was clear that people did not regard that as an adequate substitute for a properly resourced 24-hour accident and emergency unit at a proper hospital. My constituents will not be satisfied if they end up with somewhere to deal with bumps and bruises locally but lose access to a high-quality casualty unit 24 hours a day at a local major hospital, which they currently have at Frenchay.

I put some options to my constituents as to community facilities that they would like to see. The three that came out top were: first, a minor injuries unit, particularly in the Yate and Sodbury area, but there was also support in the Thornbury area; secondly, being able to have out-patient appointments nearer home, which obviously would be popular and, given the lamentable state of public transport in the area, very sensible; and thirdly, intermediate care beds. Certainly, the existing provision in my constituency at Thornbury hospital, which people are able to use nearer to home, rather than a big, slightly impersonal hospital, is very much valued.

Under the current process, local trusts are preparing what are known as strategic outline cases. Those are nearly finalised and will be submitted to the strategic health authority in the next few weeks. They will be sent on, assuming that they are approved by the strategic health authority, and will reach the Government by the end of April. I understand from talking to North Bristol NHS trust today that it is anticipated that the Department of Health will receive 11 of those strategic outline cases and is likely to approve five. The broad time scale to which it is working is by the summer. If that is not right, I hope that the Minister will correct me.

I want to ask the Minister what criteria the Department of Health will use in assessing those bids, which, I presume, will be from health authorities all around Britain. I want to suggest three criteria that I would like to see used. First, I do not want cuts in capacity. The current plan envisages cuts. At present, once minor adjustments have been made, North Bristol NHS trust has 1,563 beds. The draft strategic outline case that I have seen envisages cutting that by nearly 200 beds. That is at a time when demand, as a result of a rise in the population, would imply an increase of 281 beds. If we add those two numbers together, there is an implied shortfall, compared with present provision, of nearly 500 beds. In south Gloucestershire, the number of people over 65 will rise by half in the next decade or so, and the number of people over 75 will rise by a similar proportion. Given the huge growth in demand for hospital services, the idea that any strategic outline case would contain fewer beds than at present seems totally unacceptable.

We have seen what happens when hospitals do not have enough beds. Now we are confronted with the idea that we should plan on the basis of fewer beds. The theory is that the hospital will become more efficient, will drive people through more quickly, and will progress from being one of the worst to one of the best performers, freeing bed space and allowing the provision of care. Let us see the evidence. Let us see the hospital deliver improved throughput. Then we might look at how many beds are needed. The idea that we should plan on the basis of cutting hundreds of beds when population pressures imply that we should be adding hundreds of beds is totally unacceptable.

The Bristol *Evening Post* recently ran a front-page story about cancelled operations at North Bristol, another big problem for my local trust. The main reason given was lack of beds. If that is the situation now, what will it be like when 200 beds are taken away, given population pressures that should add a further 300? I simply do not accept that a strategic outline case based on bed cuts will be acceptable to my constituents.

The second thing that my constituents want is access to world-class facilities, including accident and emergency. Access is a key issue. The Minister knows, having been to school in a village in my constituency, that reaching Frenchay hospital works for many of my constituents, particularly in the main area of Yate and Sodbury. If casualty services were taken out of Frenchay hospital, which is mooted in the medium term, I think it unlikely that people would be able to travel from my constituency up towards the Cotswolds, from villages such as Charfield, where the Minister grew up, Wickwar or Hawkesbury to Southmead hospital in a decent period. It may be possible at some times of day,

[Mr. Webb]

but at others, when the north of Bristol and the south of south Gloucestershire are clogged and the ring road is clogged, people could get stuck. I am not convinced that any strategic outline plan that removes 24-hour access to A and E from my constituents will be acceptable to them. I hope that the Government will take that into account when responding to the strategic outline case.

Dr. Naysmith: I thank the hon. Gentleman for giving way, especially as I did not observe protocol and ask him beforehand, and he has very little time. When consulting his constituents, did he ask them what they felt about the potential downgrading of Southmead rather than Frenchay? I ask because all three district acute hospitals in the Bristol-south Gloucestershire area serve the population of south Gloucestershire.

Mr. Webb: Every question I asked invited people to reply "Yes, just Southmead" or "Yes, just Frenchay", or yes to both or no to either. All the questions were framed on that basis. I must be straight with the hon. Gentleman: most of the population in my constituency are on the Frenchay side. While Thornbury residents look somewhat more to Southmead, they still look to Frenchay as well. I chose to refer to Northavon in choosing a title for the debate because I wanted to represent the interests of my constituents. They want quality provision that is accessible, and for them that means Frenchay. I am saying nothing against Southmead: my wife used to work there and my children were born there, and it is a good hospital. What I am saying is that to withdraw A and E and, indeed, perhaps more from Frenchay would be seriously detrimental to my constituents.

The third element that I think the strategic outline case should contain is scope for improvement in community facilities. Here I think we have the potential for more agreement. We have an excellent if small community hospital in Thornbury, in my constituency. Recently, and sadly, a friend of mine died there. The care that he, and particularly his family, received at that community hospital was second to none. Relatives and friends could just pop in. The hospital was small and friendly enough to enable his favourite armchair to be brought from home. That is a quality of care that cannot be found in some huge hospitals.

I hope that whatever emerges from the strategic outline plan will build on those strengths and will not undermine them. What that means to me is that Thornbury hospital must stay and, at the very least, continue what it is doing, even if not necessarily in exactly the same way: I do not want to give the impression that everything must be set in stone. My constituents and I accept that some hospital buildings are inadequate, that facilities are inadequate and that serious investment is needed. However, the idea that that should involve bed cuts, cutting access to A and E or any cut in community facilities is unacceptable to me.

The biggest area where new community facilities are needed is Yate and Chipping Sodbury. There was a big response to my survey in favour of that. The idea has been discussed and kicked around, and although I do not get a clear sense of how it will look, my constituents want new community facilities there.

My constituents have sent a clear message. I have engaged with them and reported their findings to the House and to local health professionals. We do not say that things must not change—nobody in their right mind would say that. We want capital funding from the Government to upgrade, to keep Frenchay hospital in particular at the forefront of developments, and to see it move forward. I hope that, if the local trust can present a plan to the Department of Health for increased capacity, better access to quality accident and emergency services and better community facilities, the Government will reward it in the summer by accepting its proposals. If the trust does not present such ideas, I hope that the Department will tell it that it is not serving the local community as it should.

9.30 pm

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): I congratulate the hon. Member for Northavon (Mr. Webb) on securing the debate. I have listened to and appreciated his comments, not least because, as he remarked, I grew up in the area and know something of the local terrain. I pay tribute to all the staff in the local health economy area who, as he said, are committed to improving the local national health service.

In north Bristol, the health economy has already benefited from additional investment, and I shall give a few examples of that. A new children's high dependency unit opened at Frenchay hospital last November. It was funded by a grant of £858,000 from the Department of Health plus £800,000 a year from the local primary care trusts. A three-year project to improve and redevelop radiology services at Southmead has recently been completed at a cost of £2.5 million, including new equipment and building works. Now more than 130,000 examinations every year can take place using state-of-the-art diagnostic equipment. It is perhaps worth mentioning that the services provide more generally for the area because they are specialist facilities. I am sure that the hon. Gentleman acknowledges that they cover not only Thornbury residents but a wider scope of people from his constituency.

In January 2003, a new £600,000 satellite unit opened at Southmead hospital to improve the quality of life for renal dialysis patients. It provides 3,000 extra treatments a year for patients from a wide area.

I shall deal with the local issues that the hon. Gentleman raised shortly, but first I should like to point out that we all acknowledge the pressures on the NHS, not only in his constituency but throughout the country. We want not only to increase capacity but to improve clinical standards generally. We do not want more of the same but a radical re-examination of the provision of services. We want to design services around the needs of the patients and I was interested by the hon. Gentleman's comments about, for example, the strength of the cottage hospital experience.

It is our policy, in the framework in the NHS plan and in the "Shifting the Balance of Power" initiative to devolve more funding decisions to the front line. It is for primary care trusts, in partnership with strategic health authorities and other local stakeholders to determine the best use of their funds to meet national and local priorities for improving health, tackling health

inequalities and modernising services. They are in the best position to decide how to do that because of their specialist knowledge of the local economy.

I am sure that the hon. Gentleman agrees that we all acknowledge that hospital and community services need to change if we are to continue to fulfil patients' needs and improve access. Services should not remain static for ever; they need to be responsive to local needs and changing needs. There are several different pressures on the service. However, providers of health and community services have a responsibility to live within their means. Those issues and many others need to be taken into consideration. Biggest is not always best. Indeed, we have already had an example of that. We need to recognise that patients want more, not fewer local services. We need to focus on redesigning, not relocating.

Perhaps it is worth mentioning the quality of the building stock at both hospitals in north Bristol, which the hon. Gentleman did not touch on. Frenchay and Southmead hospitals both have serious needs in building terms that must be addressed. They both have accident and emergency departments. There is a hospital with a major A and E department in the centre of Bristol, the Bristol royal infirmary.

The hospitals are between four and seven miles apart. Services are duplicated and fragmented across the two sites of the North Bristol NHS trust. They are cramped and rundown health centres. The current configuration makes it difficult to work effectively with primary and social care.

The current configuration means that there are particular difficulties in complying with national standards for clinical services, in particular for emergency patients, children, cancer patients, cardiac patients and those requiring specialist care. Therefore, the status quo is not an option—it cannot remain. There is clear scope for improving performance and, as I have said, the way in which health and community services in the 21st century are to be provided is less focused on hospitals than may have been the case in the past.

I come to the point that the hon. Gentleman made about the strategic outline case and the process. The outline case will be considered by all local NHS boards in April and the proposals will then go out to public consultation later this year. Although he talked about engagement and mentioned consultation, a very informal stage of the process has taken place in his area, in which he has been actively engaged recently. As part of that process, the local overview and scrutiny committee board will consider the matter as well. The plans will be transferred under normal processes to the strategic health authorities, which will ensure that a fair process is followed. They will not necessarily come to Ministers or to the Department. That is under the "Shifting the Balance of Power" arrangements that I mentioned earlier.

Mr. Webb: Just for clarification, central Government presumably need to decide which strategic health authorities get the very large amounts of capital funding that we are talking about, or is it the case that every strategic health authority gets a big capital budget and will then make the decision on the local projects? Clearly, the local trust was under the impression that the Department of Health would determine which five of the 11 bids went forward. Has it got that wrong?

Miss Johnson: As I understand it—this may prove not to be as accurate as it could be—it will be for those bodies to decide under normal circumstances. If there were some contest, as it were, there could be a question of a ministerial decision but normally the decision would be made at strategic health authority level.

The hon. Gentleman talked about his own survey and the future discussions and consultation. The local NHS in Northavon has embarked, with the local NHS in Bristol, on developing a Bristol health services plan. We need to have a range of options, and it is important to be able to engage the wider public in those discussions. Those will include developing acute services on either Southmead hospital or Frenchay hospital, with an associated development of a range of primary care and community-based services, as he mentioned. About six options are being canvassed.

The hon. Gentleman raised some real concerns about the proposals and has obviously taken a lot of time to compile the results of his survey. That is why I am grateful for the opportunity to assure him that no decisions have yet been made about the configuration of services. Indeed, the proposals are still being discussed as part of the engagement exercise that I mentioned, and that is being undertaken locally. Any decision will be made only once formal consultation has been completed. That is expected to start later this year.

Dr. Naysmith: The Minister will have gathered from my earlier intervention that I like to think that the aim of the changes that are taking place in Bristol and the south Gloucestershire area is to make the whole health community, as she described it, more efficient and work more effectively. That means that there will be no loss of any clinical specialties that are currently there, but that they may be moved from one site to another. I understand much of what the hon. Member for Northavon (Mr. Webb) said and agree with a lot of it, but does she agree that the important thing is that patients in south Gloucestershire and Bristol as a health community end up with a much better service, irrespective of where the changes have to take place?

Miss Johnson: I am grateful to my hon. Friend for his comments. I can certainly confirm that there is considerable scope in existing arrangements for services to local patients to be much improved as a result of whatever changes are made to the existing configuration. The hon. Member for Northavon and my hon. Friend the Member for Bristol, North-West (Dr. Naysmith) will understand that there are various possibilities, all of which contain scope for improvement. We would not expect to see any loss of service at all from the changes.

To address my hon. Friend's point on the health economy and the need for balance in it, it is envisaged that the time scale in which the changes are likely to take place will take us beyond existing financial issues in the area. Those will be dealt with before those changes, as a precursor to them. The changes will not be a response to any financial deficit issues in the local economy, but are about considering with excitement the possibilities for

Mr. Deputy Speaker: Order. Hon. Members are, of course, of equal status, but they may have different experience in different ways. I do not want to get involved in a matter of debate—far worse things have been said in the House, and we can always seek to improve the standard of exchange. While I am on the subject, I want to hear less noise and more from the person who has the Floor of the House at the time.

Mr. Hawkins: We must examine what independent commentators say about what the Government are up to in trying to railroad the Bill through. I refer any hon. Members who have not seen them yet to the views expressed by the distinguished and senior home affairs correspondent of *The Daily Telegraph*, Mr. Phillip Johnston, on Monday of this week. In a well-observed column headed, "Now they want to abolish polling day", Mr. Johnston says:

"Surely this is a matter that requires all-party agreement. The electoral system is no more Labour's to tinker around with than is the constitution, whose ancient structures are being so casually dismantled in the name of 'modernisation'. Postal voting, while superficially attractive to politicians who think that we are all too bone idle to get off our backsides to go to a polling station, is wide open to fiddling, intimidation and fraud. It will mark the final disconnection between politicians and the electorate."

Mr. Johnston also deals with the canard that we heard at Prime Minister's questions earlier this afternoon, when an hon. Member suggested to the Deputy Prime Minister that postal ballots might mean fewer votes for extremist parties. As Mr. Johnston points out,

"The seats with the highest turnout in the 2001 general election were the three Northern Ireland constituencies where Sinn Fein candidates were elected."

Does not that give the lie to the suggestion that an increase in turnout means less support for extremists?

5.15 pm

Mr. Miller: To correct the hon. Member for Tatton (Mr. Osborne), I had a bigger turnout and a bigger absolute vote than the hon. Member for Surrey Heath (Mr. Hawkins).

Does the hon. Member for Surrey Heath agree that although the article from *The Daily Telegraph* is right inasmuch as the voting system is not Labour's to tinker with, it is for this House to make a decision, and this House must take precedence over the other place, where nobody is elected?

Mr. Hawkins: I simply disagree with the hon. Gentleman. We take the view that the whole purpose of having a bicameral legislature is to give both Houses of Parliament a role. What we dislike is this Government's attempt to change the agenda as it suits them. During the debate on the Bill on 16 December, the Minister said—not once, not twice, not three times, but about six times—that the Government would have a third postal pilot. The volte face took place as soon as the Deputy Prime Minister got involved and insisted that both the north-west and Yorkshire and Humber be included. The Government have been completely inconsistent for party political reasons connected with the Deputy Prime Minister's obsession with the forthcoming referendums on regional government.

Mr. Redwood: Does my hon. Friend agree that the Lords is particularly important when a strong majority party in this House wishes to twist or distort the constitution or the electoral system? That is when the minority interests and parties need a voice. I am delighted that the Lords will provide that; the Government should be ashamed that they will not.

Mr. Hawkins: I am grateful to my right hon. Friend: he is absolutely right.

We can rely on the Electoral Commission's firm view—despite the Minister's attempt to reinterpret it—that the north-west must be ruled out. The Electoral Commission is clear that it has not changed its mind from what it said in December or in January, and sticks to the reasons that it set out previously. That is why those in another place are absolutely right to continue to insist on backing the Electoral Commission. I am confident that in the end the Government will have to give up on this, because otherwise they will lose the Bill altogether. If they do, it will be entirely their own fault.

Mr. Clelland: My hon. Friend the Minister is right to resist the amendments, especially in light of the damage that has already been done to the Bill by the other House. The amendment requiring witness signatures, which will disfranchise thousands of people—mainly the elderly and those with communication difficulties—has been forced on the Government because the other place is using up time which, because of the approaching elections, this House unfortunately does not have, in order to defeat the Bill. Last week, the Select Committee on the Office of the Deputy Prime Minister interviewed manufacturers of electoral materials who are telling the Government that time is running out in terms of producing those materials. The House of Lords is using that situation to force amendments on a reluctant Government.

Much comment has been made about the unelected House having undue influence over a matter relating to elections and electors' rights. Some might say that that makes the case for an elected House stronger. I would argue against that, because one can imagine the situation if these decisions were being made by an elected House. It would be much more difficult for this House to get anything through at all—we would have this legislative gridlock time after time. The Government are right to go back to the drawing board on the constitution of the second Chamber. *[Interruption.]* One of my hon. Friends says, "Abolish them." I am becoming more attracted to that idea as the days go by. We need to consider the powers of the House of the Lords before we start to consider who should sit and exercise them. That is what should have been done in the first place. I hope that we will take this opportunity to do it and that we do not get into this ridiculous situation again.

Mr. David Heath (Somerton and Frome) (LD): Thank you, Mr. Deputy Speaker. That was a briefer contribution from the hon. Member for Tyne Bridge (Mr. Clelland) than I was expecting, but it was valued nevertheless.

These ping-pong episodes are among the most unedifying things that we do in the House. As I said when we last debated these matters, it is rare to hear any new arguments on these occasions. However, there is a new element this time, in the form of the letter from the Electoral Commission, which the Minister has chosen to misrepresent to the House, and whose contents he has chosen to ignore. [HON. MEMBERS: "Rubbish!"] Hon. Members may say "Rubbish", but I have the faculty of being able to read. No Member who has read the letter from the Electoral Commission can be in any doubt as to what its conclusions are, and that poses a huge problem for the Government. The Lords have not introduced a killer amendment to the Bill. All that they have done is to make the perfectly reasonable propositions that the Electoral Commission, which the Government set up in order to give advice on electoral matters, should be heard on this matter, and that the Government should not be able to ignore its advice when introducing electoral pilots. Indeed, "pilot" is an inappropriate word to use when the proposal involves nearly half the local authorities in England. That is not a pilot; it is half the country.

We have heard the absurd argument that it would be a disgrace to democracy if there were no all-postal ballot in the north-west. However, we are not told that it would be a disgrace to democracy not to have one in the south-west. We are told that such a ballot is essential in the east midlands, but not the west midlands. [HON. MEMBERS: "Pilots!"] We now hear the word "pilots", but the three pilots that the Minister asked for in the first place are no longer sufficient. The Government, in the form of the Deputy Prime Minister, have determined that he wants half of England to be involved, and that just happens to be the half that lies to the north of the Trent.

I do not understand why the Deputy Prime Minister is so adamant that he should use the majority in the House to push through an electoral reform against the consensus of the political parties represented in the House and against the advice of the Electoral Commission. There was a time when there was a pretence that the Deputy Prime Minister was not guiding this whole affair, but that pretence has been blown apart by the fact that the right hon. Gentleman has written to the Electoral Commission—we know not in what terms—and that he has had a rebuttal from it. The commission will not be persuaded that it should abandon its better judgment in this matter.

Having made a careful study of Yorkshire and Humber, the commission has said that its view has changed, and that it is now prepared to accept that Yorkshire and Humber is an appropriate area. Very well. If that is the case, I accept that as well. I have no wish not to extend this voting experiment to those areas in which it is suitable to do so. Let me tell hon. Members from Yorkshire and Humberside that I am now on their side, because they have the imprimatur of the Electoral Commission.

Mr. Watts: Is it Liberal Democrat policy that the Electoral Commission should be able to overrule the will of Parliament? Also, will the hon. Gentleman confirm that the view of the Liberal Democrat MEP, Chris Davies, is that postal voting is for lazy people? Does the hon. Gentleman believe that anyone who wants a postal vote is a lazy person?

Mr. Heath: No, I do not believe that. Frankly, it was an absurd thing for that Member of the European Parliament to say, and I wish he had not said it. Now that I have said that from the Front Bench, I hope that the hon. Gentleman will no longer try to use that argument in evidence against our party's apparent position. It is not the position of our party.

Mr. George Osborne: Will the hon. Gentleman give way?

Mr. Heath: In a moment. Let me answer one intervention at a time.

The role of the Electoral Commission is crucial when designing pilot schemes for innovative ways of voting. I would never have had a problem with the Government had they said, "We are not having a pilot scheme for this innovation. We will have a UK-wide all-postal ballot." I would have said, "Okay, let's have a go and see what happens in the European elections." However, that is not what is on offer. We have the absurd pretence that, somehow, the Government are doing as is recommended when we know that they are not and that this is appropriate for one part of the country and not appropriate for the rest.

Mrs. Browning: Does the hon. Gentleman agree that the Electoral Commission and its chairman are answerable not to Ministers but to the House? I sit on the Speaker's Committee on the Electoral Commission. The commission is called to our meetings to answer questions. If, as a member of that Committee, I discovered that the chairman had made a specific recommendation to the Government vis-à-vis fraud in the north-west and they had ignored it, they would be in very serious trouble with my Committee.

Mr. Heath: Let that be a warning to the Minister, because he is clearly going to be in trouble with the Speaker's Committee on the Electoral Commission.

Hyperbole apart, this is a serious matter. We are discussing this country's electoral system and that should command the respect and agreement, as far as that is possible, of the parties that are contesting those elections. It is simply not right that a party that has a majority in the House—owing to what I think is a corrupt electoral system, and certainly on a minority of the vote—can have its way irrespective of the views of the Electoral Commission that it appointed.

Mr. Leslie: I have two brief comments to make. First, I hope that the hon. Gentleman withdraws his point about the House somehow being based on a corrupt democratic system. Secondly, will he justify the use of the House of Lords in persistently overturning the will of the House of Commons?

Mr. Heath: Perhaps the Minister uses the House of Lords for his purposes; I do not use the House of Lords. I respect the judgment of those who sit in the House of

[Mr. Heath]

Lords at the moment, although I would like it to be reformed and given accountability through a proper electoral system.

I say that the system is corrupt because it does not reflect the votes that people cast, as the Minister perfectly well knows. That is why he can pray in aid a massive majority in the House won on a minority of the votes cast and say that it should overrule not only Conservative and Liberal Democrat Members of this House, but the other House, which he has chosen not to reform, as well as the independent body that was set up precisely—

Several hon. Members *rose—*

Mr. Heath: Many Members want to intervene, but I give way to the right hon. Member for Gateshead, East and Washington, West (Joyce Quin), because I think I did her a disservice during a previous debate in not understanding the details of the pilot scheme in her constituency. I apologise to her for that.

Joyce Quin: I am grateful to the hon. Gentleman, who did not realise that the pilots are different in different areas. In my area, there is no requirement for a witness signature. He has laid great emphasis on supporting the Electoral Commission, but is it not the case that last week the amendment from the other place, which he introduced and which was accepted, ran counter to the view of the Electoral Commission regarding the witness signature?

Mr. Heath: You would rule us out of order, Mr. Deputy Speaker, if we re-ran a debate on an amendment that has been passed into the legislation. *[Interruption.]* If I may, I will respond to the right hon. Lady. I am clear in my mind that the advice from the Electoral Commission was that we should have a pre-registration identity system. We have not yet achieved that. I understand from her what the pilot scheme in her constituency involves, which I did not understand before. I admit my ignorance on that. However, it does not alter the fact that for the generality of elections around the country, and for all those that would have lain outside the pilot regions in the election that we are debating, exactly the same system would have persisted. It does not therefore invalidate my argument, although I was incorrect in the detail, which is why I am happy to offer my apologies.

5.30 pm

Andy Burnham: I think that the hon. Gentleman was beginning to develop an argument that he would accept Yorkshire but not the north-west. Can he therefore confirm that the only outstanding case of electoral fraud ongoing in the north-west is against a Liberal Democrat in a traditional election opportunity?

Mr. Heath: I cannot confirm that, although I am sure that the hon. Gentleman is right, as he has a more intimate knowledge of electoral affairs in the north-west than I do. I have never used the argument used by others that the key issue in the north-west is fraud. My argument has always related to one of the basic criteria set down by the Government, not me, that given the complexity of electoral arrangements in the north-west and that so many local authority elections are involved in the north-west, it is not an appropriate pilot. That is what the Electoral Commission said about the north-west, and that is the position to which it holds.

The hon. Gentleman asked me whether my position was developing. In terms of identification of the regions, my position has always been that we accept the advice of the Electoral Commission, which originally proposed two regions, and has moved its position to accept Yorkshire and Humber. I am therefore happy to adopt that position today.

Andy Burnham: Is it not the case that the Liberal Democrats are singing two different tunes from one end of the Corridor to the other? The noble Lord Greaves has made great play of fraud in the north-west elections, which is why the Liberal Democrats have opposed this Bill down the other end of the Corridor. The hon. Gentleman is now advancing a different argument. Which is it? Clearly, there is no evidence of fraud in postal ballots in the north-west. To what are the Liberal Democrats opposed?

Mr. Heath: Again, the hon. Gentleman is referring to a previous debate. We are not talking about fraud today, because, I gently remind him, we have dealt with that issue. We are now talking about the selection of regions and only the selection of regions. The burden of our argument has always been that having set up an independent arbiter as to which region should be selected for a pilot and how many regions should be so selected, the Government are deciding that they know better than that independent arbiter, for whatever reason they wish to use.

Mr. Watts *rose—*

Mrs. Lorna Fitzsimons (Rochdale) (Lab) *rose—*

Mr. Heath: I have given way to the hon. Gentleman, but I will give way to the hon. Lady if she still wants to intervene on me.

Mrs. Fitzsimons: As someone who shares the hon. Gentleman's support for electoral reform, may I ask whether he will accept my fundamental disappointment at the way in which Liberal Democrats in this place and the other place have handled this issue? First, they are saying that voters in Rochdale are too stupid to understand how a postal vote system would work. Secondly, what is the difference between the Yorkshire local government system and north-west local government system if he is seeking to say that it is more complicated, we are too stupid and we cannot understand it? And thirdly, does he not understand that there is just a tinge of hypocrisy to allowing the argument to be advanced in the other place, but not advancing it in this place, thereby allowing those in the other place to do your dirty work?

Mr. Heath: The hon. Lady clearly did not listen to the reply that I just gave. We have had a debate on electoral fraud, which has now been resolved, and we are now

debating one amendment from the other place that deals only with the selection of regions. If she wants to say that accepting the advice of the Electoral Commission on Yorkshire and Humber in some way demeans or derides her constituents in the north-west, why are my constituents, who had an all-postal ballot at the elections last year, too stupid to have an all-postal ballot in these elections? Does she have an answer to that?

Mrs. Fitzsimons: The problem was pointed out by one of my hon. Friends earlier. It suited your purposes when you tabled an amendment—

Mr. Deputy Speaker: Order. The hon. Lady, in her excitement, is not using the right language. None of this has anything to do with the Chair.

Mrs. Fitzsimons: I apologise, Mr. Deputy Speaker. I believe that there is some confusion among the Liberal Democrats. Last week, when they tabled an amendment, they disagreed with the Electoral Commission. This week, they have decided that its recommendations are their bible. Which is it?

Mr. Heath: I am not going to keep replying to the same intervention ad nauseam. The hon. Lady really needs to talk to her hon. Friends about the internal contradictions in their own arguments. Then she can start talking to me.

Mr. Kevin Barron (Rother Valley): Will the hon. Gentleman give way? He said earlier that he would.

Mr. Heath: Oh, did I? Well, in that case I had better.

Mr. Barron: The hon. Gentleman just mentioned contradictions. Can he tell us why the Liberal Democrats accept the prospect of an all-out postal vote in the referendum that will take place in October, but do not accept the proposal for postal votes in the local government and European elections in the north-west in June?

Mr. Heath: Can the right hon. Gentleman explain to me why this is called the European Parliamentary and Local Elections (Pilots) Bill? That is the crux of the matter. As I have said more times than I care to remember, I would have understood the Government's logic if they had applied their proposals to the European parliamentary elections as a whole.

Kali Mountford: That is not a pilot.

Mr. Heath: Half of England is not a pilot. That is the problem with the Government's position.

Sadly, I do not think that we are making any progress. The reason for that is the Government's intransigence and incompetence. The proposal will now go to the other place, and a deal will be done. The Lords will accept Yorkshire and Humberside, or the Government will lose their Bill. Then we shall have the three regions that the Electoral Commission has identified as suitable, and the Government will have the three pilots that they said they wanted in the first instance. Why on earth could they not have said that here this evening? Because they want the Lords to take the blame for their incompetence.

Kali Mountford: I must start by agreeing with the hon. Member for Somerton and Frome (Mr. Heath). It is sad that we can agree on the fact that we are making no progress whatever. This House should be allowed to make progress, because this House has made its position clear. This House contains the democratically elected representatives of our constituents, and the other House does not. I should have thought that that was of some importance to this House.

That is important to this House because we are discussing how it should formulate elections for the future, and what will happen when we change an electoral system that has a direct bearing on its work, and a less direct bearing on the work of the other place. The line has been revealed by statements made in the other place. The Lords do not object to a pilot, or even to the number of areas included in the pilot; they are against postal balloting per se. Their main objection is to the fact that elections would be more convenient. What an absurd objection! It is absurd to suggest that a disabled person, a person who works very hard or a person who works different shifts should not have the right to a postal vote.

Incidentally, all those people can apply for a postal vote under the current system. As they can do that on an individual basis, with all the expense that that entails, why is it not sensible to think about what will happen when that convenience is extended to everyone, and the distortion caused by the requirement for applications is removed?

Andy Burnham: We have heard of the great experience at the other end of the Corridor. Is my hon. Friend aware that the Lords vote was carried by the hereditary peers? What right have they to advise any Member of this House, whatever his or her age, about electoral practice?

Mr. Deputy Speaker: Order. I remind both hon. Members of the precise terms of the amendment.

Kali Mountford: I will limit myself to saying how much I agree with what my hon. Friend has said, Mr. Deputy Speaker.

We must ask what benefit will accrue from the pilot, who will be included, and why this House should or should not take cognisance of what is said in the other place and what is said by the Electoral Commission. We are surely not saying in this debate that we should have government by commission. That would be absurd. It is for this House and this Government to take account of what advice the Electoral Commission gives, but then to make up our own minds on the value of that advice—with some of which we agree and with some of which we do not agree. It is perfectly sensible to say that we want the pilots to cover a larger area, and to include more circumstances against which we can check the outcome. The hon. Member for Somerton and Frome kept saying that half the electorate would be included in the pilot, but that is incorrect. If he cannot do his sums, he should look at the figures again. By my reckoning, 31 per cent. is not half.

Mr. Watts: I agree with my hon. Friend. Does she share my lack of understanding of how the Liberal

[Mr. Watts]

Democrats can support postal voting in referendums on regional government, but not in European or local elections? Are not those two stances at odds with each other?

Kali Mountford: It is hardly surprising that the Liberal Democrats are at odds on any issue. It is hardly surprising that they have hung themselves on a particular hook over the precise terms of this afternoon's debate. It suits them to forget the convenient arguments that they have used on other issues at other times. Nevertheless, let us examine what they have said. They have said that what is good enough for the goose is not good enough for the gander. I say that this gander will have its way.

Mr. Redwood: The proposal from the House of Lords is a modest and reasonable compromise, when the Government are trying to ride roughshod over minority party interests and the interests of anyone who wishes to see sensible reform at a steady pace. I do not speak as one who is against postal ballots in principle; in theory, they are very good. The problem is the practice, because there are a number of genuine concerns about whether such ballots can be administered fairly and well, without corruption, pressure, personation and all the other problems that any true democrat abhors.

It being one hour after the commencement of proceedings, MR. DEPUTY SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [8 March].*

Question put, That this House disagrees with Lords amendment 1D to Commons amendment 1C:—

The House divided: Ayes 308, Noes 185.

Division No. 109] **[5:42 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Ann *(Keighley)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Dawson, Hilton
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Follett, Barbara
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Keeble, Ms Sally
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan

Miliband, David
Miller, Andrew
Moffatt, Laura
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morris, rh Estelle
Mountford, Kali
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, Angus *(Moray)*
Robertson, John *(Glasgow Anniesland)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Ruane, Chris
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Thomas, Gareth *(Clwyd W)*
Thomas, Simon *(Ceredigion)*
Timms, Stephen
Tipping, Paddy
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watts, David
Weir, Michael
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wishart, Pete
Wood, Mike *(Batley)*
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Derek Twigg and
Mr. Fraser Kemp

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Evans, Nigel
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hermon, Lady
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Liddell-Grainger, Ian
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Marsden, Paul *(Shrewsbury & Atcham)*
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Sheerman, Barry
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'rns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter

Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Williams, Roger *(Brecon)*
Willis, Phil
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. David Wilshire and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

Lords amendment disagreed to.

Committee appointed to draw up a Reason to be assigned to the Lords for disagreeing to their amendment 1D to Commons amendment 1C; Mr. Nick Hawkins, Mr. David Heath, Mr. Christopher Leslie, Laura Moffatt and Ms Bridget Prentice; Mr. Christopher Leslie to be the Chairman of the Committee; Three to be the quorum of the Committee.—*[Mr. Jim Murphy.]*

To withdraw immediately.

A Reason for disagreeing to the Lords amendment reported, and agreed to; to be communicated to the Lords.

Equitable Life Inquiry

[Relevant document: the oral evidence taken before the Treasury Committee on Tuesday 16th March, on the Equitable Life Inquiry, HC 71-iv, Session 2003–04.]

Motion made, and Question proposed, That this House do now Adjourn.—*[Ruth Kelly.]*

5.59 pm

The Financial Secretary to the Treasury (Ruth Kelly): The House will recall that the origin of the Equitable Life inquiry carried out by Lord Penrose was the financial crisis experienced by the society in July 2001, when it closed to new business and cut policy values. The inquiry's terms of reference were to inquire into the circumstances of the Equitable Life assurance society, taking account of the relevant life market background, to identify the lessons to be learned for the conduct and administration of life assurance business, and to give a report thereon to Treasury Ministers.

Richard Ottaway (Croydon, South) (Con): On the lessons learned, the Financial Secretary will be aware that Lord Penrose found that regulatory failure was the fundamental reason for, if not the primary cause of, the company's financial crisis. Is it now Government policy never to consider compensation where there has been regulatory failure of any sort?

Ruth Kelly: If the hon. Gentleman were to acquaint himself in greater depth with the contents of the report, he would see that Lord Penrose says specifically that regulatory system failures failed policyholders in this case. He does not point to operational failure. However, I shall deal with that point later.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Further to the question from my hon. Friend the Member for Croydon, South (Richard Ottaway), can the Financial Secretary envisage any circumstances in which there would be a case for the Government to pay compensation to policyholders? Or would she rule out the payment of compensation in any circumstances that she could foresee?

Ruth Kelly: I have considered in great depth the contents of Lord Penrose's report. Lord Penrose makes no recommendation for compensation. He finds no instance of maladministration by the regulator, nor does he make any allegation of negligence by the regulator. The Treasury has also examined the contents of its report. We see no reason to think that the regulator was negligent or that there was any maladministration at any time while the society was being regulated by the Treasury or, indeed, under the previous regime.

Clearly, the Treasury cannot underwrite every business in the country. No regulator can ever provide a 100 per cent. guarantee against failure. However, Lord Penrose says that blame would have to be apportioned through the court system. He says:

"It was not for me to measure any person's actions against accepted standards of conduct defining the legal duties of other people performing comparable duties in other organisations and other similar circumstances."

He considers that

"Breach of duty, and the financial consequences of breach, are properly matters for the established courts of justice and for other appropriate tribunals in the financial sector."

That is not my analysis, but the analysis of Lord Penrose himself. He finds that, from the early 1970s, the society embarked on a growth strategy that resulted in the progressive financial weakening of the society, such that its ability to meet the long-term expectations of its policyholders was in doubt from the late 1980s onwards.

Lord Penrose describes how the company deliberately ran down its inherited estate and then, in the 1980s, moved into deficit to keep up bonus levels and win market share. According to Lord Penrose, sustained growth became an independent objective pursued with something approaching missionary zeal. He adds:

"Bonus policy became central to achieving the Society's marketing objectives"

and that

"the surplus published by the Society became a function of the desired level of bonus."

He outlines how, in 1973, the society introduced the concept of a terminal bonus and then, in the 1980s, progressively shifted the bonus mix away from annual guaranteed reversionary bonuses towards terminal bonuses, which were not covered by reserves. That allowed the society to inflate bonus levels to a level higher than available assets would have implied.

Mr. John Redwood (Wokingham) (Con): Does the Financial Secretary accept that the financial condition of Equitable Life was much worse in 1997, 1998 and 1999 than it was some years earlier and that that gave the regulators a much greater opportunity to intervene and take action to try to protect policyholders in the late 1990s than at any time earlier?

Ruth Kelly: I could quote from Lord Penrose's report on that point, but I shall quote from the independent authority of the ombudsman, who considered that specific period. She says:

"There is no doubt that in late 1998 the Treasury had briefed FSA in considerable detail about Equitable's weak regulatory solvency position and had indicated a possible need for the regulator to intervene . . . it is very evident . . . the prudential regulators' stated approach to their role . . . could not be criticised for a lack of concern about Equitable and the position of their policyholders nor could their approach in respect of Equitable be described as 'passive'."

Lord Penrose writes:

"By disregarding accrued terminal bonus, the Society was able to over-allocate bonus beyond available assets at market value, and in particular to make payments on claims that exceeded the relative available assets at the time".

By 1989, according to Lord Penrose:

"the Society deliberately distributed a high proportion of the available return for market-related reasons, and entered the 1990s with a negative estate accordingly."

The society was therefore unable to withstand the financial implications of the House of Lords judgment in the Hyman case.

Lord Penrose says:

"Superficially claims of £1.5 billion should not have brought down a society with funds of £32 billion."

Mr. John McFall (Dumbarton) (Lab/Co-op): My hon. Friend will know that Lord Penrose appeared before the Treasury Committee last week and said that the society was largely the author of its own misfortune. However, on the very point made by the right hon. Member for Wokingham (Mr. Redwood), I hope that my hon. Friend will be aware of Chris Headdon's interview on Radio 4 this morning, when he said that Lord Penrose did not find any evidence of concealment. She will also be aware of the financial reinsurance product—the side letter—that Chris Headdon had, of which the Financial Services Authority was not aware. Indeed, the FSA has said that, if it had been aware of the side letter, it would not have guaranteed anything with regard to the society. Does that not raise questions about a deliberate policy of concealment on behalf of the executive in Equitable Life?

Ruth Kelly: My hon. Friend makes some very interesting points. Of course it is not for me to comment on any action that may be taken by the FSA, the prosecution wing of the Department of Trade and Industry or the Serious Fraud Office, although he will be aware that Lord Penrose has forwarded his report to the SFO. Lord Penrose is clear that a unique situation was developing at Equitable Life. He states:

"The Society's uniqueness lay in the approach adopted by its management, not in the essential characteristics of its business."

With regard to the reinsurance treaty, Lord Penrose is absolutely clear as well that

"Those involved at the society were not in any doubt that a right for the reinsurer to cancel in those circumstances would undermine the regulatory value of the agreement."

Mr. Jim Cousins (Newcastle upon Tyne, Central) (Lab): Did the regulators not require the reinsurance provision, and was not the response of the people who then had control of the society to threaten to sue the regulators?

Ruth Kelly: Again, my hon. Friend makes an extremely valid point. Reinsurance treaties were granted relatively routinely, but he draws attention to, in effect, the difficult relationship that existed between the regulators and the society over quite a long period, under the stewardship of the FSA, the Treasury and, indeed, the DTI before that, particularly in relation to guaranteed annuity rates.

I should make it clear to the House that the Government sympathise with the plight of policyholders who have suffered not only much worry and distress over the past few years, but significant reductions in their expected income in retirement as a result of those issues. As I outlined to the House in my statement on 8 March, Lord Penrose finds that that weakening of the society was made possible by a culture of manipulation and concealment on the part of the company's previous senior management. The report details how executive management failed to keep the board fully informed about the true state of the company's financial position.

Mr. Mark Francois (Rayleigh) (Con): The Financial Secretary will be aware that hundreds of thousands of people around the country are suffering as a result of

[Mr. Mark Francois]

that extremely unfortunate situation. Those people acted in good faith and have done nothing wrong. What have the Government got to offer them, other than sympathy?

Ruth Kelly: The key conclusion to draw from Lord Penrose's report is not only the one to which my hon. Friends have pointed—

"Principally, the Society was the author of its own misfortunes"

as Lord Penrose says—but that, as he also says:

"If the proposals in hand for the future of the new regulatory regime are implemented and if they are effective in practice, the major criticisms of the earlier regulatory regime will have been addressed both in relation to the general approach to regulation and in relation to the particular issues arising from discussion of regulation of the Society."

So policyholders throughout the country, both in the society and in other life assurance societies, as well as in financial services more generally, can be reassured that Lord Penrose himself concludes that the FSA reforms introduced by this Government, which started in 1997, were the ones that have put the regulatory system on to a fair basis and that can address these issues.

Mr. David Ruffley (Bury St. Edmunds) (Con): Although Lord Penrose states that the society was the author of its own misfortunes, he goes on to say:

"Regulatory systems failures were secondary".

Does the Minister accept the proposition that a secondary cause can none the less be a significant issue? The fact that a cause is secondary does not mean that it is non-existent. Should not the Government take some responsibility for that secondary cause, which was a failure?

Ruth Kelly: I shall deal with the regulatory system failure in great detail later in my speech. Profound lessons for the House arise from Lord Penrose's report, and I am sure that when the hon. Gentleman reflects on its contents, he will also reflect on his role in these affairs.

Lord Penrose states:

"Substantial amounts of technical and financial information were provided to the Board . . . These failed fully to present the overall financial position of the Society, and in particular the risks inherent in the policies that were pursued in relation to bonus allocation".

He finds that

"the Board's understanding of the annuity guarantee issue was at best limited until the Autumn of 1997, and some directors may not have had any understanding of the position."

He also states:

"Arguably the first and most significant failure in this report lay at the heart of the Society . . . The Board at no stage got fully to grips with the financial situation faced by the Society: information was too fragmented, their collective skills were inadequate for the task, and there were no effective arrangements for ensuring that there was detailed examination of, and onward reporting to the Board on, actuarial reports."

Lord Penrose notes that there were

"executive directors with relevant actuarial qualifications but little or no relevant experience".

As for the board's non-executive directors, he notes that they

"were so wholly dependent on actuarial input from the chief executive/actuary that they were largely incapable of exercising any influence on the actuarial management of the Society".

Furthermore, he finds:

"None of the non-executive members of the Board had relevant skills or experience of actuarial principles or methodologies".

He states

"the non-executive directors generally had a poor understanding of the Society's developing financial position."

He goes on to describe the board as a

"self-perpetuating oligarchy amenable to policyholder pressure only at its discretion."

Mr. David Drew (Stroud) (Lab/Co-op): The issue of the role of non-executive directors is not limited only to Equitable Life. We have seen numerous reports on what needs to happen with regard to that role. Are the Government now looking seriously at the matter, not necessarily in terms of legislation or regulation, but to seek to find some arrangement with the City so that we can sort things out once and for all?

Ruth Kelly: My hon. Friend makes a good point. The Department of Trade and Industry recently discussed in the course of preparing the Companies (Audit, Investigations and Community Enterprise) Bill the respective responsibilities that non-executive directors should be expected to have. The Government are actively taking that issue forward.

Lord Penrose describes how the management also failed in its obligations to disclose full information to its own policyholders and to the regulators. He finds that the management of the society fixed on the differential terminal bonus policy as early as 1983, but did not inform policyholders for more than a decade. He says:

"The policy was not disclosed to policyholders by direct communication, in any way, until 1996 . . . Failure to disclose this intention must be regarded as a serious omission in communication to policyholders of relevant information about their prospective interests from at least 1988, and arguably from the time in the early 1980s that management first took that decision."

Even when the company decided to inform policyholders in 1996, it was done badly. Penrose states:

"Attempts were made to change expectations in 1996 and later years. These were ill-conceived, poorly expressed and confusing. The intimations to policyholders were generally uncommunicative."

As for the society's approach to the regulators in that period, Lord Penrose notes that Mr. Ranson, the appointed actuary from 1982, and both chief executive and appointed actuary of the company between 1991 and 1997, was "frequently aggressive" in his dealings with regulators, "dismissive" of regulators' concerns and "obstructive" of scrutiny. The regulatory returns were, Lord Penrose says, "opaque and uncommunicative", and

"failed to identify in value the growing guaranteed obligations that resulted from a combination of falling interest rates and lightening mortality."

Lord Penrose therefore argues that primary responsibility for the society's problems lies with the society and its former management, saying:

"Principally, the Society was the author of its own misfortunes."

Lord Penrose makes it clear that Equitable Life was unique. As I told my hon. Friend the Member for Dumbarton (Mr. McFall), Lord Penrose says:

"The Society's uniqueness lay in the approach adopted by its management, not in the essential characteristics of its business."

That unique management approach led to the fundamental weakening of the society, as its inherited estate was run down and ultimately became negative. Nevertheless, Lord Penrose's verdict on the regulatory system is perfectly clear.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Does my hon. Friend agree that the fact that the managing director, who directed the society, was also the appointed auditor led to a clear conflict of interest that should not have arisen?

Ruth Kelly: My hon. Friend is right that a conflict of interest arises in that situation. It is precisely to avoid such a conflict of interest that reforms to the Financial Services Authority have been introduced to remove responsibility from the appointed actuary and place it firmly on the board of insurance companies, where it should properly be.

Mr. Edward Garnier (Harborough) (Con): I declare an interest as a former policyholder with Equitable Life. I still have one school fees policy, for the good that it does me.

The Financial Secretary is giving us a précis of the Penrose report, which we can all read for ourselves, but she has not told us what the Government are going to do, having read the report. Will she do so, and if so, at what stage?

Ruth Kelly: I shall tell the House about the way forward very shortly, but I thought it important to expose the contents of Lord Penrose's report to the House, as he makes some profound comments about the operation of the regulatory regime before the FSA was set up.

Lord Penrose's verdict on the regulatory system is perfectly clear, as he says:

"the regulatory system failed policyholders in this case".

However, he adds:

"regulatory system failures were secondary."

He clearly states that it was

"the system that failed to provide the regulation that changing circumstances in the industry required, not that there was failure to implement what was fundamentally a satisfactory system."

He makes no allegation of maladministration or negligence against the regulator or individuals, and says:

"I do not pin the blame on individuals, who in the main have operated in good faith and to the best of their abilities within the system as they found it."

Nor does he suggest that any individual regulatory decision led to economic loss by policyholders. Specifically, he notes that

"it is not enough in this case to infer from the coincidence of systems deficiencies and loss that one caused or contributed to the other".

The House should reflect carefully on the lessons that he draws about the nature of the reactive and under-resourced regulatory system in place before 1997 and his key message that the regulatory system must be kept up to date to take account of industry developments. Lord Penrose states:

"It seems not unreasonable to suggest that those in control of any supervisory regime have a duty . . . to take steps to ensure that the systems of regulation that are in force and enforced remain relevant to the changing requirements of the industry."

Chris Grayling (Epsom and Ewell) (Con): The Financial Secretary is being careful to pin the blame on the regulatory regime before 1997, but is it not the case that in 1998 and 1999, after discussions had taken place in the Treasury and in the FSA about the financial viability of Equitable Life, Equitable Life salesmen were still visiting my constituents and selling them with-profits policies which ultimately caused them substantial loss? How can she therefore claim that all was well after 1997, after the reforms that her Government introduced, when palpably for my constituents that was not the case?

Ruth Kelly: As Lord Penrose himself recognises, it is not possible to introduce a fundamental overhaul of a regulatory regime overnight. If the hon. Gentleman cares to consult the Penrose report he will see that it states that

"the regulators persisted in a reactive stance in respect of PRE"—

that is on page 722 of the report at paragraph 215. I quote further:

"In day-to-day regulatory practice, officials operated within the constraints imposed by the existing system, and they had no alternative but to do so."

The regulatory regime was in the process of being overhauled.

As Lord Penrose says, the Equitable case argues strongly for a closer merging of

"prudential and conduct of business regulation"

and he says that while setting up the FSA

"the need for greater regulatory resource had been identified for the Treasury."

The House will no doubt be interested in the fact that whereas before 1997 there were 70 supervisors supervising 800 life companies, compared with 400 staff regulating 600 banks, that figure for the regulation of life companies has been doubled by the reforms that the Government introduced. The FSA has not only doubled the resources allocated to life insurance regulation, but significantly upgraded the personnel devoted to that task.

Today I want to concentrate on the way forward, drawing on Lord Penrose's conclusions on the lessons learned from his investigation. We are continuing the process of regulatory reform that we began in 1997, pushing forward in particular the specific changes in the life insurance sector that the FSA has in train. In addition, we are acting on Lord Penrose's suggestions

been suggested in this place and in the House of Lords that such ballots might have more to do with the convenience of the electorate than with getting the greater turnout that all-postal ballot pilots have already achieved. Let us have more democracy and participation, and less hypocrisy from the Opposition.

Q6. [163183] **Mr. Edward Garnier** (Harborough) (Con): What are the qualities that the Deputy Prime Minister looks for in a European Commissioner, and does the right hon. Member for Hartlepool (Mr. Mandelson) possess any of them?

The Deputy Prime Minister: I am sure that my right hon. Friend the Member for Hartlepool (Mr. Mandelson) would be well able to do the job, and the same is true of a lot of other Labour Members. I read in the press that I am backing certain people. The press have got it wrong again, but I do not want to get into personalities. The Labour Benches are so full of talent that the decision will be a difficult one for the Prime Minister.

Chris Ruane (Vale of Clwyd) (Lab): My right hon. Friend will be aware that the Department of Health has published a very important document today, entitled "Winning The War On Heart Disease." As chairman of the all-party group on heart disease, I welcome that document, but what extra measures can we adopt to ensure that we build on the successes that we have achieved to date?

The Deputy Prime Minister: I am pleased that my hon. Friend has drawn attention to that document, which points out that we are making some remarkable advances in respect of heart operations. That is welcome news, and to be fair, the Opposition spokesman on the national health service has also welcomed it, saying:

"No one welcomes those improvements more than I do. It is excellent news that progress has indeed been made".—[*Official Report*, 22 March 2004; Vol. 419, c. 597.]

We want to build on that progress, and I should have thought that Members on both sides of the House would take the view that the national health service does a wonderful job and that we want to do all that we can to improve it. We have made our position clear, which is that billions of pounds in resources have to be put into the health service, whereas the Opposition have decided that, basically, they want to reduce resources. That will provide a clear choice. I have often heard it said that there might be some more money for health and education, but I should like to see their proposals.

I concede that the Opposition have said that they would not subject health and education to the kind of cuts that they are prepared to implement elsewhere, but I shall wait to see exactly what that means. An £18 billion cut in the first two years of a Tory Administration would mean that nearly everyone would be open to such attacks. If the Opposition want to say that the cuts would affect only defence, housing and other such areas, then okay, let them be clear about it. But on health, we have the success story of winning the battle against heart disease. All Members will welcome the fact that death rates are down by 23 per cent., and our target is to deliver 6,000 extra operations one year earlier.

Court Papers (Wrongful Disclosure)

12.30 pm

Mr. Dominic Grieve (Beaconsfield) (Con) *(Urgent Question)*: Will the Solicitor-General make a statement on her Department's wrongful disclosure of court papers to the Minister for Children?

The Solicitor-General (Ms Harriet Harman): This question relates to the case of Re B, a minor, who was the subject of a care order on the ground that the child had been harmed by the mother, who was suffering from Munchausen's syndrome by proxy. The House will remember that I made a statement on 20 January after the Court of Appeal gave its judgment in the case of Angela Cannings. That was a criminal case where the mother was alleged to have been suffering from Munchausen's syndrome by proxy, but she was freed by the Court of Appeal.

The House will remember that I announced that we had set up a review to establish whether there were any other cases where the expert evidence had been central to the conviction and that such cases would be re-examined by the Director of Public Prosecutions and, if necessary, by the Criminal Cases Review Commission.

In answer to questions and expressions of concern about injustices that might have happened, not in the criminal courts but in the family courts, I told the House that the Minister for Children would be responsible for considering the implications of the Cannings case for cases involving care proceedings in the family jurisdiction. That statement in the House received widespread media coverage, which was understood by some to be an announcement that the Minister for Children was herself going to review individual family cases.

On 23 February, the Minister for Children made a statement to this House explaining that she was issuing guidance about how local authorities should proceed to review care cases where the basis of the evidence was expert testimony that the mother was suffering from Munchausen's syndrome by proxy. After the reporting of my statement to the House, I had a number of discussions with people raising the question of reviewing cases involving care proceedings. That includes, for example, discussions with some hon. Members and with the director of social services for Southwark, in my own constituency.

I was told by a solicitor, who happened to be my sister, that she was considering what action to take in respect of a client of hers who was seeking to challenge an order of the High Court taking the child into care. Part of the evidence had been that the mother was suffering from Munchausen's syndrome by proxy, about which I had been liaising closely with the Minister for Children. The solicitor in the case of Re B, a minor, sent me a copy of the High Court judgment, which I read. The names had been blanked out, so I did not, and do not, know the name of the child or the family. I simply looked at the court judgment.

I formed the view, on reading it, that it was likely to form the basis of a ruling by the Court of Appeal that could assist local authorities and others in understanding whether the issues raised in the Cannings case—a criminal case, of course—had any implications for care cases in the family jurisdiction. I thought that the Minister for Children should be aware of the judgment.

I understand that, subsequently, the Court of Appeal had itself notified the Minister for Children of the judgment in Re B, a minor, and offered to send her a copy of that judgment and all the papers, and invited her to consider whether she wanted to intervene in that case. It gave leave for the judgment and associated papers to be sent to her. Before I sent the judgment—without the names—to the Minister for Children, I sought legal advice from my office. I was advised that there was no prohibition on my doing so because the names had all been blanked out, and subject only to checking with the solicitor that there was no specific ruling in the case that prohibited disclosure. Having checked with the solicitor, I then sent the judgment to the Minister for Children.

When the local authority responsible for the care proceedings challenged my sending the judgment to the Minister for Children, the lawyer in my office who advised me reconsidered the question and decided that he probably was wrong, and that I should not have sent the judgment to the Minister for Children without a court order.

However, I can reassure the House that I acted on legal advice. I did not identify the child: I could not do so, in any event, as I did not know the child's identity. Also, in any event, the Court of Appeal subsequently asked the Minister for Children to consider whether she wanted to intervene in the case, and gave leave for the disclosure to her of all the papers in this case on 23 February.

Mr. Grieve: I thank the Solicitor-General for her statement, which has certainly helped to clarify what appeared in the press this morning. Does she agree, however, that it is an extremely unfortunate state of affairs when the Law Officers Department, which after all is supposed to advise the Government on the law, does not know the rules covering contempt of court and the confidentiality of documents? Does she also agree that, in such cases, it is not appropriate for Law Officers to pass responsibility on to those to whom they turn for advice, as their role and function must require them to take responsibility for their own actions in respect of documents that come into their possession? Will the Solicitor-General assure the House that the case is not another example of the gradual erosion of the principle of the confidentiality of documents, or of the Government taking the view that they have a right to anything that comes into their possession? That must be one of the inferences that could be drawn from how the documentation was handled.

A second question relates to the handling of cases involving Munchausen's syndrome by proxy under civil proceedings. The Solicitor-General will confirm that we were told that the matter would be reviewed by local authorities, according to guidelines set out by the Minister for Children. However, does not this episode highlight the fact that that system does not appear to be working properly? The Solicitor-General has, at least, intervened to pass documents to the Minister for Children that would allow her to intervene against a decision made by a local authority. Can the right hon. and learned Lady reassure the House about how the

[Mr. Grieve]

process is working in practice? Are there other examples of local authorities being unwilling to co-operate or to act according to the guidelines laid down by her and the Minister for Children?

These are important issues. I hope that the Solicitor-General can provide some proper reassurance.

The Solicitor-General: I am sure that I can give the hon. Gentleman that reassurance. It is not a question of not knowing the rules. I am very clear that I take responsibility for my actions in the case, and I remind the hon. Gentleman what the rules are. They state that it is a breach of the Children Act 1989 to do anything that identifies, or which would tend to identify, any child involved in any proceedings. I think that I have made it absolutely clear that it was not the case that I breached those rules.

Under the Administration of Justice Act 1985, a second prohibition prohibits some publications of proceedings in private. The question that arises at that point has to do with what constitutes a publication. The hon. Gentleman will know that that has been the subject of some considerable consideration by the courts. Therefore, this is not an open-and-shut case, in which the only question is whether the action taken was in breach of the rules. It is a question of how far the rules extend, but it is certainly absolutely clear that I was fully aware of the provisions of the Children Act 1989. I did not breach them and I did not identify the child involved.

One approach that I could have adopted, but did not, was to argue before the court that to send one copy of the judgment to a fellow Minister did not amount to publication within the meaning of the Administration of Justice Act 1985. That was an approach that I could have taken, but I left it. I am happy to accept responsibility, and I hope that I have made that clear.

The hon. Gentleman's second point concerned any erosion of the principle of confidentiality. There was no erosion of that principle, or of any other principle. The hon. Gentleman also made a wider point and implied that because I had discussions with my right hon. Friend the Minister for Children the system had not worked and that somehow I had intervened. The system did work. I became aware that a judgment by the Court of Appeal was forthcoming. As it happens, I took the same view as the Court of Appeal. It became aware that it was about to make a judgment that would have implications for the review by the Minister for Children. It thought that she should know about the case and it wrote to her. I became aware that the Court of Appeal was about to consider a case that might have implications for the review by the Minister for Children. I thought that she needed to know about it and, having taken legal advice and considered the legal issues myself, I sent her information about that case.

The hon. Gentleman would have more justification if he had said that on this important issue of the crossover between the civil and criminal jurisdictions, in cases involving Munchausen's syndrome by proxy, the left hand of Government does not know what the right hand is doing. One Minister considered the criminal issues and another considered the family issues. All such cases involve a lack of confidence in and a fresh consideration of Munchausen's syndrome by proxy and, therefore, the primary responsibility for the family jurisdiction lies with my right hon. Friend the Minister for Children. I thought that it was right that she should see the case, and the Court of Appeal thought the same, separately. On that issue, it was a case of great minds thinking alike.

Mr. David Heath (Somerton and Frome) (LD): I am grateful to the Solicitor-General for the clarity of her reply. It is a misfortune that the solicitor in the case in question is her sister, but let us set that aside. Let us also recognise that whatever she may have done in the court system is a matter for the courts, not for the House. We need to consider what the Solicitor-General has done.

I find it difficult to reconcile what the Solicitor-General has told us today—that the paper passed was an anonymised judgment—and what Mr. Justice Munby is reported as having said, which was that a Department had no right to see a family division file. He said that it needed leave from a judge to do so and found that a contempt had been committed in this case. I do not doubt the good intentions of the Solicitor-General in this important and difficult area of public policy. However, given that her ministerial responsibilities include civil litigation and advice on civil law matters, including charity and family law issues, and that her secretariat is intended to provide high-grade legal advice, it is a matter for concern that matters were got wrong in this instance, because that undermines confidence in her Department.

Does the Solicitor-General agree that wider issues still need to be resolved? I suggest that one is the quality of advice available to families who have been involved in a case of Munchausen's syndrome by proxy. It should be possible to gather information in a way that does not conflict with court rules to inform Government policy on the issue. She is right to say that we need an effective crossover between civil and criminal practice in that area. Does she accept that, in this instance, she did not choose the right way to go about it?

The Solicitor-General: The hon. Gentleman is right to say that Mr. Justice Munby says that a Minister has no right to see a family court file, but, of course, I do have the right to see family court files in some cases because I have a responsibility to intervene to assist the courts in family cases.

David Davis (Haltemprice and Howden) (Con): The right is limited.

The Solicitor-General: The right hon. Gentleman assists me by saying that the right is limited. Perhaps I can just make it absolutely clear to the House that I want to do my job properly. I want to assist with the administration of justice. I want to abide by the rules. I want to be absolutely clear that that is the case. Obviously, I shall consider how the different Acts of Parliament—the Children Act 1989 and the Administration of Justice Act 1985—and the different jurisdictions with which I have some involvement intersect. I will make the position clear, and perhaps that will assist the House.

The quality of the advice that is available to people who challenge care rulings in respect of their families is a matter for the Department for Constitutional Affairs and the Law Society.

On the point about gathering information, there is an issue about how we can discuss cases in principle and how the law is working in principle when there is an absolute prohibition on discussing the circumstances of individual cases, but that is a wider point about which the House has been concerned.

Mr. Gwyn Prosser (Dover) (Lab): My right hon. and learned Friend will be more aware than most of the excellent work that Sarah Harman—the solicitor in this case—has done over recent years. She takes on some of the most difficult and, frankly, unpopular cases. She is held in the highest esteem, not just in east Kent but right across the country. However, does my right hon. and learned Friend share my additional concern that Friday's judgment could effectively deny MPs access to papers and documents that could be crucial in their assisting with certain casework? Frankly, some of that casework involves the most difficult and sensitive subjects that ever come to visit us in our surgeries.

The Solicitor-General: I thank my hon. Friend for his comments about Sarah Harman, and I wish to take up the additional point that he raises, which is important for the whole House. There can be very few hon. Members on either side of the House who have not had a man come into their surgeries saying, "There has been an injustice. I'm not allowed to see my children." That is the background of the case, and it is what the court has said. There can be very few hon. Members who have not experienced a woman coming to their surgeries saying, "The council has got a court order to take my children into care, and this is wrong and an injustice." That happens regularly. There is a question about where the correct response lies because Parliament must perhaps provide an avenue, a safety valve, an opportunity for those who feel that they have suffered an injustice to come to speak to their MP. Perhaps that is the right position; or perhaps the right position is that, because of the laws that we have passed in the House and their interpretation by the judges, we should tell those constituents, "Don't speak to me about this. By speaking to me, you are in contempt. Please go away. I'm not even going to talk to you."

On the point raised by the hon. Member for Beaconsfield (Mr. Grieve)—I do not know whether he has had the opportunity to see the full judgment—we need to be clear exactly how the situation lies, so that we can protect the interests of children, the administration of justice in the family division and the opportunity for the House to be a safety valve for our constituents who feel that they have suffered an injustice, rather than seeing them dress up as Spiderman and climb up on to a crane.

Mr. Edward Garnier (Harborough) (Con): Is it not regrettable that the Solicitor-General thought it appropriate to refer us to the internal workings of her Department in mentioning another lawyer's advice? It is her advice as the Solicitor-General that is important, and not the internal advice that she may have received from her lawyers in the Department. She is here as the Solicitor-General and is accountable to us in that guise. Surely, the matter is all the more regrettable when one considers her involvement in the law of disclosure. She will remember, 25 years or so ago, the case of Harriet Harman *v.* the Home Office, which related to improper disclosure of documents. It seems to me that her conduct over the past few days in this matter, although understandable, is regrettable.

The Solicitor-General: The hon. and learned Gentleman raised the question of the case of Harman *v.* the Home Office, but what he omitted to say was that it was subsequently decided that I had not acted improperly. Perhaps I could remind the House, for those who cannot remember this case of 25 years ago, that it was decided I had not acted improperly in that case. I should like to set the record straight on that, in case anybody is putting two and two together and making five.

On the question of the internal workings of the Department, the local authority in question wrote to me and sought information about exactly what had happened prior to my being sent the judgment and after my having been sent the judgment. I responded to it, and copied this into the court. Having written to the local authority and sent a copy to the court, I do not think that it is right to give a partial version to this House. Therefore, I am giving the House the information in as full a form as that in which I gave it to the local authority and the court. It was in that spirit that I gave that information.

As former Law Officers will know, it is not at all unusual for Law Officers to take a preliminary view and then ask for a lawyer in their Department to give it further consideration. Indeed, leading counsel will often take a preliminary view and ask junior counsel to check it out. I am not resiling from or trying to shed responsibility—

Mr. Garnier: You are.

The Solicitor-General: No, I am not trying to shed responsibility. I am trying to explain the procedures. I hope that they will lead the House to reflect on and accept the fact that I acted in good faith and with due diligence, and that the interests of the child were not harmed, although there are some further issues that we need to consider in relation to the contempt proceedings and the relationship between Members of this House and our constituents.

Mr. David Kidney (Stafford) (Lab): I am sorry for any personal embarrassment that has been caused to my right hon. and learned Friend, as she does an excellent job in her post, and long may that continue. However, it occurs to me that the review of the criminal cases and the investigations of the decided family cases that are going on at the moment will put a lot of Departments and other organisations into a position of some conflict and doubt about whether to respond to the requests for information for the review and investigation, and about their duties under contempt of court rules. I wonder what the position is in terms of the Government requesting information or somebody else, such as the courts, giving some absolute advice to people so that that can be clear. Beyond that, I wonder whether this is

[Mr. David Kidney]

a passing phase to do with the investigations following the Cannings decision or whether, bearing in mind that the Children Bill has just started its progress in the other place, a more general application needs to be considered for inclusion in that Bill before it makes it on to the statute book.

The Solicitor-General: I thank my hon. Friend for his question. There are more general issues that need reflection and consideration. Whether they need a statutory amendment to children's legislation is not at all clear, but I think that further consideration is needed. He is right that we want to be sure that Ministers in other Departments and, indeed, Members of this House are in no doubt about the position when people come to see them, particularly if they have seen reports of such judgments. We do not want anybody to be in any doubt about whether they can carry out their duties by proceeding to discuss a case, or whether they would be in breach of contempt rules.

I hope that the House will find it helpful if I offer to consider how we think about clarifying the situation. It is an issue not only for Ministers, but for Members in general. Perhaps, as I am fully respectful of the long years of experience of the shadow Attorney-General, I will offer to consult him, and he can help us to ensure that we have an agreed position that everybody in this House can be clear about, as they should be able to feel certain of their duties to their constituents and their duty to obey the law.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Does the Solicitor-General accept the traditional doctrine of ministerial responsibility, under which Ministers are responsible for the advice that they take and are therefore obliged and have an incentive to probe, question and validate that advice? Or is she joining the long list of Ministers who seem to be enunciating a new doctrine under which, if the advice proves correct and successful, Ministers take responsibility, but if it does not do so, they invoke an official and point the finger at them?

The Solicitor-General: I have never been in any doubt—and I think that the Law Officers are in a particular position on this—that responsibility lies not with the adviser, even where that adviser is the Law Officer, but with the person who is taking the decision. In this case, the person who was taking the decision was me, and I take responsibility for it. I simply described to the House, in the way in which I described it to the local authority and the court, what the process was.

I want to be clear that I take responsibility for the actions that I took. There was nothing improper about the actions that I took. The court has no criticism of me or of the actions that I took, and I do take responsibility for them. I do not want the House to be left with the idea that my explanation of the background to my actions was somehow a denial of responsibility. I accept responsibility, and no harm was done.

One of the things that I would be very concerned about and would regret would be if the excellent work of the legal secretariat to the Law Officers, which has served Law Officers down the decades excellently and with a high degree of professionalism, somehow was criticised as a result of what has happened. The Attorney-General, Lord Goldsmith, and I value most highly the work of the legal secretariat of the Law Officers, which is recognised throughout the profession as providing the highest quality legal advice.

Vera Baird (Redcar) (Lab): Although I am rather late in the day, may I congratulate the Solicitor-General on the blow that she struck 25 years ago by breaking the barrier of contempt of court, which was a real obstacle to freedom of information in those days? I congratulate her on that and I am sorry not to have done so earlier.

May I also congratulate my right hon. and learned Friend on her wisdom in taking a second opinion and not relying solely on her own legal advice in making the decision? May I deplore the criticism that has been levelled at her when she has asked to come to the House and explain how the decision was taken? If she did not explain that she had taken advice and how it turned out, she would have been heavily criticised for not mentioning it. No doubt, she would also have been belaboured for taking the decision on her own. May I congratulate her, as she did absolutely the right thing?

May I express very briefly my sympathy with anyone who finds themselves in the complicated, multi-layered depths of contempt of court? It is often very hard to know where the public interest lies in that sector, and frankly that whole area of law needs urgent review.

Further to the comments of the hon. Member for Somerton and Frome (Mr. Heath), I have certainly seen a letter from the Law Society suggesting that it is considering writing to all its family practitioners inviting them to review their files to see whether there is a case to be brought out and put into this whole area of review. Is my right hon. and learned Friend aware that the Law Society is going to write to all family solicitors inviting them to submit cases for review, and is that being done with the encouragement of her Department or the Minister for Children?

The Solicitor-General: I thank my hon. and learned Friend for the points that she made. Issues have arisen around the edges of the case that require further review, and I am aware of those that the Solicitors Family Law Association and the Law Society have been looking at.

Rev. Martin Smyth (Belfast, South) (UUP): The Solicitor-General suggested that we should broaden consideration of the problem, particularly as a reference in the press suggested that a Member of Parliament could be in contempt of court if a constituent brings an issue to him. In reality, as she said, most Members of Parliament will deal with cases, from both men and women, which go on to the family division. I dealt with one case in which fighting had been going on for two years—not with the courts but with the evidence given by social services to the courts. Ultimately, a guardian ad litem was appointed for court proceedings, which confirms that the guidance I was given was correct. It is important that the right of the citizen to see their Member of Parliament as an ombudsman is maintained.

The Solicitor-General: I am sure that we all want to be reassured that citizens maintain the right to meet their Members of Parliament, tell them what has been going on in a case that affects their life profoundly and, if they want the opportunity, to protest to them and ask for something to be done. Of course, we all want to be absolutely clear that we are sticking to the letter of the law. I suspect that custom and practice operates when a Member writes to social services on behalf of a constituent, as the hon. Gentleman may have done, and asks for background to the case. However, if such information consists of issues that have formed the background to court proceedings that custom and practice may not be within the strict letter of the law. We have to be absolutely sure about that—we do not want to invite social services to break the law in communicating with MPs; we do not want to give comfort to constituents but at the same time breach the law; and we do not want to break the law in anything that we do in the House or debates. We need to discuss the issues of principle and we need to support our constituents. When we discuss those issues, it will assist us to have an understanding of the way in which the courts deal with those issues in practice.

Points of Order

1.3 pm

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): On a point of order, Mr. Speaker. This afternoon, in Prime Minister's questions, the Deputy Prime Minister accused the deputy Leader of the Opposition of hypocrisy. May I draw your attention to column 1603 of the *Official Report* on 10 March 2004? In a debate on the Justice (Northern Ireland) Bill, one of my hon. Friends was called to order by the Deputy Speaker for accusing another hon. Member of hypocrisy. I know that you wish to protect and uphold the rights of Back Benchers, and would not wish to have two sets of rules in the House for Front Benchers and Back Benchers. Will you therefore give a ruling on whether it is unparliamentary for one hon. Member to accuse another of hypocrisy, regardless of whether they are a Front-Bench or Back-Bench Member of Parliament?

Mr. Speaker: I always say to the House that temperate language should be used at all times, and it is unfortunate if it is not. Whether Members are Front Benchers or Back Benchers, all are hon. Members and are treated the same. I am sure that the hon. Gentleman knows that I have no fear about whether the Member concerned holds high office—they will abide by the rules of the House.

Mr. Peter Robinson (Belfast, East) (DUP): Further to that point of order, Mr. Speaker. In that case, the Back-Bench Member was asked to withdraw their comments, but today the Front-Bench Member was not.

Mr. Speaker: Perhaps the Deputy Speaker was more attentive than I was today, but the hon. Gentleman will know that Prime Minister's Question Time—whether questions are fielded by the Prime Minister or by the Deputy Prime Minister—is a heated time of the week and I have many things to watch out for. I would put it down to that.

Mr. Stephen McCabe (Birmingham, Hall Green) (Lab): Further to that point of order, Mr. Speaker. Is there not a distinction between referring directly to an hon. Member and accusing them of being a hypocrite, which you would rightly rule out of order, and making a general criticism that the Opposition's position is hypocritical?

Mr. Robinson: That is not the case.

Mr. Speaker: Order. Let me deal with the point made by the hon. Member for Birmingham, Hall Green (Mr. McCabe). I have been able to answer the other points of order. There is a distinction—he is quite right—*[Interruption.]* Order. I know what hon. Members are asking, and I think that I have given as good an explanation as I can.

Restricted Byways

1.5 pm

Mr. Robert Walter (North Dorset): I beg to move,

That leave be given to bring in a Bill to make new provision about establishing the existence of byways open to all traffic.

I want to make it clear at the outset that the Bill is not about banning things but about clarification of the law. Many in the House relish the countryside and its beauty. I have two areas of outstanding natural beauty in my constituency: the Dorset AONB and Cranborne Chase, and West Wiltshire Downs AONB, which also covers the constituency of my hon. Friend the Member for Salisbury (Mr. Key), who is present. My Bill is about co-existence in the countryside. I have been accused of being anti-biker and anti-four-wheel drive, but it is not my intention in the Bill to be anti-anything of that nature. I want to defend the rights of horse-riders, walkers, hikers, and genuine users of the countryside—people who have traditionally used it in certain ways, particularly those who have experienced peaceful enjoyment along green lanes, bridleways and footpaths.

There is still room in the countryside for people who want to ride their motorbikes and trailbikes, and who want to drive their four-wheel vehicles. Yesterday, I discussed the Bill with someone outside the House who asked, "What about the new souped-up tractors that people are driving in the countryside?" Some of the Bill's provisions will cover that, as it would create a framework for co-existence in the countryside.

The Government have already issued a consultation document on the subject, "The Use of Mechanically Propelled Vehicles on Rights of Way". I am delighted that the Minister for Rural Affairs and Local Environmental Quality is on the Government Front Bench, because I want to make particular reference to the fourth proposal in the document, which says:

"We propose to introduce legislation, which will make it no longer possible to establish the existence of a byway open to all traffic by reference to historic (pre-commencement) use by, or other evidence relating to, non-mechanically propelled vehicles"—

probably a horse and cart. However, it also says:

"We propose to do this by introducing a cut-off date after which (subject to certain exceptions) any unrecorded rights of way for vehicles shall be recorded as restricted byways in the definitive map and statement.

We propose that the cut-off date should be one year from the commencement of the new legislation."

The cut-off date is a problem, which is why I am moving the Bill now, rather than waiting.

In a letter that I received earlier this month from the leader of Dorset county council, Mr. Tim Palmer, he stated that he has forwarded to me a letter that he had written to a committee considering the consultation on opening a byway to all traffic in the county. He writes:

"You will see that all the evidence allowable under the current law is in favour of a byway"

open to all traffic. He goes on:

"Everyone is now looking to your Bill to give them a voice and to add to the clamour for a change in the law. One aspect you may want to cover is the retrospective review of existing byways. This is not allowed for in the Government's consultation paper. Because of this the TRF,"—

the Trail Riders Fellowship—

"4WD clubs etc are rushing to claim more byways before the legislation comes in. In addition we do need to be able to review the status of some ancient byways, national monuments like the Ridgeway and the Oxdrove through this constituency, both currently completely wrecked by swarms of bikes, quads and 4WDs."

This is not solely a Dorset issue. It has great support across the House. Early-day motion 380 dealing with the use of unsurfaced byways open to all traffic was tabled by the hon. Member for Bassetlaw (John Mann) and signed by 90 other hon. Members. It particularly mentions the Ridgeway. In my constituency, there is a bridleway—bridleway 17—emanating from the village of Cranborne. Last June I had to attend a public meeting in the village. The 300 people who had gathered were very concerned about bikers using the bridleway—not local people using it for their enjoyment, but people who had travelled almost 100 miles because it was considered a good place to ride their bike, particularly when it had been raining and the bridleway was rather muddy. There was talk of biking groups that came regularly from Bristol, Southampton and so on.

I know that my proposal has the support of the British Horse Society, the Ramblers Association and the Green Lanes Environmental Action Movement, but I also want the support of the Trail Riders Fellowship and an organisation of four-wheel drivers in my constituency called—perhaps slightly incorrectly—the Friends of Dorset Rights of Way, who have written to me on several occasions suggesting that we should find a form of co-existence.

So what will my Bill do? It will state that when a county council or other body responsible for rights of way is considering an application for a green lane, or whatever it is, to be designated as a byway open to all traffic, if the evidence is solely that 100 or 150 years ago the byway was used by a horse and cart, the council will be able to protect the rights of existing users of that byway—the riders and the walkers—as well as look after the access for farmers and for others to open spaces beyond the byway. The council should be able to protect the rights of the disabled, who may well need to use four-wheel drive vehicles to get to the open spaces beyond the byway.

The Bill would give the county council rights of way committee the powers to designate a byway as a restricted byway, and to consider the rights and responsibilities of those with mechanically propelled vehicles—the trailbikes, the four-wheel drives and so on—and to make sure that those rights are not jeopardised. Laying down specific rights should be a matter of local decision for local people exercised by their local authority. By creating a byway known as a restricted byway, we can balance the needs and rights of all the users of the countryside.

Question put and agreed to.

Bill ordered to be brought in by Mr. Robert Walter, Sir George Young, Jeremy Corbyn, Sandra Gidley, Mr. James Gray, Mr. Robert Key, Mr. David Drew, Mr. Anthony Steen and Mr. John Randall.

RESTRICTED BYWAYS

Mr. Robert Walter accordingly presented a Bill to make new provision about establishing the existence of byways open to all traffic: And the same was read the First time; and ordered to be read a Second time on Friday 16 July, and to be printed [Bill 80].

Opposition Day

[7TH ALLOTTED DAY—FIRST PART]

Post Office Services

Mr. Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister.

Mr. David Willetts (Havant) (Con): I beg to move,

That this House believes that all Post Office customers who wish to continue receiving their benefits, pension payments and tax credits through the Post Office should be able to do so through a Post Office Card Account opened at the counter of a Post Office or sub-post office; notes that the Government has encouraged Post Office customers to use their own bank accounts or basic bank accounts, whilst preventing the promotion of the Post Office Card Account; further believes that the Government should use the roll out of Direct Payment to encourage the take-up of all benefits and tax credits; calls on the Government to clarify urgently how housebound, disabled and older people who are not able to cope with the three direct payment options will be able to claim their pensions and benefits after 2005; recognises the significant role played by local post offices in both rural and urban areas; appreciates that ending cash benefit payments will deprive sub-postmasters of an average of 35 per cent. of their income; notes that this will make many post offices commercially unviable and is likely to lead to yet further closures; further calls on the Government to ensure that the urban post office closure programme is conducted systematically and only after consulting all relevant parties including Post Office users; and condemns the Government's failure to deliver benefits and tax credits in a simple, easy to understand manner while at the same time jeopardising the future prosperity of the Post Office.

The motion reflects a widespread belief not just among those on the Opposition Benches but in all parts of the House about the importance of post offices as part of the local community. We have deep concerns about the long-term viability of the post office network under the Government's approach. Those concerns were powerfully expressed by my hon. Friend the Member for Eddisbury (Mr. O'Brien) in the debate in the House on 13 January. That debate focused on the post office network and the importance of sustaining it and investing in it. Today I shall consider the post office network from the point of view of the people who use it—from the demand side, rather than the supply side. I shall consider the point of view of benefit claimants and the pensioners whom we represent, who wish to have access to a viable post office and to claim their benefits in a way with which they are long familiar and comfortable.

Although it is always good to see the Secretary of State in the Chamber, it is a great pity that she was not present for the debate on 13 January, which was about her responsibilities for support for post offices. Today, even though we are talking about services for benefit claimants, the Secretary of State for Work and Pensions is not present. I regret that, because I want to consider the crisis in our post offices from the point of view of those claiming benefits, many of whom are very unhappy with the Government's approach.

Mr. Patrick McLoughlin (West Derbyshire) (Con): May I tell my hon. Friend about Belper? Under the reinvention programme, which seems to be more like a programme of mass destruction, of the five post offices that were opened in Belper, four were closed. We were assured that the one remaining post office would be able to cope, but last week there was absolute chaos in it. When the Government made a commitment to allow people to collect their benefits, they did not say that they would make it impossible for them to do so—but that is just what they have done.

Mr. Willetts: My hon. Friend reflects the views of many constituents across the country who face practical problems that give the lie to some of the complacent assurances that we received from Ministers. The Trade and Industry Committee report "People, Pensions and Post Offices" contains powerful evidence about the scale of the problem that our post offices face and confirms why we are right to press for the right of people to choose how they receive their benefits. Paragraph 12 of the report states that the "old" system—the so-called old system—

"offered the choice between a bank or building society account or an order book for use at a post office to collect benefits and pensions. Direct Payment essentially offers the choice between a bank or building society account which may or may not be usable at a post office, or the Post Office card account, but not the order book. It is difficult to see that customer choice has, in practice, been extended significantly. Offering the full range of customer choice would entail allowing those who wish to persist with the order book system to do so."

The Opposition are committed to the order book system as an option not because we are retro or old-fashioned, but because we believe in choice. If there are millions of people in Britain, including many pensioners, whose choice it is to use such a system, why should the Government try to deprive them of the choice that they reasonably wish to exercise?

People are right to be wary of some of the options that are in front of them instead. I shall quote the experience of a constituent of mine—Mrs. Mortain, who lives in Havant—whose case I have heard about literally in the last few days; I have her permission to do so. She has been receiving her pension via her bank account, in exactly the way that Ministers are trying to encourage, but she has not received a bank payment for the past five weeks. They have suddenly ceased. She got on to the Pension Service and it told her that it is currently experiencing what it called

"a glitch in the system",

and that hundreds of others are affected.

The Secretary of State for Trade and Industry may not be able to respond to this, but I hope that in the winding-up speech of the Under-Secretary of State for Work and Pensions, the hon. Member for Gravesham (Mr. Pond), we will learn whether he is aware of problems in delivering pension payments into bank accounts, and whether my constituent is not alone and there is a glitch in the system affecting many others. It has reached the stage where the Pension Service is saying, "The only way we can get you the money is to issue you with a giro cheque that you can cash at your local post office." That will be the fallback when computerised payments to bank accounts have not worked. Is that not why so many pensioners do not trust the Government's assurances on payment in other ways?

Mr. Crispin Blunt (Reigate) (Con): That news will be of great concern to old people in Reigate, where three post offices have been closed—in fact, the latest one is closing on Saturday—and they are left with the main post office in Reigate, which is hosted by Safeway. Morrisons, which is taking over Safeway, has been quite unable to provide me with any reassurance that the post office will stay open. Meanwhile, the Post Office is pressing ahead with closing the branch in Holmesdale road. It is a dreadful state of affairs if it cannot guarantee to pay people their money. The reinvention programme should be stopped immediately until the matter can be sorted out.

Mr. Willetts: My hon. Friend is absolutely right. He rightly draws my attention to the fact that, given all the changes in the world of supermarkets at the moment—in my constituency, Tesco has just taken over our local one-stop shop—many of the established arrangements for post offices in such shops are in question. That is another source of uncertainty and instability. I hope again that we will hear from the Secretary of State about what steps she is taking given that significant communities—towns—face the uncertainty that my hon. Friend describes.

Gregory Barker (Bexhill and Battle) (Con): Does my hon. Friend accept that a great deal of insult seems to be added to injury when post offices are closed in the circumstances that he has just articulated, because of the mechanistic and formulaic way in which the Post Office goes about closing them? In Bexhill, three post offices have closed, yet when I have tried to make representations, I have received only a computer-manufactured letter, and even when errors in the reply have been pointed out, I have merely received a further computer-generated letter.

Mr. Willetts: My hon. Friend is quite right. One problem with the so-called consultation is that it is not real. Instead, we have something of which the Government have made rather a speciality: bogus consultation during which one never gets the sense that one is receiving a genuine, individual letter or that any response will be properly assessed by an individual. The Opposition wish to respect the views of the people whom we represent—the pensioners and the many people claiming benefits. We are in favour of choice and in favour of the customer. That is the philosophy that underpins our approach to the Post Office.

There is further evidence in the direct-payment statistics produced by the Department for Work and Pensions about what people prefer. They show the responses that it has had when it has invited benefit claimants to convert to the new payment systems. We see from the latest statistics that it has so far approached approximately 2.5 million pensioners, of whom 1.9 million have responded. Of those 1.9 million responses, only about 750,000 have said, "Here are my bank account details; of course you can pay my money into my bank account." Some 1.2 million people have said that they want a Post Office card account. Similarly, with regard to Jobcentre Plus, 2.5 million letters have been sent out, eliciting 1.3 million responses. Of those, about 800,000 have said, "Here are my bank account details", and 600,000 have asked for a Post Office card account.

The Department's latest statistics show that we have already had 2.5 million requests for a Post Office card account. The Government's limit was to be 3 million, and they have already received 2.5 million, so does the Secretary of State accept that their statistics are, first, evidence of a widespread preference for a Post Office card account rather than bank account, and secondly, very different from the Government's forecast? In the light of that clear evidence about what real people in the real world prefer, what is her new forecast for the use of the Post Office card account?

The evidence about people's preferences is even more powerful in the light of the clear bias at every stage in the system against people having a Post Office card account. Those people have expressed their preferences for Post Office card accounts despite every attempt by the system to push them in a very different direction.

Mr. Michael Weir (Angus) (SNP): Does the hon. Gentleman accept that, even after the initial stages, the procedure for obtaining a card account is complex and difficult for many elderly people?

Mr. Willetts: The hon. Gentleman is quite correct, and that is a point to which I will turn in a moment.

The evidence of the bias in the system that I was about to cite is from a report in *The Sunday Telegraph* of 7 March, in which a member of the DWP staff quoted an instruction received from head office, which is devastating evidence that the Government have not stood by their assurances that there will be equity and fairness in the system. The instruction states:

> "We need to pay most of these customers into bank accounts which cost 1p rather than into Post Office card accounts which cost up to 30 times more. You should be aiming to get 9 out of 10 new claimants (to use) bank accounts, with a small proportion paid through Post Office card accounts."

That was the aim set for benefit claimants. I hope that either the Secretary of State or the Under-Secretary will say whether that is an accurate record of instructions sent out by the Department.

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): Is the hon. Gentleman being disingenuous? Does he understand that people who seek work need to be job-ready, and that the Post Office card account, although it has many favourable characteristics, does not allow the payment of wages into it? Does he not, therefore, understand that it would be quite irresponsible for Jobcentre Plus to advise people to take out a Post Office card account, which would not leave them job-ready? May I underline the fact that the 3 million figure is not a limit on the number of Post Office card accounts? We have never said that there is a limit. If people want the Post Office card account, they can have it.

Mr. Willetts: Was the 3 million figure a forecast then? The Government themselves put that figure into circulation, so if it is no longer accurate, what is their forecast? Not only the Opposition but many people working for the Post Office would wish to know where

the Government think things now stand. Of course I accept the Minister's point about wishing people to be job-ready, but assurances have been given that the system will not be biased. Nevertheless, the evidence is that it is biased, and the Minister has just cited a reason why it should be so. That is a very different position from the one that they have taken so far.

Mr. Pond: The system is not biased. It is a matter of choice for the customer. Customers must know their full range of choices, and that is what we provide. It is not for the Government or the Opposition to tell people whether they should have a Post Office card account, a current account, a basic account or a building society account. It is for the customer to decide and it is our responsibility to ensure that they fully understand their options.

Mr. Willetts: It is, of course, for the customer to decide, and that is what we believe. Contrary to the claim made by the Under-Secretary of State for Work and Pensions, the hon. Member for Gravesham (Mr. Pond), that the Government allow the customer to decide, we all know that they are trying to push customers in one direction rather than the other. All we are asking him to do is to ensure that the Department of Trade and Industry and the Department for Work and Pensions stand by their assurances that all they are doing is extending choice. Conservative Members want to see fair and open choice, which is not available at the moment.

Mr. Owen Paterson (North Shropshire) (Con): Does my hon. Friend agree that the Minister is talking nonsense? I visited 28 post offices last summer, and I shall briefly quote three postmasters. The first said:

"The Benefits Agency is bullying people to change. The Government has not been fair."

The second said:

"The Benefits Agency has been very difficult. The forms are designed not to help."

The third said:

"The initial letters give a clear idea that customers must go direct. They are misleading. The bank section is deliberately put before the card section."

The Minister should apologise.

Mr. Willetts: My hon. Friend is absolutely right. His point is repeated by Labour Back Benchers in early-day motion 648, which was tabled by the hon. Member for Falkirk, East (Mr. Connarty). Many hon. Members support early-day motion 648, which recognises the problem—we can all see the problem, our constituents experience it and people who run post offices are concerned about it. It is not good enough for the Minister to come to the House and say that the system is fair and even—it is not, and that is the nature of the problem.

Mr. Nick Hawkins (Surrey Heath) (Con): One of the things that most concerns pensioners in my constituency, where Ash Vale Station and Mytchett post offices have closed, is that if they even inquire about the system, as a result of Government instructions, their inquiry is treated as a request for automatic payment. That is part of the Government's dishonesty. Does my hon. Friend recognise that one of the problems is that the Government are not putting any pressure on the many banks and financial institutions that will not allow cheques to be cashed at post office counters? Only three of the banks currently allow their cheques to be cashed in that way. Does my hon. Friend agree that all banks should allow cheques to be cashed at all post office counters, which would reintroduce footfall into post offices and help sub-post offices to survive?

Mr. Willetts: Both my hon. Friend's points are absolutely right. First, we are all concerned about the insidious process whereby people are pushed towards the bank account option rather than the Post Office card account at every stage. Secondly, Conservative Members do not want to subsidise post offices; all we want is people to enter post offices because that is the service they want to use. We seek increased footfall, which is the best way to ensure that as many post offices as possible are viable in the future.

Andrew Selous (South-West Bedfordshire) (Con): Is my hon. Friend aware that the Work and Pensions Committee visited the telephone call centre for the Pension Service last year? We were shown the script that the call centre operators use when new pensioners request a pension. The script made it clear that the Post Office card account is the last option. Does my hon. Friend think that it would be useful if the Minister were to ensure that a copy of that script is placed in the Library?

Mr. Willetts: Yes. I recall that that important point came up in the Select Committee, where my hon. Friend the Member for South-West Bedfordshire (Andrew Selous) does sterling work. Yet again, the evidence that the system is biased is building up. All we are asking for is fairness for the millions of people who want their benefit to continue to be paid at the post office, which is not too much to ask of the Minister.

Mr. Pond: The House will have noted the hon. Gentleman's statement that the Opposition do not want to subsidise post offices. Are the Opposition confirming their opposition to the Government's £2 billion investment in the post office network? I shall quote Postwatch research—the research was conducted on a small scale, but it was, nevertheless, conducted by Postwatch—to those hon. Members who suggest that the process is biased to encourage people in one way or another. The vast majority of pensioners said that advice from the customer conversion centre

"was given in a clear and unbiased manner".

Mr. Willetts: I began my speech by saying how much I regret the absence of the Secretary of State for Work and Pensions to answer on behalf of the benefits system, which is why we called the debate. The junior Work and Pensions Minister has intervened on me three times, but so far we have heard nothing from the Secretary of State for Trade and Industry. The Secretary of State for Trade and Industry did not turn up when we debated the issue from the point of view of the post office network, and now she is silent when we discuss the subject from the point of view of the claimant—instead, it is a Minister who has intervened.

[Mr. Willetts]

My response to the Minister's challenge is to examine the seven-stage process to open a Post Office card account, which clearly shows the bias:

"1. Wait for the letter from the Pension Service or the DWP saying your benefit will in future be paid direct.

2. call the helpline number on the letter and say you want a post office card account

3. the DWP then will send you a 'Personal Invitation Document' to open an account

4. This document must be taken to your local Post Office. They will give you an application form".

By stage four, one has obtained an application form.

"5. That application form must be filled in and handed back to the Post Office

6. The Post Office will then post you two letters—one containing your PIN, the other called a Pick Up Notice

7. The Pick Up Notice must be taken to the local Post Office to collect your card. The account is then activated."

That is not skilled mass marketing. The system has not been designed to be customer friendly in order to maximise people's opportunities to obtain Post Office card accounts. The process contains a set of bureaucratic hurdles that are designed to put off the millions of people who want to receive their payments at the post office.

Mr. Weir: The hon. Gentleman missed out a stage. After the form has been taken to the post office, one must obtain information from the post office to fill in on the original letter from the Pension Service, and return that letter to the Pension Service before the account is activated.

Mr. Willetts: I am happy to be corrected by the hon. Gentleman, and I apologise to the House for having made the system sound simpler than it really is.

Mr. Alan Reid (Argyll and Bute) (LD): The hon. Gentleman is right that it is difficult to open those accounts. I draw his attention to the fact that if an elderly person writes outside the correct box when they fill in the form, the whole form is rejected. As he says, the system is biased against the Post Office card account.

Mr. Willetts: The problems with the computer recognition system form a whole subject, and there have been many such cases. One gentleman wrote his sevens in the continental style—Conservative Members do not object to the continental method of writing seven—and the computer could not recognise them, so his benefit claim could not be processed, which is not a good way to operate.

Richard Burden (Birmingham, Northfield) (Lab): The hon. Gentleman may know that I am a member of the Select Committee that made some observations about the complexity surrounding the Post Office card account. Given what he said about order books, does he want to improve the Post Office card account or does he want to abolish it?

Mr. Willetts: I do not want to abolish the Post Office card account—we accept that we are too far down the track for that. We want a user-friendly system that allows people to choose a Post Office card account, which is a way to maximise footfall through the post office. In a moment, I shall turn to the important subject of the exception service, which is needed to supplement the Post Office card account.

Richard Burden: I want to clarify the Conservative policy. The hon. Gentleman says he wants to improve the Post Office card account system, but he has not said that he wants to return to an order book system.

Mr. Willetts: The Post Office card account does need to be improved, but I am also talking about the form that the exceptions service should take.

I intended to cite evidence from a range of charities about the problems involved in opening a Post Office card account, but so many of my hon. Friends have intervened with evidence of their own that I need not detain the House with it, save to quote Age Concern, which says in an appendix to the Select Committee report:

"We are concerned at the considerable hurdles that seem to be being put in the way of opening a POCA. One cannot simply go to a Post Office and open an account."

The Secretary of State must tackle that fundamental charge regarding the bias in the system.

Does the Secretary of State recognise the problems that particular groups face? We have all heard sad stories about the problems that many disabled people have experienced when using the new post office devices. It is a sad irony that the House is finally considering the draft Disability Discrimination Bill at the same time as the Government are introducing a measure that is the most hostile to disabled people, and in respect of which their interests and views have been least well considered, in many years of public policy. The Secretary of State knows about the problems, because the Government have already had to admit that the PIN machine will have to be changed. Some people find it difficult to reach the keypad and others—for example, blind and visually impaired people—find it difficult to manipulate. Will the Secretary of State tell the House where the redesign of the keypad stands and when we will see the user-friendly keypads in our post offices for which many disabled users are crying out?

The Secretary of State must deal with the problem of multiple users, which arises where, for example, claimants are housebound and receive support from carers and social services. In an ideal world, those people might have one carer or social services support worker who is with them all the time, but, sadly, it is not like that in the real world. Many of our housebound constituents face an ever-changing cast of support workers coming to their houses to assist them, which makes it very difficult for them to access the system that has been designed by Ministers and the Post Office. Citizens Advice says:

"Direct payment will bring few advantages to claimants who need someone else to collect their benefit for them, or to help them operate an ATM or pinpad. This is a significant issue that needs a solution".

It believes that in order to resolve such practical problems, the DWP should allow housebound people and those who cannot cope with a PIN to choose the

exceptions service as their normal method of payment and that it should be accessible for claimants who do not have a permanent collector.

I do not blame the DTI for failing to understand this, but I do blame the DWP—after all, it is responsible for delivering benefits and should understand claimants' needs—for failing to put up the Secretary of State to respond to the debate and for failing to ensure that such problems were tackled as the system was being designed. I am afraid that that has done much damage to the Department's reputation for understanding the needs of disabled or housebound people.

In response, the Government have proposed an exceptions service. I should be grateful if the Secretary of State could give us some reliable information about how that will work. So far, Ministers have failed to inspire confidence when offering us assurances about that. The Minister for Pensions sounded like Corporal Jones from "Dad's Army" when he told the Select Committee on Trade and Industry:

"The advice to people at the moment is do not panic."

I am afraid that that is not good enough as a piece of serious ministerial advice on how the new exceptions service will work. The only response to, "'Do not panic', says Minister" is, "Panic!". He advised people to hold on to their pension books and not to worry. He also said that the exceptions service is not being offered as a "fourth option"—in other words, that it is not an option for anyone dissatisfied with the other three options. Will the Secretary of State tell us more about who will be able to access it, on what terms they will access it, and for how long they will have to wait?

The Select Committee's report is highly condemnatory on this point. It states:

"It is clear from the evidence presented to us that the failure of the DWP to develop its ideas for the Exceptions Service in advance of the introduction of Direct Payments has led to uncertainty and confusion over the means by which some groups of disabled people will receive their benefits in future. At the very least, the Government should take steps to allay their concerns by making clear that claimants do have the choice of continuing to use order books until 2005 or until such time as the Exceptions Service has been developed."

There is widespread concern about this issue, and I hope that the Secretary of State will deal with it.

Standing back from this individual disaster, we see a wider picture of a catalogue of problems and failures going right back to the original decision in 1999 to abandon the Horizon project and go for this option instead. I think we all know what happened then. Ministers thought to themselves, "There is this hidden subsidy coming into the Post Office from the benefits system. We can save money by paying the benefits in a different way and we will remove the hidden subsidy for post offices." That is what they thought they were doing. Instead, they have ended up putting even more money into post offices than they would otherwise have had to, because they have taken away the footfall of benefits claimants, while finding that many benefits claimants are deeply distressed because they have been unable to continue with the reliable system for claiming their benefits. During those five years, the Government have not taken us forward—instead, they have managed to perform the extraordinary double trick of weakening our post offices and leaving many people who wish to claim benefits with a less adequate system than they had before.

This is a classic example of a failure of public policy; yet another example of this Government's failure to deliver; and, even more significantly, a failure to understand the needs of millions of people, especially elderly people, who wish to carry on being paid in the same reliable way. *[Interruption.]* The Under-Secretary of State for Work and Pensions is giggling. I have to tell him that it is no accident that this policy was decided in 1999. If we date it from the geological fault lines of this Labour Government, it is a classic "cool Britannia, modernising Britain" policy, which says, "Let's get rid of the old order books: we're going to have spanking new systems and gleaming new technology." It is a classic example of a policy cooked up by people who had no understanding of the views of disabled people or of pensioners. It comes from the time when the right hon. Member for Hartlepool (Mr. Mandelson) said that what he really thought about pensioners was that there was "no mileage" to be had from them, and when the chairman of the Labour party denounced them as "racist", then, as a final insult, as "predominantly Conservative". That is why they took no account of the interests of the many people using the post office, and that is why it is Conservative Members who are pressing for their interests today.

1.48 pm

The Secretary of State for Trade and Industry (Ms Patricia Hewitt): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"supports the Government's strategy to modernise the way benefits and pensions are paid, and to provide customers with a choice of accounts; welcomes the fact that with Direct Payment customers will still be able to collect their cash from the Post Office if they wish using a current account or basic bank account with Post Office access or the Post Office Card Account; notes the Government's plans for a cheque payment, cashable at post offices, for people who cannot be paid through an account; recognises that Direct Payment is a more modern, efficient and secure method of payment which will also help increase financial inclusion; welcomes the fact that more customers are now paid through an account than by order book without problems, including nearly six million pensioners; notes the previous government's attempt to introduce a Benefit Payment Card, which wasted millions of pounds of tax-payers' money; notes the fact that the Post Office had not until recently kept up with changes in customer demand and so had seen transaction volumes dropping and losses increasing; recognises the need for change and congratulates the Government for taking decisive action to help turn the business around; welcomes the record £2 billion investment in the Post Office network over a five-year period, including £450 million for the rural network and £210 million to modernise the urban network; and believes that this will help ensure a viable Post Office network that people will want to use."

I am delighted to join the hon. Member for Havant (Mr. Willetts) in a debate entitled "Post Office Services", and to respond to his opening speech. As Secretary of State, with the privilege of being shareholder on behalf of the public in the Royal Mail and in Post Office Ltd., I regard it as entirely appropriate that I should have this opportunity to respond to his increasingly absurd statements.

Let me first deal with the issue of benefit payments and the shift to direct payment that is taking place. The hon. Gentleman talks about choice. He appears to have ignored everything that has been happening about customers making their own choices over the past decade and more. For many years, well ahead of the

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decision by my right hon. Friend the Secretary of State for Work and Pensions to switch to making all payments by direct credit, more than half of benefit recipients were already having their benefits cash paid directly into their bank accounts.

Let me underline that point by saying that nearly two thirds of recipients of child benefit and nearly six out of 10 new pensioners already get their benefits paid directly into their bank accounts. Those claimants and customers are exercising choice, yet we heard nothing about them from the hon. Member for Havant.

Gregory Barker: The Secretary of State makes great play of the issue of choice, but where is the choice for my constituents who want to use a post office in their village, but find it closed?

Ms Hewitt: I shall come to post office closures in a moment, but if the hon. Gentleman will forgive me, I want to start with the issue with which the hon. Member for Havant started—benefits payments and the introduction of the Post Office card account. Let us remember that the Government of whom he was a member introduced their own plan for a benefit payment card. It was supposed to use the latest technology of the time, and it was part of a public-private partnership. When we came into office in 1997, we discovered that their benefit payment card programme was a shambles. It was well overdue, the technology was not working—because the programme was so overdue, that technology was also out of date—and the costs were overrunning.

We spent a year and a half trying to make that programme work. In the end, however, we decided that there was no point in rescuing that absurd out-of-date Conservative proposition for a benefit payment card. Instead, we invested the best part of £500 million in the Horizon platform—on which I shall elaborate in a moment—which forms the basis for universal banking, which is extending the benefits of banking and financial inclusion to millions of people.

Mr. Steve Webb (Northavon) (LD): If the right hon. Lady wants to extend universal banking to all people, why cannot the job-ready unemployed have their wages paid into one of those accounts?

Ms Hewitt: Because the card account was never designed to do the entire job of a bank account. Basic bank accounts and regular cheque accounts are available for people to have their wages paid into; the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Gravesham (Mr. Pond) has already dealt with that point.

Mr. David Drew (Stroud) (Lab/Co-op): I am sure that I was not the only Member who went to see ICL to talk about the Horizon system, which came out of the ideas of the previous Conservative Government. When I did so, ICL made it clear to me that the system was full of capability but was being underused. It was also made clear that there was a need to invest in it because it was going to be the saviour of the Post Office. Will my right hon. Friend point out to all concerned that that was the clear message? The Opposition do not seem to be able to remember that.

Ms Hewitt: My hon. Friend is right, and I am grateful to him for making that important point. Thanks to the investment and the decisions that we have made, the Horizon platform and the automation of the post offices have now modernised post offices to enable them to offer new banking services to millions of customers who did not previously use the post office. That is extremely important.

We are now phasing out the order book system. It is out of date, and it uses systems that, frankly, belong to the era of the ration book. It is inefficient, costly to administer, and open to fraud and abuse. That is why we were right to decide to phase it out and extend benefit claimants' choice, which includes maintaining and strengthening choice for claimants who wish to get their benefits in cash at a post office.

Mr. Stephen McCabe (Birmingham, Hall Green) (Lab): As my right hon. Friend said, the order book system is open to fraud and abuse. Will she confirm that 100 pensioners a week have their order books stolen?

Ms Hewitt: My hon. Friend is right—and that is a disaster for the individual pensioners who are robbed, with all the distress that that entails. It is also enormously costly to the taxpayer, who has to foot the bill for this kind of fraud. I would have expected the hon. Member for Havant, who is so against waste and inefficiency in the public sector, to support rather than oppose our efforts to get rid of a system that makes elderly people and taxpayers vulnerable.

Our commitment to financial inclusion, universal banking and the introduction of the Post Office card account has been welcomed by Citizens Advice, Mind and Help the Aged. Indeed, Citizens Advice's excellent recent study on financial inclusion stated:

"The government, the banking industry and the Post Office should be commended for the progress they have made in establishing Universal Banking Services. The ambition to enable all people to own the most basic of financial services—a bank account—is one we share."

I commend Citizens Advice on the way in which it has helped us to put universal banking in place.

Mr. Blunt: I am pretty certain that, having seen the post offices at St. John's, Lesbourne road and now Holmesdale road close, and with a threat hanging over the main post office in Reigate, Citizens Advice and Help the Aged would be less than impressed by the accessibility of post office services to the elderly in my constituency. Those closures are happening at exactly the same time as the Government are going through the automation process. The conjunction of those two things, plus the £50,000 incentive to sub-postmasters to take their businesses out of service—which places them in an impossible position—is causing a collapse in the availability of services in Reigate and elsewhere. It was the concern about all those issues that generated the petition that was presented to me by hundreds of my constituents this morning.

Ms Hewitt: I am not surprised that the hon. Gentleman and his party want to go back to the days of

the Conservative Government, when post offices were closing in their hundreds and thousands in an entirely unplanned and unmanaged way, partly because, with fewer customers cashing benefit cheques at post offices, it was simply not possible for sub-postmasters to make a decent living. I am not sure whether the hon. Gentleman is suggesting that people should be forced to carry on in businesses that are no longer viable.

I shall return to the issue of urban reinvention in a moment, but I want to deal first with the series of allegations made by the hon. Member for Havant about the alleged difficulties involved in opening a Post Office card account. He made great play of the difficulty of the process, the seventh and eighth steps and all that nonsense. Let us be clear: there are three steps that individual claimants need to take. First, they ring the customer conversion centre. I looked extremely carefully at the script to be used there before I approved its use, to ensure that it was neutral in its presentation of the options. Secondly, they discuss the options. Thirdly, if they want to open a Post Office card account, they wait for their personal invitation document to arrive and they take it to the post office branch, where they get and complete their application form. They then send those account details back to the Department for Work and Pensions.

Andrew Selous: It is my recollection—and that of the Chairman of the Select Committee—that, when the Committee visited the new pension call centre, we found that the script was not neutral on that matter, and that the Post Office card account was very much the last option. Would the right hon. Lady agree to place that script in the Library of the House?

Ms Hewitt: I do not agree with the criticisms of the script that have been made by members of the Select Committee, but I should be happy to place it in the Library. I shall do so in the knowledge that Postwatch, which conducted some small-scale research with actual customers, has reported that almost all the pensioners to whom it spoke felt that the advice given by the customer conversion centre

"was given in a clear and unbiased manner".

Most of them described the DWP customer information material as being of "good quality", and most of the people ringing the centre had their questions answered satisfactorily. Most of those who had rung the centre to open a card account felt that the information that they had been given was "clear and unbiased", and most did not feel that staff were seeking to persuade them to choose one option over any of the others.

Mr. Paterson: I am amazed. Has the Secretary of State talked directly to any postmasters? As I said in an earlier intervention, I have visited 28, and every one said how difficult it is for people to apply for cards. I can tell my hon. Friend the Member for Havant (Mr. Willetts) that the National Federation of Sub-Postmasters would say that he underestimates his case. It says that there are 22 steps in the process of getting a card. When I visited the Minister for Energy, E-Commerce and Postal Services, taking a delegation of postmasters along, it was explained clearly to him that those who manage to get through that thicket of measures do so only with the specific help of the postmaster himself. I urge the Secretary of State to come to North Shropshire to visit some postmasters.

Ms Hewitt: The position of Conservative Members becomes more and more absurd as they keep inflating the number of steps that supposedly need to be taken. Let me stress to the hon. Gentleman that about 2 million Post Office card accounts have already been opened. That scarcely bears out the absurd allegations being made about how we are biasing the system, driving people away from the Post Office card account and making it impossible for anyone to open one. That is complete nonsense.

Mr. Willetts: The Secretary of State calls those claims absurd, but all Opposition Members know how true they are. Is she saying that the National Association of Citizens Advice Bureaux is absurd when it reports that

"clients who want to open a Post Office card account feel that there are obstacles placed in their way . . . We consider that this process acts as a barrier to opening a card account, particularly for vulnerable people"?

That is what NACAB is saying, and that is what we all know to be the case. Why does the Secretary of State continue to deny what everybody knows to be true?

Ms Hewitt: I am going by what customers have told Postwatch and, more importantly, by the fact that about 2 million people have opened a Post Office card account. The eventual number of card accounts is expected to exceed the original operating assumption of 3 million; none of that is evidence that people are finding it hard to open an account.

The hon. Member for Havant also raised a number of important issues involving people with disabilities. The first to be raised, quite properly, was the problems that people who are blind or have difficulty in seeing have in using personal identification number pads. That issue has been recognised by the Post Office, which has already improved the PIN pad by putting a key guard over it to make it easier to use, and adding a dot to the No. 5 key. The Post Office is working with the Royal National Institute of the Blind to make further changes to the PIN pad to make it easier for that group of customers to use the system.

Mr. McLoughlin: Why was it necessary to make those changes? Why were those things not thought of in the first place?

Ms Hewitt: I agree that it would have been better if the original PIN pad had been designed with full regard to the needs of people with different disabilities. The technology is still developing, and was not available at the right price and at the right time when the service was introduced. It is being introduced now, and I pay tribute to the RNIB, which not only raised the issue, but has helped the Post Office to resolve those problems in a practical way, as we readily acknowledge.

The hon. Member for Havant also asked about people who are housebound. I think that he accepts that there is no problem for those with a regular carer who use a Post Office card account, because they will have their own PIN number. However, housebound people may have different people caring for them in different

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weeks. Of course that is a problem: under the existing system, the claimants can simply sign an order book counterfoil, which provides great flexibility, but I am afraid that that practice is wide open to fraud and abuse. We are saying that where claimants need people to collect their money for them, they will, for the time being, simply continue to use their order book while we work with the various organisations to design the exceptions service.

The exceptions service will be based on a cheque system, which will be much more secure than the order book system. It will be introduced and available from October this year, in plenty of time for the ending of the order book system in May next year. I am delighted to say that, exactly as we would expect, my right hon. and hon. Friends at the Department for Work and Pensions and their officials have been working extremely closely with Citizens Advice, Help the Aged and many other groups representing vulnerable customers to ensure that there is full understanding of the needs of different vulnerable groups that cannot have their benefits paid directly into an account. That new system of payment by cheque will all be in place to ensure that there is no trouble in getting benefits for those vulnerable claimants.

Mr. Drew: Does my right hon. Friend agree that it would be useful to give Members a full briefing, given that people are likely to question us on how the system will work? Before the system goes live, will she arrange for us to see how it will operate?

Ms Hewitt: That is an excellent suggestion, and my right hon. Friend the Secretary of State for Work and Pensions and I will ensure that such a briefing is provided.

The successful introduction of the Post Office card account is only part of a much bigger—*[Laughter.]* They are very slow over there this afternoon. *[Interruption.]* The card is extremely successful—about 2 million people have already opened a Post Office card account, because they have decided that that is what they want. However, that account, which many Opposition Members said would never see the light of day—let me remind them of that—is part of a much bigger programme of universal banking. Thanks to the £500 million investment in the Horizon platform, the Post Office can become the high street bank for millions of other bank customers.

The Post Office is providing banking services on behalf of the Alliance & Leicester, Barclays, the Co-operative bank, First Direct in Scotland, Lloyds TSB and two internet banks—Smile and Cahoot. Customers of all those banks, with their ordinary bank accounts such as cheque accounts so on, can get cash at post offices free of charge.

Mr. Alan Reid: The Secretary of State knows that she has not mentioned any of the three main Scottish banks, which means that pensioners and benefit recipients in Scotland do not have the same choice as those in other parts of the country. What progress is she making in negotiations with the three main Scottish banks to reach agreement with them?

Ms Hewitt: I am happy to say that the Scottish clearing banks and other major financial institutions, as well as those I mentioned, already provide access at post offices. Those services—for instance, access to a basic bank account—were launched on schedule on 1 April last year. Access to the other current accounts—the cheque accounts—is a matter for commercial negotiations between the Post Office and the various banks.

My point is that because of our investment in it, the Post Office can offer that service to all the commercial banks, and therefore to all their customers. It is involved in those negotiations at the moment. I have repeatedly urged all banks to provide all their customers with access to their various accounts through the post offices, but obviously that is a commercial decision for the individual banks.

The result of that programme of investment and universal banking is that there are 20 million current account customers—not Post Office card account customers, but current account customers—who can use the new electronic systems and undertake banking transactions at Post Office branches. The result of that is that since April last year there have been nearly 25 million banking transactions at post offices. That is a huge success story, which the hon. Member for Havant completely ignored. That is why Citizens Advice welcomed this expansion of banking at post offices. It is a significant step forward in financial inclusion. Above all, from the point of view of this debate, it brings more people into post offices and gives sub-postmasters a new source of revenue.

Mr. Paterson: How much income has the Post Office lost through the changes in the card payment system and how much income will be replaced by the new banking arrangements on which the Secretary of State and her colleagues—as was repeated to me when I saw the Minister for Energy, E-Commerce and Postal Services—are hanging so much?

Ms Hewitt: Sub-postmasters have seen a reduction in their income from benefit payments over the last 10 years and more, for the reasons that I set out earlier, as customers have moved away from that. The choice to which the hon. Gentleman is not willing to face up was to enable the process of customer choice and seize the opportunity to have a much more efficient and fraud-proof system of paying benefits, and to make post offices attractive to customers through expanding their range of products, such as financial services and so on. Alongside the decline in income from benefit claimants, we are seeing an increase, which will continue, in income from other sources, such as home insurance, travel insurance, travel exchange products and so on. All of those are hugely popular with sub-postmasters, and all provide the prospect of continuing increases in new sources of income.

Mr. Weir: The Secretary of State's vision of an integrated post office and banking system is impressive, but does she accept that there is a problem in many rural

areas, because over the last two decades many banks have pulled out of rural areas and closed small branches? I cite the case of Friockheim in my constituency, where the last bank closed a few years ago. The post office has now closed, so there is neither a bank nor a post office to enable people to use any of those services.

Ms Hewitt: The hon. Gentleman makes an important point. It is perfectly true that many of our rural communities no longer have a retail outlet, bank or post office, because none was commercially viable. I shall refer in a moment to the investment that the Department has been making to prevent all avoidable closures of rural post offices and our work with the Department for Environment, Food and Rural Affairs to try to expand in new ways the availability of services for people in rural communities.

Mr. Paterson: Will the Secretary of State give way?

Ms Hewitt: No, I want to make progress.

I want to underline the point that there is still a view, which I regret that some sub-postmasters share, that the only way to keep post offices viable is somehow to force customers to use them by maintaining an out-of-date order book system that gives those customers no choice at all about where they get their cash. That is not the way forward for our sub-post offices. I am glad that, in its evidence to the Select Committee, Age Concern said:

"Although we are aware that a number of organisations"—

it may have been referring to the Conservative party—

"and individual sub post masters are promoting the POCA on the basis that this is the way to save the post office network, Age Concern does not subscribe to this view."

Nor do we.

That brings me to the second set of issues raised by the hon. Member for Havant and other Opposition Members, about the number of local post offices and the restructuring. We want a viable national network.

Mr. McLoughlin: Will the Secretary of State take this opportunity to apologise to the constituents of those Members who raised cases with the Minister for Energy, E-Commerce and Postal Services the last time that we debated this subject, when we said that the consultation process was a sham? He assured us that it was not. The "Westminster newsletter", which was sent out by the Post Office after he made his announcement on 5 February, referred to new developments, one of which, it said, guaranteed that the Post Office will

"not make a decision until after the public consultation period"

The Minister of State's statement included the following provision:

"No contract binding on Post Office Limited is signed before the public consultation process has ended."—[*Official Report*, 5 February 2004; Vol. 417, c. 50WS.]

That meant no binding closure on that particular post office. That proves the point that many of us made before 5 February—the whole consultation period was an absolute sham.

Ms Hewitt: I am not sure whether the hon. Gentleman is complaining that my hon. Friend the Minister responded to the concerns raised in that debate and took full account of all the individual complaints that have been brought to him. As a result of individual complaints, where the process has apparently not been followed as it should have been, he discussed matters with David Mills, the excellent chief executive of Post Office Ltd., and put in place stronger measures to ensure that in every case, and in every part of our country, the consultation process is properly followed and the area plan is finalised only after that consultation has been finished.

Mr. Stephen O'Brien (Eddisbury) (Con): To be absolutely clear, is the Secretary of State saying that she is grateful to Her Majesty's official Opposition for the debate on 13 January, which highlighted issues on which we were supported by Members across the House, not one of whom was in favour of the Government? Do not the Opposition therefore deserve thanks for having prompted the Government to take the right decisions, which then came forth in the Minister of State's statement?

Ms Hewitt: I am congratulating my hon. Friend, who is an excellent Minister, on taking account, as he always does, of constituency issues raised by Members on both sides of the House. I should have thought that the hon. Gentleman would have been less churlish on that point.

Mrs. Patsy Calton (Cheadle) (LD): I thank the Secretary of State for her answer. There is one group with a particular problem—those for whom the network reinvention programme and the so-called consultation and decision-making processes were already under way. It is no comfort to my constituents or those of other hon. Members to find that their consultations were so flawed that matters would be put right in future but that closures would go ahead as was clearly planned from the outset in their constituencies. Why has the Minister failed to put a halt to those processes?

Ms Hewitt: I am sure that that is a point on which my hon. Friend the Minister of State has had discussions or communication with the hon. Lady. If not, I shall ensure that he does so.

Let me stress the need for a planned reorganisation of the post office network. In the previous financial year, Post Office Ltd., not the whole of the Royal Mail, made losses of £194 million before exceptional items. In the year before that, it made losses of £163 million, and the half-year results that have just been reported show significant losses again of £91 million. What has been happening over many years is a process of completely unplanned post office closures. Indeed, the Conservative party presided over 3,500 post office closures during its period in office.

As a result of such unplanned closures, as sub-postmasters gave up the unequal struggle of trying to make a living out of too few customers, we ended up with a pattern of provision that had no basis in rational response to what customers needed. Let me give the House the example of my city, in which one post office branch, in the constituency of my hon. Friend the Member for Leicester, South (Mr. Marshall), has 12

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other post offices within a one mile radius. Indeed, it has 15 others within a radius of 1.1 miles. That is an impossible situation, in which none of the sub-postmasters can make a decent living, none can afford to invest in their shop or post office to make it more attractive to customers, and all are chasing and competing for a hitherto dwindling band of customers. Before the Post Office began its urban reinvention programme, more than 1,000 urban post offices had at least 10 others within one mile. Either we allow that to continue and let the decline go on—which is what the Conservatives were doing, and presumably would still do today—or we face up to difficult decisions and invest to ensure a planned restructuring of the network.

The problem is not unique to the United Kingdom. Customers in developed countries all over the world have been changing their patterns of banking, using the internet more and so on. In Germany, the number of post office branches has been reduced from 30,000 to 13,000 as a consequence of changes in customer behaviour.

Richard Burden: I agree that it is vital for us to plan the changes that are necessary, but does not the way in which Post Office Ltd. is going about a number of the reorganisations fall short of expectations? In south Birmingham, for instance, the closure of 29 out of 90 sub-post offices is being suggested. Is not one of the problems the excessively inflexible view adopted by Post Office Ltd. of the assistance available to Government, which often leads it to maximise its chances of closing post offices and minimise the opportunities to create sustainable businesses? Will my right hon. Friend assure me that in future Post Office Ltd. will be encouraged to look at the opportunities for post office business, and not just the threats?

Ms Hewitt: My hon. Friend makes an important point. I know that he and other south Birmingham Members have been enormously active in engaging in the current consultation on the area plan with Post Office Ltd. and Postwatch, and representing the views of his and others' constituents on what the restructuring should involve. If necessary, I will convey what he has said to David Mills, the chief executive of Post Office Ltd., whose entire vision for the Post Office is based on maximising opportunities for new products and much better, brighter urban post offices, thanks to the programme of restructuring and investment. We have invested a substantial financial commitment to providing compensation for sub-postmasters who are leaving their businesses, as well as investment for those who are staying, to ensure that the remaining post offices are better and more attractive to customers. That is essential.

Mr. Nigel Evans (Ribble Valley) (Con): The Secretary of State makes all the changes sound rather exciting. If she were to lose her seat at the next general election, would she consider opening or taking over a post office and running it? I wonder whether she really understands the pressure that some of our postmasters and postmistresses are under. Would she consider being a postmistress?

Ms Hewitt: I certainly would, given the example of the wonderful Mrs. Patel, who runs an urban post office in a disadvantaged community in my constituency. Like most successful sub-postmasters, she combines it with a retail outlet. She welcomed "Your Guide", but welcomes much more the opportunity to have an automated teller machine in her shop. She has one of several thousand ATMs that have now been installed, thanks to our investment in sub-post offices. That is helping to bring new customers and more business into her post office. Along with many other sub-postmasters and sub-postmistresses, she provides a great example of entrepreneurial commitment—which is what Labour wants to encourage, even if the hon. Gentleman does not.

Mr. Willetts: I was going to encourage the Secretary of State to consider a job swap. She is clearly keen to be a postmistress, and we would greatly appreciate a Secretary of State who knew something about the business. Would the Secretary of State consider a swap, even just for a week?

Ms Hewitt: I am grateful for the suggestion.

Let me end by saying something about our investment in Royal Mail—a total commitment of some £2 billion over several years. It includes £480 million to rescue the Horizon project and ensure that we have a platform for universal banking, £450 million for the rural network to stop avoidable closures, £210 million to support the urban network reinvention, £15 million to keep open post offices in disadvantaged urban areas that would not otherwise be viable, and £750 million to repay historic debt to Royal Mail so that the renewal and restructuring plan can proceed. It is an extremely successful plan that is significantly reducing Royal Mail Group's losses and returning it to the path to profitability.

That is the commitment—£2 billion over five years—that the Government have made to Royal Mail and, in particular, to the post office network. What do we have from the Conservatives? We have a commitment to grow public spending

"about 1 per cent. more slowly than the Treasury view of the trend rate of nominal GDP growth."

I am, of course, quoting from the medium-term expenditure strategy document recently published by the shadow Chancellor. What the Conservatives offer us is a freezing of the overall total of public spending for the first two years—in other words, a cut of £18 billion in public spending.

I understand that, on top of that, the Conservatives are now considering abolishing the Department of Trade and Industry—abolishing the Department that is making the investments that are beginning to turn Royal Mail around, have saved rural post offices from unnecessary closure, and are supporting an absolutely necessary restructuring of urban post offices.

I hope that when the hon. Member for Eddisbury (Mr. O'Brien) winds up the debate, he will tell us how much of the £2 billion that we have committed to Royal Mail and Post Office Ltd. he intends to cut. If, as appeared to be the case from the speech of the hon. Member for Havant, the Conservatives are saying that they want more money to go into the post office network, perhaps he will tell us how many child care

centres he will close to pay for that, how many cuts will be made in the transport budget or how many police officers are to be sacked. Where precisely will the cuts fall? If they are to fall on Royal Mail and the post office network, everything we have heard from the Conservatives this afternoon amounts to crocodile tears, hot air, words with no commitment of resources behind them.

If the Conservatives intend to sustain the investment that we have been making in Royal Mail and post offices, in all honesty, the hon. Gentleman will have to confess to the House that, under his own shadow Chancellor's public spending plans, the cuts will fall somewhere else—on services that, in a different debate, he and his right hon. Friend will be busy defending and crying crocodile tears over.

Mr. Stephen O'Brien: Will the Secretary of State give way?

Ms Hewitt: No, I will not. I have reached the end of my speech. I just want to make the point that Labour has faced up to tough decisions as his party was never willing to when it was in government. We have backed those tough decisions with the necessary resources, against the Conservatives' commitment to public spending cuts and decline in our public services.

2.29 pm

Mr. Steve Webb (Northavon) (LD): I am glad that the Opposition proposed this subject, because it matters to Members from urban constituencies who have seen a programme of closures, and to those who represent rural and market town constituencies and, over many years, have seen one closure after another taking post offices out of villages and small towns up and down the land.

This subject is perhaps the most acute example of how those who govern are completely out of touch with those whom they govern. It is the one matter on which, when hon. Members from all parties give case after case of constituents who have received biased information or who have been pressurised or messed around, Ministers just smile benignly and tell us that there is no bias or pressure, but that there is free choice. We wonder sometimes what planet they are living on. Hon. Members from all parties have made those points, but the Government have decided to close their ears.

What the Liberal Democrat amendment calls for, which in many ways is similar to what the Conservative motion calls for, is respect for people's choices. The statistic that the Secretary of State cited in defence of the Government's position—that six out of 10 new pensioners opt for payment into a bank account—was striking. That is an extraordinarily low figure. One would imagine that of people just arriving at state pension age, eight, nine or nine and a half out of 10 would opt for payment into bank accounts. The fact that four out of 10 new pensioners think that an order book suits them best should tell the Government something: that people like that way of receiving their money.

If that is the case for four out of 10 people who have just retired, it is even more so for people who have been retired for 20 or 30 years, and who have been receiving their pensions in that form very happily. That works for them, so why can their choices not be respected? Every pensioner at any point could have opted for payment into a bank account. The Government have not invented that as a new choice. Pensioners have always had the option of payment into a bank account, so the fact that they have gone on getting money through an order book suggests that that is their positive choice. Why are the Government now telling millions of those people that they do not respect their choice and that they do not think that they have the right to choose the method of payment that suits them best?

Andrew Selous: The hon. Gentleman may be interested in a briefing from the House of Commons Library last year, which said that two thirds of benefits paid in Britain were paid over a post office counter, which meant that 18 million benefit recipients were using post offices to access their benefits. I am sure that he will agree with that.

Mr. Webb: The hon. Gentleman is right. The use of order books at post offices is very extensive, and reflects people's positive choice. The Government should respect that.

This is a classic case of a lack of joined-up government. One can imagine the day on which the Department for Work and Pensions felt the Chancellor leaning on it to save some money and, after sitting down to think about how to do that, came up with the idea of getting money paid into accounts rather than through giros because it was less expensive. I accept that that is less expensive, but let us guess what happened then. The DWP saved £400 million a year and the Department of Trade and Industry had to find hundreds of millions of pounds to deal with the subsequent mess in the post offices. I sometimes think that if Departments talked to each other, we would be saved many difficulties.

We have many questions to ask about how the system is going to proceed, because millions of pensioners have yet to make a decision and respond to the letters that they have been sent. The Secretary of State has cited customer satisfaction surveys, but I strongly suspect that the pensioners who are most worried about the system do not phone. They receive a letter and are anxious about it because they like the way things work and do not want anything to change, so it is put behind a mantelpiece and not responded to. The people who reply to the customer satisfaction surveys are a biased sample. They are the people who are willing to play the game and respond to the Government, so it is not surprising that they are less likely to be dissatisfied with what they get. We all know, however, of people who are being leaned on. The Government should come clean about that.

We are told that the infamous Post Office card account has been a great triumph and very successful, but I bring to the House's attention a couple of the cases now building up in my constituency in-tray. I am sure that many other hon. Members have similar examples. One constituent, whom I shall call Mrs. P, has had a card account for five weeks but cannot get her money. One does not ask much of an account, but it would not be a bad idea if it paid out money. The postmaster said that the card had not arrived, so she applied for another. He then said that that had not come, but when the lady

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insisted on checking through, he found both of them. However, the first PIN number was out of date and the second did not work, so she rang the helpline. It told the postmaster to use a blank card from the vault with Mrs. P's PIN number, but that did not work either. She then rang the Pension Service, which said that it would send her something, but that has never arrived.

That is just one example of the way in which people who have played the game and gone along with the Government have found that the system is not working. All those people wish that they had just kept their giros, because they were never told that their giro did not work, or that a PIN number was needed. They just had their giro and got their money.

Mrs. P is not alone. Another lady who has had real problems with the Post Office card account said to me:

"I went to the local Post Office today only to find a notice notifying PO account cardholders that they would be unable to make a withdrawal since the computer had failed."

She wondered how people were going to get their weekly money, and commented:

"If they could not get their money, I fear that some would go without essentials."

If someone has a giro in their hand, they get their money even if a computer is down, but what happens if they have a plastic card and the computer is not working?

I had a helpful reply on that from the Under-Secretary of State for Work and Pensions, the hon. Member for Gravesham (Mr. Pond), which said that although the matter was not really anything to do with his Department, it had contacted the Post Office,

"which has confirmed that the branch in question did not follow the correct emergency payment process . . . because the regular subpostmaster was off duty and the branch was being covered by a relief, who did not fully understand the process."

However, the post office staff involved had now been contacted and had the correct process explained to them. So what is supposed to happen if computers go down and people cannot get their money? The Minister's reply continued:

"If the customer needs to access their funds immediately"—

I presume that people quite like to have their pension—

"the Post Office may authorise an instant payment of up to £20."

I know that the pension is not generous under Labour, but allowing people only £20 is pushing it a bit. For how long might the computer be down? Or do those people have to go back the next day for another £20? The letter continued:

"If the customer requires more money, it is possible to get an emergency payment"—

not from the Post Office, but

"from the Department. Customers would need to contact the office that normally pays their benefits for this to be arranged."

I can just imagine the process.

None of those complications is necessary. This is not a matter of free choice for people. People ring me up to say that they want to keep their giro, but that they have filled the form in anyway because they are afraid that their giro will just be taken away from them and they will not get their pension. People are responding out of fear, not because they have a free and positive choice. The Secretary of State has given a misleading impression of a free, open choice.

Just to give an example of how the system is not working, the Government have said that people can get all their benefits paid into their Post Office card account, but that is not true. People cannot get their housing benefit paid into their Post Office card account. I have a Department for Work and Pensions document here: the riveting publication "Housing Benefit Direct—March 2004". It says:

"Currently, it is not possible to pay Housing Benefit into a Post Office card account, due to technical and contractual constraints."

So all the pensioners who have had letters asking them to move over to a Post Office card account, and who have played along with the Government, have then found that they cannot get their housing benefit paid into it. Presumably, they receive a giro for that, and go along to the post office with a giro in one hand to get that payment and a plastic card in the other, with their PIN number, to get another one. We can just see the mess, the bureaucracy and the complications.

Mr. Pond: I am a little puzzled. I might have missed something, because I have been in this job only since June, but did pensioners previously get their housing benefit paid into their pension book?

Mr. Webb: No, they did not. What a crushing intervention. However, I presume that the whole point of this new integrated system is to give people a single point of access. It is about bringing benefit recipients into the mainstream; it is financial literacy, a one-stop shop. Instead, we find that people will receive one of the principal benefits, which they use to pay their rent and council tax, in the form of giros, when they have to have a plastic card for other payments. Presumably, the Government want this system to be put in place or they would not be having contractual negotiations. If they think that the scheme is an irrelevant waste of time, why are they having contractual negotiations on it? They cannot have it both ways.

When the hon. Member for Havant (Mr. Willetts) quoted from an internal memorandum, which he was quite right to do, the Secretary of State responded by saying that the Government were pushing people away from Post Office card accounts to ensure that they were job-ready, which meant that they needed a proper bank account. However, there is no suggestion in the memorandum that that is remotely what has been going on. The memorandum says:

"In order to meet Business Case requirements"—

not to help to serve clients—

"we need to move quickly toward getting 9 out of 10 customers who make a new claim onto Direct Payment. Any further delay will"—

Will what? Undermine claimants? No. It will

"cause overwhelming backlog in 2004/5, impacting on field performance."

That is nothing to do with serving the public. It is to do with saving money, and the Government should come clean about it.

My hon. Friend the Member for Argyll and Bute (Mr. Reid) has already said that the situation in Scotland is very different, and that none of the major banks there

will allow customers to access mainstream bank accounts at post offices. The Secretary of State's rather glib reply was that basic bank accounts in Scotland could be accessed through a post office. That is great. People have to open a different bank account—one with rather limited features—if they want to get their money from a post office. That is totally unsatisfactory.

When I asked why it is that people will be unable to pay wages into these accounts, I was told that they are not really regarded as proper accounts. But if the point is to support the post office network, these accounts should surely be made as good as, not as limited as, possible. So I hope that the Minister will recognise in his response that people want these accounts to be proper accounts that are accessible at post offices.

We have heard about the position of people with disabilities, whom the Government seem to have treated as an afterthought. They have rushed out this proposal, and the idea that a PIN pad with nine keys constitutes new technology is astonishing. These issues must have been dealt with before; why were the Government so slow to take them on board?

We have heard a little about the important issue of the exceptions service, and I hope that the Minister is listening at this point. The service will be available from October 2004, we are told, and so far as we can tell it will provide people with a cheque. From April 2005, when the use of order books ceases, anybody who has not replied will presumably be on the exceptions service, so they will be sent a cheque in the post. Into where can they pay that cheque? Presumably, they will be able to pay it into a post office; otherwise, the system would be absurd. So instead of being sent a giro that specifies their name and the amount, which they take to a post office, they will get a cheque that specifies their name and the amount, which they will take to a post office.

What is the point in generating an entirely new system when a perfectly good one already exists that people know and trust? I genuinely cannot fathom this one. Spot the difference between a cheque received in the post that specifies one's name and the amount, and an order book that contains the same information. Why is one system better than the other? I really cannot understand the difference. The millions of people who probably have not responded will want to know what their position will be after April 2005.

The consequence of the Government pushing people into using such accounts and away from post offices is that the latter have suffered. Indeed, 1,000 post offices have closed in the past three years. This is a long-term phenomenon that has existed under Governments of both of the two largest parties. However, even though the rural post office network has supposedly been bolstered, 74 rural post offices have closed in the year to September 2003—a figure that is net of the number that have opened. Indeed, the problem is getting worse. So as has been said, the promise that people's money can be paid into a post office is not worth the paper it is written on if the post offices are not there.

We have heard about the so-called consultation process. It has been acknowledged that it is a shambles, and I shall cite one example from my own constituency. One of the two post offices in the town of Thornbury came up for closure. All the local residents objected and everyone pointed out that the idea would not work, but the Post Office ignored them and shut it. The one remaining post office has people queuing outside the door, and the health and safety people are worried because they cannot fit in the staff needed to deal with all the customers. That does not sound to me like a town that cannot support two post offices, but did the Post Office listen? Of course it did not. I am not convinced that the new, so-called consultation process will be any different from the old one. Frankly, we know what the Government and the Post Office want to achieve, and if an individual post office gets in the way consultation will not make a blind bit of difference. If they are determined to shut it, they will shut it anyway. There has to be an alternative vision, which must be a positive one.

Andrew Selous: Does the hon. Gentleman share Postwatch's concern that some senior Post Office managers are on commission in terms of the number of post offices that are closed in their areas? Is he aware of that development?

Mr. Webb: If that is so it is truly shocking, because it rather suggests that a careful, case-by-case assessment of the merits of individual post offices is not the issue. No one is suggesting that the entire system should be set in stone, but the idea that managers should be rewarded for closing as many post offices as possible as fast as possible is totally unacceptable. It makes a mockery of the suggestion that serious attention is being paid to consulting the public.

There can be, and has to be, a positive future for the post office network, but the key point is that it needs time to adjust. The Government are denying it that time by forcing the pace of transferral to payment into bank accounts. We recognise that people's views change and that, over time, there will be a gradual increase in the number who use bank accounts, with fewer using giros. If that gradual process were allowed to continue, post offices would have time to adjust to taking on the new services about which the Secretary of State has talked. Post offices could give people access to banking services in any case; there is no need to introduce direct payment, or to take away pensioners' right to payment by giro. The two elements are quite separate. We need to boost the post office network, to respect people's choices and to have genuine consultation. So far, the Government have failed to deliver on any of those fronts.

2.45 pm

Richard Burden (Birmingham, Northfield) (Lab): At the end of February, Post Office Ltd. announced the proposed closure of 29 of the 90 sub-post offices in the south Birmingham area. Five of the 14 post offices in Birmingham, Northfield were among those slated for closure—in other words, 35 per cent. of all the local post offices in my constituency.

I do not dispute the fact that we need to recognise that Post Office Ltd. is going through a period of change. Its trade and the pressures to which it is subjected are massively different from those that existed 20 years ago. Not all post offices are sustainable, and as Conservative Members know, 3,500 unplanned closures occurred under the previous Government. So the current Government are right to require Post Office Ltd. to plan for the future. It needs to assess what is sustainable and

[Richard Burden]

to maintain those post offices that are sustainable, but it also needs to consider the available opportunities rather than simply focusing on the threats facing individual post offices.

Such an assessment is what the urban reinvention programme was supposed to be about, and we members of the Select Committee were certainly assured that the area plans were supposed not only to look at post offices in isolation, but to consider the needs of entire communities and how the post office service should fit into them. I have difficulty in relating that vision to the slating for closure of 29 of the 90 sub-post offices in south Birmingham.

A number of problems have led to the way in which Post Office Ltd. is currently behaving. It uses a modelling system called Netspec to produce its area plans. Netspec has some strengths, but it is important to put it on the record that Postwatch has said that Netspec has been

"a useful tool for assessing where customers will migrate once their 'old' post office has closed",

but says that

"it cannot be used as the only tool, as there are occasions when other factors—local geographic or social—may not have received due attention, and customers therefore migrate elsewhere or in different proportions than expected."

I credit Postwatch for the way in which it has represented local views and acted as a watchdog over Post Office Ltd. In doing so, it has cast considerable doubt over the way in which Post Office Ltd. has used its modelling system.

Post Office Ltd. has got the demographic characteristics of my constituency wrong, and has not checked its facts properly. It said that there was virtually no rented housing in one particular area, but it had looked behind the post office in question because of the ward in which was located, rather than across the road to the houses in front of it—presumably because they are in a different local government ward. That side of the road is stacked to the rafters with high-rise blocks of flats, and it is also a large council estate.

Under the terms that Post Office Ltd. has agreed with the Government, it is also required to look properly at deprivation. In planning its changes, it is supposed to consider the 10 per cent. most deprived wards in the country, and the 20 per cent. of wards that contain pockets of severe deprivation. I do not believe that it has looked at the issue of deprivation in my area with sufficient rigour, and I have no reason to think that the situation is different anywhere else. It certainly has not considered the issue of pockets of deprivation. Members on both sides of the House will understand that the word "pocket" is something of a misnomer. The pockets of deprivation in each ward in south Birmingham probably consist of thousands of people, because the wards are very big. There is no sign that Post Office Ltd. is looking at the issue of deprivation sufficiently clearly.

As a result of all this, Post Office Ltd. is not meeting the targets that it is required to meet, at least in the case of south Birmingham. It has promised that more than 95 per cent. of customers should be within a mile of a post office, and that most customers should be within half a mile of one following a closure. The calculation is made not on the basis of where the customers are—I recognise that that can, for all sorts of technical reasons, be quite difficult—but on the basis of the distance between the closing post office and the so-called receiving branch. According to the figures, there is no receiving branch within half a mile of the closing branch in my constituency—not one, but most should be within that distance. About 60 per cent. of the receiving branches are a mile or more away from the closing branches. The required targets have simply not been met.

Mrs. Calton: I should like to draw attention to the report of the performance and innovation unit of 2000. It states:

"The PIU believes it would be better for the Government to dispense with the idea of numerical access criteria . . . Distance based access criteria take no account of the ability to reach a post office . . . The post office should adopt policies which are more closely targeted at achieving its aims in relation to the post office network."

Richard Burden: The hon. Lady has a point. I presume that she, like me, welcomes the fact that the Government commissioned the PIU to examine the future of the Post Office. The report, which I believe the Liberal Democrats supported, made several important points. I believe that distance-based criteria are overly inflexible. My point is that, even according to those criteria, Post Office Ltd. has not met the targets that it is required to meet.

Mrs. Calton: Perhaps I did not make my point clearly enough. Everything that flowed from the PIU report was supposed to be carried out, but it is clear that Post Office Ltd. has not followed the guidance that the report offered.

Richard Burden: It would be fair to say that some of the actions taken by Post Office Ltd. have been consistent with the PIU report, but not others. My point is that, even where the recommendations were followed, there has been severe doubt about the extent to which they have.

Why does Post Office Ltd. get it wrong? There is not too much fundamentally wrong with what the Government have requested, so why does the organisation seem to get things so wrong? One reason is the consultation procedure. I tabled an early-day motion last year on the subject and the Minister for Energy, E-Commerce and Postal Services guaranteed what Post Office Ltd. would be required to do: to consult local communities throughout the process of change, not just at the end of it. That has not happened.

Area plans are constructed on the basis of discussion between Post Office Ltd. and local sub-postmasters. Communities and local authorities are not involved in drawing up the plans: they have their say only at the end of the process, when the plan is published. That is a fundamental flaw, because we could avoid many of the problems if we asked the experts—effectively, the people who live in or represent the area—at an early stage. I certainly welcome the fact that the leader of Birmingham city council, Sir Albert Bore, made that point very clearly to the Post Office in his response to the plan to close 29 sub-post offices in the area.

Another problem is that only the threats not the opportunities for business are considered. It is right for the Government to provide compensation for sub-postmasters where they are losing their business and the post office is simply not viable. However, as I said earlier, the Post Office's approach to the problem is so inflexible that it effectively forces a local sub-postmaster to quit the business and get out, because it makes more financial sense for the sub-postmaster to do that than to sell the business to another business person who might have a sustainable plan to keep it going. I believe that that is not only wrong but uneconomic.

That position arose in my constituency, and I shall use mythical figures to illustrate the point. If a business is worth about £50,000 on the market, it is possible for the sub-postmaster to be offered £70,000 in compensation to get rid of the business, yet another business person could be willing to take it over on the basis of a viable business plan. In those circumstances, the sub-postmaster would have to be mad to sell to the new business person for £50,000 when he could receive £70,000 for shutting the branch down. The Government should know that that is how the Post Office is operating the plan, which I do not believe conforms to the spirit of what was agreed. I ask the Government to encourage Post Office Ltd. to be more flexible and to examine how it might be possible to save public money and sustain viable businesses on that basis.

Andrew Selous: To illustrate the hon. Gentleman's very good point further, does he share my upset on learning from Postwatch that the Post Office has been instructed to reject other sources of funds that might have been available to keep a post office going? The concern was that there was a danger of establishing a precedent that might keep post offices in business. Does that not reinforce his point?

Richard Burden: The problem is the approach of Post Office Ltd., which is not in keeping with the spirit of what was agreed with the Government. A closure of a sub-post office is properly a matter for Government intervention, the use of Government funds and so forth. The improvement of the funds of certain receiving branches may also be relevant. Post Office Ltd regards someone knowing that a sub-postmaster wants to leave a business but believing that he, instead, can make a go of it as a matter only of a transaction between the sub-postmaster who is getting out and the new business person who wants to come in. It acts in a wholly hands-off way in that respect, which can lead to the crazy position described by the hon. Gentleman, whereby potential sources of funds are effectively ignored by Post Office Ltd.

Mr. Weir: Is the situation not rather worse? Under the Post Office procedure, no one knows before the closure announcement is made that the business may be up for sale. That might be for good, confidential reasons, but by the time it becomes public knowledge that a post office may be going, it is too late for anyone to make an offer to take over the business.

Richard Burden: The hon. Gentleman makes a fair point, which underlines the fact that the consultation should be structured differently. If Post Office Ltd. recognises the need for change in a particular area because not all the post offices are sustainable, it should be prepared to sit down and work out who wants to stay and who wants to go, and to decide the right pattern of post office provision. Perhaps in one area all the sub-post offices should be closed and another one opened. It is theoretically possible that they are all in the wrong place to serve local people. If there were a willingness properly to plan the needs of an area, those problems could be tackled, but the way in which Post Office Ltd. goes about it means that that does not happen.

Furthermore the Post Office approach undermines the laudable objectives that the Secretary of State mentioned earlier. She and the Government should be applauded for their searching and ambition to open up new business for the Post Office. They should also be applauded for their investment in making the Horizon project work more effectively. They are right to say that the Post Office should be trying to find new business, provide outlets on the high street for clearing banks, look towards the possibilities for insurance and so forth. All that is right but difficult to reconcile with the strictures that Post Office Ltd. has put on itself in carrying out the urban reinvention programme.

I therefore ask my right hon. Friends to talk to Mr. Mills and his colleagues again to remind them that they are supposed to be reinventing the network on the basis of a vision, not simply implementing closures. I know that Ministers do not want the latter. They want a reinvented and sustainable network, but I have to say that Post Office Ltd. is not living up to that vision at present. That explains why there is a major campaign in my area of Birmingham against what Post Office Ltd. is proposing. I am pleased to say that the local paper, the *Birmingham Evening Mail*, is spearheading the campaign very effectively.

David Cairns (Greenock and Inverclyde) (Lab): It is why my hon. Friend is making his speech.

Richard Burden: Indeed; it is why I am speaking in the debate. Some of my right hon. and hon. Friends in the area have tabled an early-day motion to ask Post Office Ltd. to think again. The only Birmingham Labour Member who has not signed the motion is the Minister for the Arts, my right hon. Friend the Member for Birmingham, Yardley (Estelle Morris), who has told me that she supports it and is on record as a supporter of it, but as a Minister is unable to sign it. There is unanimity among Birmingham Labour MPs that Post Office Ltd. should think again.

Concern about the proposals crosses the political divide in Birmingham, so it is with some regret that I must report that the leader of the Liberal Democrats on the city council has taken the opportunity to spread what I have to call untruths about what I and other Labour Members have been doing. He has alleged that we voted for the closures in south Birmingham, on 13 January this year and on 20 October 2002. However, the calendar shows that the latter date was a Sunday. As far as I know, Parliament does not sit on a Sunday: if that vote took place, I missed it.

There may be differences of view about the urban reinvention programme, the handling of the Post Office card account and the compensation issue, and it is right

[Richard Burden]

to debate them, both in the House and elsewhere. However, people are worried about the loss of local post offices and have real fears about what the future holds. They expect local politicians to join together to represent their interests. It is not acceptable, therefore, to spread untrue allegations about members of other parties, when in fact we are all on the same side.

If the leader of the Liberal Democrats on Birmingham city council acts as he has previously, I expect that a leaflet will be distributed in the next few days saying that, when I vote against the Conservative motion and in favour of the Government amendment tonight, that means that I have once again voted for post office closures. As the House knows, post office closures are not voted on in the House, so no hon. Member of any party can vote either for or against such closures.

Mr. Stephen O'Brien: I can understand why the hon. Gentleman is frustrated and cross with the Liberal Democrat leader on his local council, but the Opposition motions of 13 January and today have attracted Liberal Democrat support. Moreover, and more importantly, today's debate gives the hon. Gentleman an opportunity to vote in line with his campaign. He may not want to join Opposition Members in the Lobby—although he would be more than welcome to do so, as a way to back up the rhetoric that he has used in his speech—but it is difficult to take his rhetoric at face value when he supports a Government amendment that is both self-congratulatory and uncritical. At the very least, he should consider abstaining.

Richard Burden: The Opposition have blown it when it comes to the motion. It makes some reasonable points about how Post Office Ltd. has gone about the restructuring programme, but the punchline can be found in the motion's final couple of lines. They state that the House

"condemns the Government's failure to deliver benefits and tax credits in a simple, easy to understand manner while at the same time jeopardising the future prosperity of the Post Office."

I understand that the Opposition believe that, but they are wrong. As my right hon. Friend the Secretary of State said earlier, either we face the future by trying to plan for it and by requiring Post Office Ltd. to consult properly, or we opt for the free-for-all evident under the previous Conservative Government, when 3,500 sub-post offices closed.

Mr. Jim Cunningham (Coventry, South) (Lab): Earlier, my hon. Friend mentioned the Horizon project. Does he recall that it was introduced by the previous Conservative Government, and that its aim of paying pensions and benefits by smartcard caused all sorts of problems? The difficulties faced by post offices stem from the actions of that Government, and Opposition Members will not get away with rewriting history. Does my hon. Friend also accept that the Horizon project cost £500 million, and that £50 million was needed to put it right?

Richard Burden: My hon. Friend makes a very important point. That is a salutary lesson for Opposition Members. If they want to throw stones, they should realise that they do so from a rather fragile glasshouse.

It is important to put on the record the actions of the Liberal Democrat leader on Birmingham city council. Some modes of behaviour are acceptable in politics, and some are not. I believe that he has transgressed the line. Local people do not want politicians to behave like that. It is important for south Birmingham that politicians of all parties band together on this matter. We do not want to mislead people by claiming that every post office in every corner of Birmingham can be saved, but we can say that Post Office Ltd., in drawing up the plan, has fallen short of what the Government's requirements set out. It has identified the threats to local post offices, but not the opportunities open to them. It has also got its facts wrong, in a variety of ways.

As I said, I am a member of the Select Committee on Trade and Industry, which has announced that it is to undertake another investigation of post offices and the urban reinvention programme. Given that, it would be madness for Post Office Ltd. to go ahead with the planned closure programme for south Birmingham. The plan should be withdrawn, and Post Office Ltd. should think again. It needs to sit down with people from the local communities, elected politicians and others to determine what sort of post offices people in south Birmingham need, and to decide how to plan for the future. Post offices that are not sustainable should be closed, but high-quality services to local people must be maintained. Post offices should be encouraged to take on new business, so that they can provide a much better service for local people in the future.

3.7 pm

Mr. Nigel Evans (Ribble Valley) (Con): I have been a Member of Parliament for 12 years, and have taken part in many debates on the importance of post offices. This is a vital subject. The Post Office is a recognised brand, for which people have great affection. I grew up in Swansea, very near to a post office. I used to go in with my mother, and it was probably one of the first shops I ever entered. Even then, I knew the importance of the post office network.

When Ministers talk about restructuring, they are using an Orwellian code that means closure—a word they dare not use. In that context, using the word "restructuring" is like using the term "rightsizing" to explain why an employee has been sacked. What is happening is that the post office network as we understand it is being culled.

I am the first to accept that post offices have been closed by previous Governments, of all political complexions. However, I remember sitting on the Government Benches—and I will sit there again very shortly and without crossing the Floor—and the then Labour Opposition of 1992–97 telling us that post offices were closing. They said that that was callous, and that the Government of the day needed to do something about it. There was a suggestion at that time that the Government were going to change the benefit system, and that benefits would be paid by means of a card.

The Conservative Government considered the matter and listened to what the public had to say. Our proposals for the card system were never implemented, but this Government are going ahead with introducing their own version. Labour Opposition Members at the time said that the urban and rural post office networks were both vitally important, for different reasons.

In my Ribble Valley constituency, the towns of Clitheroe and Longridge have vibrant post offices. A number of villages still have post offices but, sadly, some have closed since 1997.

Mr. John Horam (Orpington) (Con): I am interested to hear what my hon. Friend says about the rural scene in his constituency. Does he recognise that in a suburban area such as Orpington, which I represent, the little parades of shops are dependent on the local post offices as a central component? If the post office goes, the parades often fold.

Mr. Evans: With my retail hat on, I accept that point completely. To the grocer, butcher, fishmonger, pharmacist and other small retailers, the post office is part of the community of services available to the public. When a vital part of that community is taken away, the others start to struggle. When the boards go up outside the post office, it is often not long before the boards go up outside other retail outlets.

We have always been told that the post office network is important. I was depressed when I saw in the *Lancashire Evening Post* the other day the headline "Nine post offices to shut". That included five in Preston, two in Chorley and two in Penwortham. Postwatch wrote to me on 18 March about those closures, and about the proposed closure of five post offices in Rotherham and 13 in Bury. Today we have heard about 29 closures in south Birmingham—from a Labour Member. Irrespective of party, if we wish to see a post office network of any worth survive into the future, we should speak up about it now and do something before it disappears completely—otherwise, a vital asset will be lost to this country for ever.

Several hon. Members have mentioned the growth in the elderly population and how important the post office network is to that sector of the community. Some of them do not have access to cars or other transport, especially in rural areas where the bus service is not what it used to be. That is why they need local post offices, which often sell other items. They also enjoy the opportunity to chat to post office staff and meet other members of the community.

Mrs. Gillian Shephard (South-West Norfolk) (Con): Has my hon. Friend come across the problem that my elderly and rural constituents face because Powergen, with only three weeks' notice, has withdrawn the electricity token service from post offices? People without transport, and of necessity on low incomes—and many of them not very mobile—had been able to purchase tokens at the post office to feed their meters at home. However, after scant consultation, Powergen has decided to withdraw that service. Does my hon. Friend agree that that action weighs most heavily on the elderly and less well-off in rural areas?

Mr. Evans: Of course it does, because the token system is designed to ensure that the less well-off are able to eke out their resources and maintain their supplies of power. I hope that Powergen will think again. I hope that it will consult properly with the post office network and their customers to see whether the service should continue. I hope that Powergen will also listen closely to what my right hon. Friend has said today. I suspect that we are talking about another nail in the coffin. The withdrawal of that service might not, by itself, be the reason for closure, but alongside all the other changes that the Government have made it will make post offices less viable.

I asked the Secretary of State for Trade and Industry whether she would consider becoming a postmistress and she said gleefully that she would if she lost her seat. I think that was a hollow reply, because the profitability of post offices is part of the problem. I agree with the hon. Member for Birmingham, Northfield (Richard Burden) about the incentives offered to postmasters and postmistresses to give up their post offices. If people are not making any money from their post office and somebody offers them a pot of cash, they will probably take it, because they are frightened of the future. They have seen the profitability of their post offices decline because of the withdrawal of services such as Powergen's, and the lack of footfall because so many benefits are now paid into bank and building society accounts. They take the cash and get out of the business, thus reducing the number of post offices further.

I encourage the Government to consider what new services post offices might be able to provide, but some post offices in smaller areas are unable to expand. Will postmasters and postmistresses who see their profitability falling risk borrowing more money—if they even can—to expand the goods and services available in their post offices? If a post office is run by a husband and wife team, they are chained to it from the time it opens in the morning until it closes in the early evening. Because of the lack of profitability, they cannot afford to employ anyone to give them some time off. We have to consider the profitability of post offices, but as we have heard today fewer people are going into post offices and fewer transactions are taking place.

The Secretary of State mentioned 25 million banking transactions, but how much profit do post offices receive, compared with the old system? The reality is that they are making less profit. There are fewer post offices, and they are not as viable as they used to be. Running a post office is also a huge responsibility, because it is a cash-based business. We heard about the introduction of ATMs to post offices, but many people resent the charges they impose for withdrawals. In the past, withdrawing money was free of charge, but now it costs £1.25 or £1.75. I can understand why people on fixed incomes feel so strongly about having to pay those charges.

I pay tribute to one of my local post offices in Bolton by Bowland. It has added tea rooms to diversify its services, although that is a lot more effort for those in charge. During the rugby world cup, the post office opened at unsocial hours so that people could come together and enjoy England's great victory.

Mr. Richard Bacon (South Norfolk) (Con): How did Wales do?

Mr. Evans: Well, we helped England to that great victory in some of the games we played in the world cup.

As I was saying, opportunities for diversification are limited. I hope that the Minister, when he winds up, does not treat this as just another debate on post offices that has to be got through before the next debate on the same

[Mr. Evans]

issue in a few months' time. In the meantime, we will see yet more closures and more services withdrawn. I welcome the fact that banks are using the post offices as a resource. Banks used to have branches in villages, but they have now withdrawn from villages and smaller towns. I hope that all the banks will join in, including the Scottish banks, so that all customers benefit.

This whole subject boils down to the question of choice. Some elderly people have received phone calls about how they would like their benefits to be paid, and they have been discouraged from opening a post office account. They are told that it is better for their money to be paid directly into their bank or building society, but that is no choice.

Mr. Webb: I note that the Minister is shaking his head. Is he suggesting that the hon. Gentleman is lying? I do not understand why, given that all hon. Members have had constituents come to us about post office closures. What does it take to get the Government to realise that this is actually happening?

Mr. Evans: The hon. Gentleman makes an important point. As he asked in his speech, what planet are the Government living on? Frankly, they are in a parallel universe. I have taken part in public meetings with pensioners in my constituency, and they told me that, when they sent back the forms that they had filled in, someone phoned them to encourage them to go to a bank or building society. Pensioners have stood up in a public meeting to tell me that that has happened.

Towards the end of our period in government, we became arrogant—we stopped listening—but that took us 18 years. It has only taken a few years for that lot to succumb to the arrogance of power. They must listen to the facts. I am certainly not lying to the House when I say this, and I cannot believe that pensioners are lying to me when they say that they have received phone calls encouraging them not to take up Post Office accounts, but to go to banks and building societies.

Mrs. Anne Campbell (Cambridge) (Lab): Does the hon. Gentleman not think that it is very important that pensioners are given personal advice when they make an important decision such as how to draw their benefits or how to bank their money, and that it is difficult to apply one-size-fits-all rules to everyone? Surely he should welcome the fact that people are being telephoned and offered a personal and helpful advice service.

Mr. Evans: I suspect that, if people choose banks and buildings societies, they do not get a phone call saying, "Have you perhaps considered opening a Post Office account?" No one has told me that that is part of the problem. Yes, I welcome the fact that they are given advice, given that they are taking an important decision, but they ought to be told as well that, if too many of them pull out of post offices completely they will become less viable than they are currently and that the current post office network will completely disappear. Yes, by all means let us give people information, but let them make the decision. Let us not take the decision away from them or try to goad them into a direction that may be against their own long-term interests. I hope that the Minister will accept that those things are going on, although they are anecdotal stories, and certainly that no one in the House today is lying when we say that those things are happening.

Mr. Pond: I am not accusing any hon. Member of lying, either verbally or by my body language. I ask hon. Members to understand that we have a responsibility to help people to understand the full range of their choices. I ask them to consider what happens when a pensioner makes or receives a call and is told—perhaps after listening to this debate—by the sub-postmaster or mistress, "Look, they won't let you have a Post Office card account." The pensioner then makes a call to say, "I want a Post Office card account," and the person on the other end of the line rightly says, "Let me tell you about the different range of options first." That may be perceived as encouraging the pensioner away from the Post Office card account, but the person on the end of the line is simply making sure that the pensioner knows the full range of options.

Mr. Evans: As I say, I very much hope that, when people are considering their options for banks and building societies, they receive similar phone calls to ensure that they know all the options. I look forward to the call-centre scripts being made available in the Library, so that we can see whether that goes on. However, perhaps it would be beneficial if the Minister were to issue guidelines to ensure the integrity of the system, so that elderly people or those in receipt of benefits are not led one way or the other before making an informed decision. I hope that he will consider the system again to ensure that there is no goading one way or the other.

I have been an MP for 12 years and have been attending debates such as this throughout that time. The acceleration in the number of urban post offices that closed last year is a great worry, as is the number of rural post offices that are still closing, including in my constituency. We have seen rural banks close. We have seen the pubs in rural areas go into decline, and some of them have disappeared. Pharmacies have been mentioned. Small retail stores in villages are no longer profitable. Post offices are the last shops left in some villages and, when they go, a whole way of life—the rural community spirit—will completely disappear from those areas.

We need to ensure that the consultation on such issues is fair. As the hon. Member for Birmingham, Northfield said, there must be options for other people to take over post offices. The Post Office must be far more vigorous in looking for fresh people to take them over. Perhaps people should be given an incentive to bring in new ideas about how those post offices can work. The consultation must not be rigged or prejudged. It must not be carried out with the intention that those involved were thinking of closing seven post offices, so they will do so irrespective of what the people say.

Frankly, the supposed managed closure programme represents set-aside for our post offices. They are being put to one side. They are being put into the long grass. The post office network that we all love has become something of a Titanic: it is sinking fast, and instead of the Government shoring up the ship to try to ensure that it will not disappear, they have made the hole bigger. I

call on the Minister today to give a guarantee that he will do what he can to find ways to preserve the current network. No managed disappearance of post offices, please. Let us ensure that post offices—whether urban or rural—are valued for what they are. Let us look for ways to ensure that they have a future well into this century.

3.26 pm

Mr. Richard Bacon (South Norfolk) (Con): The motion refers to

"the significant role played by local post offices in both rural and urban areas".

My hon. Friend the Member for Ribble Valley (Mr. Evans) has told us about the situation in rural areas, and the hon. Member for Birmingham, Northfield (Richard Burden) made a thoughtful speech about the situation in south Birmingham. Like my hon. Friend, I wish to concentrate on rural areas, and in doing so, talk about the problem facing people in Norfolk because of Powergen's actions, which my right hon. Friend the Member for South-West Norfolk (Mrs. Shephard) mentioned briefly in an intervention.

People sometimes underestimate just how different things are in rural areas compared with urban areas. My constituency covers 350 square miles: Greater London, which contains 74 parliamentary constituencies, covers 650 square miles. My constituency is more than half the size of Greater London. My right hon. Friend, whose constituency neighbours mine, has a constituency some three times the size of mine—at about 1,300 square miles, I think. Post offices in rural areas are part of the social fabric of local communities, as the hon. Member for Birmingham, Northfield acknowledged when he was dealing with urban areas.

Mrs. Shephard: I thank my hon. Friend for referring to the entirely different problems faced by people in far-flung rural areas. I have a letter from the postmaster at Banham in my constituency, who says that as a result of Powergen's decisions, residents will now have to travel nine miles to the nearest pay-point outlet and nine miles back. For many elderly, disabled or less well-off people, that is not an option.

Mr. Bacon: I agree with my right hon. Friend. Such a journey is not an option for many people. That is why I have taken up the issue with Powergen and with the Post Office, to ask whether they can renegotiate. Indeed, I have also taken it up with Ofgem, to see whether it thinks that Powergen is acting against the public interest. I, too, represent constituents who will have to travel some distance to get electricity swipe cards topped up—to a neighbouring market town, in this case—as a result of Powergen's decision to withdraw the contract from the Post Office.

People in Roydon in my constituency, some of whom are on limited incomes and do not have cars, can knock on the doors and Mr. and Mrs. West will open up after hours, even at 9.30 at night, so that a young mother with two children who has suddenly run out of electricity can be reconnected. Effectively, that is a social service, and there seems to be no reason why Powergen should unilaterally remove the contract from the Post Office.

I received from Powergen a letter of the sort that we all receive from time to time, explaining how it was enhancing its service. There is a German word, "Verschlimmbesserung", which, loosely translated, means the process by which, as things are improved, they get worse. We are familiar with that process from many different aspects of life, and it is certainly applicable in this case. I look forward to receiving a sensible reply from Powergen and hearing about a reconsideration of this ill-considered and ill-thought-out policy.

Mr. Stephen O'Brien: Is my hon. Friend aware of another relevant German expression that is difficult to translate into any other language? What is happening displays that Powergen has anything other than "Fingersptizengefühl"—a fingertip feel.

Mr. Bacon: I am aware of that expression; my hon. Friend makes a good point, and Powergen needs to reconsider the issue with some care.

The second issue that I want to raise involves a specific problem that arose some three years ago because of the decision of Mrs. Rogers, the then sub-postmistress at Coldham Green, Deopham, to retire from running the post office in Pie lane. As she was retiring, she requested that the post box in her front garden be taken away. Indeed, the parish council suggested that the box should be resited somewhere else, which seemed perfectly reasonable. It also seemed reasonable that Mrs. Rogers should no longer have a post box in her front garden when she was no longer running the post office.

The problem that subsequently arose has endured for so long because of Royal Mail's failure locally—I stress the word "locally"—to understand, recognise or acknowledge the difference between resiting and removing. Thus, the local Royal Mail manager's response to concerned local residents, to the parish council and to me has been to ask why residents of Coldham Green should have an additional post box. In fact, all that local residents are asking for is the relocation of a previously existing box in a slightly different place. The local Royal Mail manager has gone so far as to allege that there is a post box in a place where there is none.

I have gone to the chief executive and chairman of Royal Mail, who have been helpful, and I look forward to receiving a sensible response. I have walked the route that people must now take, and I can see how dangerous it is. Without a post box in their area, local people must walk to the other end of the village down a road that has a 60 mph speed limit—although it certainly should have a lower limit. Young mothers with prams must push their small children down the lane to the post box at the other end of the village, but there is no verge and there is nowhere for them to hide. That is not a practical option, and many people refuse to take it and are thus deprived of a service. I hope to get a sensible answer out of Royal Mail in due course, and also some indication that it will encourage its local managers to take a slightly more helpful and interested approach. Postwatch is also escalating the priority attached to the local complaint, and I hope that there will be a resolution.

As for the so-called neutral position on the Post Office card account, a number of hon. Members have referred to the apparent difference between what we, and our

[Mr. Bacon]

constituents, are experiencing in our daily lives and what is happening over there on Planet Hewitt, where there seems to be no difference between the treatment of the options on offer, and they are apparently being laid out in a neutral way. How can Age Concern, Citizens Advice, the National Consumer Council, the National Federation of Sub-Postmasters, the Communication Workers Union and the National Federation of Women's Institutes all have expressed concern about the obstacles and difficulties in opening a Post Office card account, yet the Government and Ministers on Planet Hewitt do not seem to think that there is a problem? The Minister should be careful before he takes on the National Federation of Women's Institutes. He should recall what happened to his boss when he tried to do that.

It is absolutely clear that there is an issue. Indeed, the guidance given to Department for Work and Pensions staff, contains this statement:

"We need to pay most of these customers into bank accounts which cost 1p, rather than into Post Office card accounts, which cost up to 30 times more. You should be aiming to get nine out of 10 new claimants into bank accounts, with a small proportion paid through Post Office card accounts."

That does not sound very neutral to me.

That prompts another question. Quite apart from the fact that there is not the neutrality that the Government allege, why should the card accounts cost so much more than bank accounts? After all, lottery terminals have been put into convenience stores, post offices and small shops throughout the country. The proposed payment system is relatively simple, and ought not to cost 30 times more than bank accounts. If one looked into the problem, I suspect that one would discover that, as is often the case with Government IT projects, the Government's IT advice has cost more than it should.

As hon. Members, including my hon. Friend the Member for Havant (Mr. Willetts), who introduced the debate, have said, the key issue is choice. Theoretically, at least, the Government are in favour in choice. Indeed, the Prime Minister's Office of Public Services Reform, in the pamphlet, "Principles into Practice", published in March 2002, said:

"Choice acknowledges that consumers of public services should increasingly be given the kind of options that they take for granted in other walks of life."

Amen to that. The Government should back up their rhetoric and give our constituents in both urban and rural areas the kind of choice that they expect.

3.36 pm

Mr. Lindsay Hoyle (Chorley) (Lab): This is an important debate, in which we can air our views about the future of postal services—a subject that matters to older people, younger people and others who use post offices. In Chorley we face two closures—the Moor Road post office in Pall Mall and the post office on Eaves lane. I am worried about the criteria used for closure, and I would like genuine consultation. Anyone who has been through a closure programme knows that consultation is usually a charade. As we head into a consultation on those two crucial post offices in Chorley, I hope that there will be genuine dialogue, and that geographical considerations will be taken into account. There is no post office in Chorley to the south of either of those post offices, and we cannot expect people who have to walk half a mile to use them to walk another half mile to use the next one. Older people cannot walk that far, and a journey of that distance is certainly not feasible for young mothers who may want to call at a post office on the way to school.

I regret that the Post Office is considering closing those post offices, and there must be full genuine consultation. It should listen to local elected representatives and the people who use those post offices. If the Post Office listens to us and takes our views on board, I do not expect it to close them. If the sub-postmaster wishes to get out of the business, the Post Office should approach shopkeepers in the area and nearby supermarkets and say that, rather than allowing a local facility to be lost, it would like them to consider taking on the franchise. The Post Office should go o and look at other shops to try to see if they can facilitate a replacement. We do not want a Post Office that is determined to close sub-post offices but one that is determined to keep them open. That is a crucial point, and I hope that it will be taken on board.

We have heard a lot of rhetoric today from the Opposition, and they have shed many crocodile tears. Under the previous Government, 3,500 post offices closed, but not once do Conservative Members refer to that. If they are genuine—and I expect people to be genuine in the Chamber—they should not try to make political gains but should make genuine arguments on behalf of their constituents. That is how debates should be conducted—*[Interruption.]* Hon. Members might ask, "Which way are you going to vote?" but that is not the way to proceed. We ought to tell the Minister that there are problems, and that we expect a listening Government to take our views on board. They should propose a solution, refine it and use their vote as shareholder in the Post Office to tell it that they do not like the way in which it is doing business, and they expect it to change. The Post Office should listen to hon. Members, and take our views on board.

Andrew Selous: Does the hon. Gentleman accept that every Opposition Member who has spoken, as well as his hon. Friend the Member for Birmingham, Northfield (Richard Burden), has asked the Post Office to be more flexible and more creative and to look at the issue from the point of view of the whole community? That is the central point that has been made this afternoon.

Mr. Hoyle: I understand what the hon. Gentleman is trying to say. He is slightly embarrassed because he knows the debate is a political one. I would have liked to believe that we could genuirely express our views and concerns, but apparently, the real purpose of the debate is to make political points. That is wrong. It should be an opportunity for Members to make our voices heard.

Mrs. Anne Campbell: I do not know whether my hon. Friend's experience is the same as mine, but I discovered that when post offices were facing closure, surveys carried out among the local population made it clear that many people did not realise the full extent of the

services that post offices offer. The Post Office could do a great deal more to advertise the services that are available and would be of benefit to people.

Mr. Hoyle: My hon. Friend is spot on. We ought to be telling people not only how good post offices are and how vital they are to a community, but about the services available to them. People have forgotten how many services post offices offer. I believe that the Post Office should offer even more services, and that they should be franchised.

Mr. Evans: I hope that neither of the post offices in the hon. Gentleman's constituency is being incentivised to close. I agree that the consultation must be carried out properly, not rigged. The *Lancashire Evening Post* reports that there will be a six-week consultation, and that

"Royal Mail bosses say the proposals are a direct reaction to declining custom and changes in the benefits system where cash is paid into the bank."

Does the hon. Gentleman recognise that that is a problem, and that we must ensure that customers have the choice of collecting their benefits from the post office?

Mr. Hoyle: Of course the hon. Gentleman is correct. I intended to come on to that point and say that my hon. Friend the Minister may not be aware of the difficulties faced by people who wish to keep to the old system. It is true that the legislation provides the right of choice for them. But somewhere in the bowels of the administration it is made difficult for people not to go into the banking system. That is what worries me.

I do not believe there are many MPs who have not been approached by constituents—older pensioners—who say, "I don't want the new system. I want to stay with the old system." They fill in form after form, and as Members of Parliament, we get involved. It seems that somebody somewhere is blocking the system and not clearing the forms as quickly and effectively as they should. They are looking for a minor point on which to reject our constituents' requests. The Minister may not be aware of that. We need a thorough investigation to ensure that the process runs smoothly once people fill in the form, and that they do not have to go without the money they are entitled to for any length of time.

A further issue on which I appeal to the Minister concerns people who may not be able to get to the post office because of illness. Someone has to collect the money for them, and that is a worry if they are ill for four or five weeks. We need to recognise that as a genuine concern and see how we can improve the situation. We all deal with big problems relating to post offices, but we all recognise that sub-postmasters and sub-postmistresses offer a superb service. The post office is the focal point of a community, urban or rural. It provides a service that we love and have enjoyed over many years. We want future generations to be able to enjoy the post office, as we have. I hope that the service can become more flexible and more creative, recognising that post offices should remain open and offer their services to the community.

We do not want people to look at a map and say, "Let's take these post offices out, because we think there are too many." That is wrong. They should examine the demographics of the area and the age profile of the people who live there. They should listen to the Member of Parliament and other local representatives in each constituency where closures are proposed. Please let us take that on board, and tell the Post Office that its ambitious plan to close so many post offices is unacceptable. Let us listen to the community and put the community interest first.

3.45 pm

Mrs. Patsy Calton (Cheadle) (LD): We have heard so much this afternoon, and I have spoken before on the matter in the Chamber, about the huge flaws in the network reinvention programme as it applies not just to my constituency but to those of my hon. Friend the Member for Hazel Grove (Mr. Stunell) and the hon. Member for Stockport (Ms Coffey). Flawed information was given to us on 17 December— which some of us did not receive until 18 December—the process itself was flawed, decision making was flawed and secretive, and the sum total of all the work that was put in was that four post offices were closed. Today and this week, post offices are closing and elderly and disabled people are being left without access.

Of the respondents to our consultation, which we thought supported that of Post Office Ltd., 80 per cent. were over 55, and 40 per cent. had mobility problems. I was astonished at that figure. I expected it to be 10 or 15 per cent. I had no idea that it would be so high.

To add insult to injury, as I said in an intervention earlier, we ended up being told during the decision-making process that, because it was recognised that the process was flawed, it would be altered for the future. But despite letters to Postwatch, Post Office Ltd. and the Minister, I have been able to obtain nothing other than sympathy, which is lovely but does nothing about the real problem. The process for my constituency and others involved in the same period should have been halted. I requested that of the Minister and Post Office Ltd., and I made my final appeals last week before the closures took place, but I have had no substantive response from either on those last-minute appeals. Postcomm and Postwatch told me that neither of them had any powers to halt the process even though it is recognised that it was flawed from beginning to end.

The performance and innovation unit report, by which we are guided in the whole procedure, at chapter 8, page 2 on delivering objective 1, states that there should be convenient access for all to post offices—not just some of the population, but all. It states:

"The Post Office network should offer people in all parts of the country convenient access to the services available in post offices."

I highlight one of the post offices in my constituency that closed on Monday this week. The main receiving office is not on a bus route, the car park close to it is always full during daytime hours, and it is at the top of a steep hill. I do not understand how all the community can possibly have access to that receiving office.

It has become clear that the process is being driven not by the strategic overview that we had all expected, but by a wish to close as many sub-post offices as possible as quickly as possible. It has been a case of the devil take the hindmost. The deal offered to sub-postmasters and mistresses has been one that many have simply been unable to refuse. The Government made

[Mrs. Patsy Calton]

available £180 million for compensation. I do not argue with that. On average, £55,000 was paid out in the last quarter to December 2003 to individual sub-postmasters and mistresses. That is £38 million in one quarter of last year, and the figure is likely to be higher for the current quarter. What checks have been made on those payouts? Why is the payout based on takings six months before closure, when the closure information presented to Postwatch and others is based on takings including the past six months? Is that not an incentive to run down the business in the final six months?

How many of those sub-postmasters and sub-postmistresses have owned their businesses for less than two to three years, having taken them on knowing that this process was in place? I am not suggesting that that is a factor in all cases, but I would like to think that the Government seek to ensure that taxpayers' money is spent on the purposes for which it was intended, and not simply used for handouts to close post offices that should be kept open because the sub-postmaster or sub-postmistress wants to go.

My experience of Postwatch has not been as good as that of Labour Members, and I suspect that there are variations between different parts of the country. We have held four public meetings in my constituency, which were attended by Postwatch representatives. My constituents want to know Postwatch's purpose. Why does the Postwatch representative in the north-west, who attended the public meetings, report to Postwatch in London rather than to Postwatch in the north-west? Who authorises him to make derogatory remarks about public campaigns, or did he think of that for himself? Whose side is he on?

Mrs. Anne Campbell: My experience of Postwatch has been extremely positive. Postwatch has done everything possible to help me to fight inappropriate post office closures in my area. In order to try to save a post office in my constituency, one case has been escalated up the ladder to the top of Postwatch. I cannot praise Postwatch highly enough, and I hope that the hon. Lady's experience is not replicated elsewhere.

Mrs. Calton: I am happy to acknowledge that my experience occurred in my area. It was not only my experience, but that of members of the public, who asked, "Why did Postwatch bother to come?" I understand that time is short and that the summing-up speeches must begin shortly.

I shall reiterate the health benefits of a vibrant post office network. It may seem a jump from this debate to health impacts, but the health of communities is a determinant of the health of individuals within those communities. Removing an important asset such as a post office has a huge impact on the health of a community. The other day, I heard that the best treatment for leg ulcers is to put three or four people with leg ulcers together to allow them to talk to each other, which makes them get better, along with the necessary medical work.

Elderly people should not be left alone in our communities, but they are. A huge percentage of the public spend most of each week alone, and visits to the post office and local shops make a big difference to their lives. The long-term cost to the community of post office closures will be huge. The PIU report states that "supporting vulnerable people" and

"acting as a focal point for the community"

are important parts of what a post office has to offer.

I agree that there is an opportunity to reverse years of decline. In particular, it should be possible to offer post offices that open longer and that serve a broader customer base, but that is not the experience in my area, where there has been no attempt to combine retail with a post office to create a thriving local business. It could have been done, but it was not even tried. The question I have to ask is: where is the strategic vision? Those customers will not simply move from one place to another, mainly because they are not capable of doing so. If we turn post offices into banks, they compete with the banks—what about their customer base then? Network reinvention is destroying the customer base, tearing the heart out of communities, increasing car use and adding to social exclusion.

3.55 pm

Andrew Selous (South-West Bedfordshire) (Con): I realise that time is short, so I want purely to repeat that it is extremely regrettable that Powergen has decided to discontinue selling electricity tokens. I quote from an e-mail that I received yesterday from an ever-alert South Bedfordshire councillor, who said:

"There appears to have been no consultation about this . . . They have given only one week's notice and having spoken to PayPoint it will take about 1 month to set up a new Paypoint station. Apart from this being another nail in the coffin of Village Post Offices if you examine the list of outlets within the Hockliffe vicinity there are 6 in Dunstable and 8 in Leighton Buzzard. None of these are on a direct bus route. Once again this will affect the elderly in particular."

At a time when we should be encouraging the Post Office to take on an extra range of services to increase footfall, I hope that the Minister will take that matter seriously and speak to Powergen so that something can be done about it.

3.56 pm

Mr. Stephen O'Brien (Eddisbury) (Con): During this debate, hon. Members on both sides of the House sought to express their views and concerns about post office services—as opposed to the post office network, which was the subject of the debate that took place, again in Opposition time, on 13 January. In doing so, we are motivated by our deep commitment to what characterises the communities that we are sent here to represent, be they rural, suburban or urban. As we know from our own experiences, from the representations that we receive day in, day out, and—ironically—from the volume of correspondence in our postbags, people in those communities feel that local post offices define not only their sense of belonging, but their ability to express that through their relationships with staff, particularly in terms of being known and identified. That gives great comfort to elderly and vulnerable people in particular.

That is the context in which we are considering post office services and the developments that have taken place as a result of the actions and omissions of this Government. The key element in the debate was

identified by my hon. Friend the Member for Havant (Mr. Willetts) when he so ably, expertly and cogently opened the debate—*[Interruption.]* I am sure that his objective assessment will be confirmed by Ministers, who are properly subject to it.

At the heart of the matter lies the element of customer choice, and the whole business of providing post office services must be motivated by what is right for them in making those choices. That is reflected by campaigns that have been going on up and down the land. In Broxtowe in Nottinghamshire, Councillors Sheila Foster, Joan Briggs and Tom Pettengell have raised petitions of more than 1,200 names to campaign against the closures of Chilwell and Attenborough post offices. Yet when we debated that matter on 13 January, the hon. Member for Broxtowe (Dr. Palmer) chose not to join us in the Lobby, although the motion gave him a perfect opportunity to confirm by voting some of the rhetoric that he and others had expressed during that campaign.

The same could be said of the campaign to try to stop the closure of the Finchley Church End post office in the constituency of Finchley and Golders Green, and of the contributions of the hon. Member for Birmingham, Northfield (Richard Burden). However much Labour Members may not want to incur the wrath of their Whips, there comes a time when their votes must equal their rhetoric and campaigning in their constituencies. It is clear that the Conservative party spokesman in Finchley and Golders Green has been campaigning hard for the retention of that post office, having collected petitions containing more than 2,000 signatures. We are now offering the opportunity to Members across the House, in accordance with the campaigning sentiments that they have articulated both here and outside, to walk through the Lobby to give substance to those campaigns.

This is our second debate in Opposition time on this subject. The debate on 13 January led the Minister with responsibility for post office services to make an announcement on 5 February, of which the Secretary of State sought to make a virtue. Curiously, she declined to say that that amounted to a large vote of thanks to us for having raised the issue and creating the opportunity for that debate, from which that statement resulted, although that is clearly what happened.

That point was nailed by the intervention by my hon. Friend the Member for West Derbyshire (Mr. McLoughlin), who demonstrated that the "Westminster Newsletter" issued by the Post Office had stated, following the 13 January debate, that the Post Office would guarantee that it would

"not make a decision until after the public consultation period, and will provide"

Members of Parliament

"with an explanation of the decision".

That announcement resulted from the statement made by the Minister that there would be no contract to

"create any binding arrangement for closure until the public consultation has been completed."—[*Official Report*, 5 February 2004; Vol. 417, c. 50WS.]

By any definitional interpretation of that, it is difficult to see why that guarantee would have been presented as a new development in the "Westminster Newsletter", unless there had been no guarantee before then. That is precisely the argument that we have been making, and I am glad that the Minister responded to it at the time in relation to the post office network.

All that we ask of the Secretary of State is that she listen again to the issues raised in this debate. It is jolly sporting of her to be with us today—

Mr. Hoyle: Cheap shot.

Mr. O'Brien: Labour Members might consider that a cheap shot, but the Secretary of State chose not to turn up to the last debate, although I, as her shadow, was leading it. The Minister both opened and wound up the debate on that occasion. There was clearly a mismatch there. More importantly, the Secretary of State should listen to the points being made in this debate on the way in which people experience post office services. We have heard countless examples from Members on both sides of the House of the deep concern and distress and of the grave inconvenience that has often been increased as a result of Government policy.

It is important to recognise that this is not simply an attempt by Her Majesty's Opposition to oppose for opposition's sake, although I am sure that the Secretary of State and the Minister would like to portray it as such. There are now countless early-day motions on this subject. I fully expect all those Members of the Opposition parties who have signed early-day motions 58, 431, 375, 725, 814, 826, 850 and 859 to join us in the Lobby. I also believe that the tens, if not hundreds, of Labour Members who have put their names to early-day motions on these issues—namely early-day motions 236, 373, 389, 397, 628, 648, 689, 549 and 797—should now think very carefully. This is a genuine opportunity for them to give an honest earnest of their campaigning through early-day motions in the Lobby tonight, rather than attempting to curry favour with a Government whom they always wish to congratulate. They stand up to make speeches and suggest that they are campaigning on behalf of their constituents, but they usually vote for the Government who have caused the problem in the first place.

Mr. Kelvin Hopkins (Luton, North) (Lab): The hon. Gentleman is trying to entice us to vote for his motion, but it is really rather pathetic. It says nothing about post offices providing a vital public service or that they should be cross-subsidised in some kind of socialist way, which is what I believe. All that we have in the motion are proposals for more consultation and a bit of tinkering to try to make things work better. That is not enough.

Mr. O'Brien: I am most grateful to the hon. Gentleman. Of course, we would have been interested to see his proposed amendment to the motion, suggesting that his Government should support, in all honesty, the essence of socialism, which he is so keen to promote. The most important point is that he has an opportunity to give expression to what he has been campaigning on.

We have heard from many Members and it would be invidious, given the shortage of time, to try to mention them all, although, interestingly, my hon. Friend the Member for Ribble Valley (Mr. Evans) offered the

[Mr. O'Brien]

Secretary of State a job swap. In the resulting exchange, she appeared keen to have the opportunity to be a sub-postmistress if she were not re-elected to this place. We are interested to hear of the candidacy of Mrs. Patel, her local sub-postmistress, whom we would much enjoy seeing in the House.

Apart from the community-led points and those on the criteria articulated by the hon. Member for Chorley (Mr. Hoyle)—we hope that he will join us in the Lobby this evening—the most important point is that the Government have made a series of attempts to change the way that people get their services, which is convenient to and focused on them.

There is evidence of Government bias in terms of trying to force people to make a choice against their better instincts. The hon. Member for Northavon (Mr. Webb) made a telling point when he showed that the ready-for-work unemployed are not allowed to have the card account because, apparently, they have to be on the same basis as those who are waged in respect of bank accounts. Again, that is a restriction of choice. Given that the Secretary of State had no answer, that point rather nailed her.

We are short of time and there are a lot of questions to answer in the 10 minutes remaining. Although many have referred to Planet Hewitt I am far from wanting to do so, given that the Minister will make the winding-up speech. We must consider the fact that in Pond World it is indeed dark and a bit creepy. Pond World is also very wet and blind to the world on earth, as the rest of us—our constituents and Conservative Members at least—recognise.

What we see with our own eyes, through our constituency postbag, is deep concern about the restriction of choice and the Government's attempt to railroad people into behaving in a way that they feel is best for those people, rather than allowing people to behave in a way that they want to behave in and which they feel is best for them. They want certain services for themselves, and it is time that the Government listened. I hope that full account is taken of the debate so that we get another revision of Government policy, reflecting the will of the constituents whom we represent.

4.7 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): Never let it be said that the hon. Member for Eddisbury (Mr. O'Brien) lacks either wit or wisdom.

We have had two parallel debates. The debate is entitled "Post Office Services", but almost all the contributions have been about direct payments. I want to address my initial remarks to that issue as we are going through a transfer to direct payment, which is a process of increasing customer choice, helping to address financial exclusion and improving access to financial services. That important point has hardly been mentioned this afternoon.

Before Christmas, I met with a number of groups representing those most vulnerable to financial and social exclusion, such as Help the Aged, Mind, Citizens Advice and the Royal National Institute of the Blind. I can tell the House that all welcomed our attempts to bring more people into the financial mainstream.

One of the main reasons that I came into politics was to combat the poverty and social exclusion that were made so much worse by the previous Government. Financial exclusion is an important aspect of those. I had to smile when the hon. Member for Havant (Mr. Willetts) paraded himself as the friend of the poor and the pensioner. Labour Members remember precisely what he and the Conservative Government did in office.

The nostalgia for the days of order books that we heard from the hon. Member for Northavon (Mr. Webb) is far removed from the drab reality that left 3.5 million of our citizens financially excluded. That is why Citizens Advice, which a number of Members, including my right hon. Friend the Secretary of State, referred to, points out that financial exclusion is one of the main mechanisms for creating that social exclusion in neighbourhoods and communities and for making it so much more difficult to deal with the eradication of child poverty. It also points out that where people suffer from financial exclusion they also suffer from more general exclusion.

Mrs. Shephard: Will the Minister give way?

Mr. Pond: No, I will make a little more progress.

That is one of the reasons why we are introducing a more modern, efficient and reliable service that increases customer choice, provides better value for the taxpayer—*[Interruption]*—yes it does, and cuts fraud and boosts financial inclusion. More customers have opted to have their benefits and pensions paid into an account than by order book and cheque, including 6 million people who are now having their pensions paid into an account without problems. Is any Conservative Member seriously suggesting that we now withdraw that choice from people in the vain hope that somehow it will keep local post offices open?

Andrew Selous: Will the Minister be good enough to acknowledge that no Conservative Member, or any Member, has called for everyone to go back to order books? We are calling for choice. We are just saying that those who want them should be able to keep them.

Mr. Pond: Good. We have that on the record then.

This Government believe very much in choice. We believe that post offices have a future as bright and welcoming places that provide high-quality services that people want to use and to which they want to return, not places to which people are tied in order to get their benefit or pension.

Mrs. Shephard: Will the Minister give way?

Mr. Pond: I am afraid that time is tight, and I cannot.

Several hon. Members, including my hon. Friend the Member for Birmingham, Northfield (Richard Burden), the hon. Member for Cheadle (Mrs. Calton), the hon. Member for Ribble Valley (Mr. Evans) and my hon. Friend the Member for Chorley (Mr. Hoyle) made points about the importance of their local post offices to their local communities, which we believe to be very important. That is why we are investing £2 billion in the post office network, with £450 million going into rural post offices.

My right hon. Friend the Secretary of State and I have heard the concerns expressed about the consultation process. We have strengthened it, as she pointed out, but we recognise that people still have real concerns about the way in which those processes are being pursued. I advise hon. Members who are campaigning to maintain their post offices, as we are, to make absolutely sure that people continue to use those post offices, to encourage them to do so and to help them to recognise—

Mr. Hoyle: I welcome my hon. Friend's comments. Will he please ensure that there is fair play over the proposed closures of the two post offices in Chorley, and that there is genuine consultation?

Mr. Pond: We want to see genuine consultation. My right hon. Friend has confirmed that she is in favour of that.

The challenge for post offices is to make sure that they can offer a range of financial services that allow them to have a vibrant future, which will encourage people to go back to them. By contrast, the Conservative motion is both misguided and opportunistic. Post Office card accounts can only be opened at post office branches—that is the fact. The Government have encouraged customers to use the account that best meets their needs and circumstances. Those who say that it is difficult for people to open a Post Office card account should explain why 2 million people have already done so. All of my Department's direct payment leaflets mention the Post Office card account and how to apply for one. The Post Office has its own leaflets—

Mr. Bacon: Will the Minister give way?

Mr. Pond: I have only two minutes and so am unable to do so.

We are making sensible changes, offering customers a genuine choice. We have listened to customers and their representatives to ensure that we provide a system that meets their individual needs. All customers who want to continue receiving their pension benefit or tax credit through the post office can do so, and they will be able to continue to do so just as now. In recognition of the fact that a small proportion of people will not be able to operate an account, we are developing and designing an exceptions service, and I have been discussing its characteristics with those organisations representing the groups most directly affected.

Mr. Bacon *rose—*

Mr. Pond: I cannot give way.

A number of Members have made points about Powergen. I know that both Powergen and my right hon. Friend will have heard them. *[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. The Minister is replying.

Mr. Pond: Thank you, Madam Deputy Speaker.

My right hon. Friend and my hon. Friend the Member for Chorley suggested that there had been more crocodile tears from the Conservatives than would be necessary to raise the level of the Nile—

Mr. Peter Luff (Mid-Worcestershire) (Con) *rose in his place and claimed to move,* That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:—

The House divided: Ayes 200, Noes 300.

Division No. 107] **[4:15 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Evans, Nigel
Ewing, Annabelle
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hermon, Lady
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Howard, rh Michael
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Liddell-Grainger, Ian
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Marsden, Paul *(Shrewsbury & Atcham)*
Mawhinney, rh Sir Brian
Mercer, Patrick

Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tredinnick, David
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes: Gregory Barker and Mr. Peter Atkinson

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Darling, rh Alistair
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Dawson, Hilton
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Follett, Barbara
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hepburn, Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jenkins, Brian
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Keeble, Ms Sally
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert

Martlew, Eric
Meacher, rh Michael
Michael, rh Alun
Milburn, rh Alan
Miller, Andrew
Moffatt, Laura
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Mountford, Kali
Mudie, George
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Parnell, James
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Ruane, Chris
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Spellar, rh John
Squire, Rachel
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dan *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Tipping, Paddy
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Noes:
Gillian Merron and
Mr. John Heppell

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments)*:—

The House divided: Ayes 297, Noes 196.

Division No. 108] **[4:29 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Darling, rh Alistair
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Dawson, Hilton
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Follett, Barbara
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hepburn, Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jamieson, David
Jenkins, Brian
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Keeble, Ms Sally
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*

Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Michael, rh Alun
Milburn, rh Alan
Miller, Andrew
Moffatt, Laura
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Mountford, Kali
Mudie, George
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Ruane, Chris
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Spellar, rh John
Squire, Rachel
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(CArwyd W)*
Timms, Stephen
Tipping, Paddy
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Gillian Merron and Mr. John Heppell

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Evans, Nigel
Ewing, Annabelle
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Matthew *(Ludlow)*
Greenway, John
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hermon, Lady
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Howard, rh Michael
Hughes, Simon *(Southwark N)*
Jack, rh Michael
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Liddell-Grainger, Ian
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Marsden, Paul *(Shrewsbury & Atcham)*
Mawhinney, rh Sir Brian
Mercer, Patrick
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*

Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tredinnick, David
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Gregory Barker and
Mr. Peter Atkinson

Question accordingly agreed to.

MADAM DEPUTY SPEAKER *forthwith declared the main Question, as amended; to be agreed to.*

Resolved,

That this House supports the Government's strategy to modernise the way benefits and pensions are paid, and to provide customers with a choice of accounts; welcomes the fact that with Direct Payment customers will still be able to collect their cash from the Post Office if they wish using a current account or basic bank account with Post Office access or the Post Office Card Account; notes the Government's plans for a cheque payment, cashable at post offices, for people who cannot be paid through an account; recognises that Direct Payment is a more modern, efficient and secure method of payment which will also help increase financial inclusion; welcomes the fact that more customers are now paid through an account than by order book without problems, including nearly six million pensioners; notes the previous government's attempt to introduce a Benefit Payment Card, which wasted millions of pounds of tax-payers' money; notes the fact that the Post Office had not until recently kept up with changes in customer demand and so had seen transaction volumes dropping and losses increasing; recognises the need for change and congratulates the Government for taking decisive action to help turn the business around; welcomes the record £2 billion investment in the Post Office network over a five-year period, including £450 million for the rural network and £210 million to modernise the urban network; and believes that this will help ensure a viable Post Office network that people will want to use.

DEFERRED DIVISION

Madam Deputy Speaker (Sylvia Heal): I now have to announce the results of the Division deferred from a previous day on the question relating to Fisheries: Catch Quotas and Effort Limitation 2004. The Ayes were 255 and the Noes were 149, so the Question was agreed to.

[The Division List is published at the end of today's debates.]

Orders of the Day

European Parliamentary and Local Elections (Pilots) Bill

Lords message considered [18 March]

Lords amendment 1D

4.42 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): I beg to move, That this House disagrees with Lords amendment 1D to Commons amendment 1C.

The amendment would abrogate the powers of this House of Commons and the Government to decide which regions to select for all-postal voting in the forthcoming local and European elections in June, and pass that decision to the Electoral Commission. It is yet another attempt by the other place to overturn the will of this House of Commons. It would be a nonsensical position for this House to adopt.

Mr. Patrick McLoughlin (West Derbyshire) (Con) *rose—*

Mr. Leslie: Speaking of nonsensical, I give way to the hon. Gentleman.

Mr. McLoughlin: I am grateful to the Minister for giving way, although it is a pity that he cannot do so in the normal courteous way. I am sure that he was in his place earlier when the Deputy Prime Minister said that it was unacceptable for an unelected House to do what it is doing on this Bill. Why should we then rely so much, as the Government wish us to do, on the Electoral Commission, which is also unelected?

Mr. Leslie: The hon. Gentleman aids my case. I do not want the House to accept Lords amendment 1D. We should not give the decision to the Electoral Commission. We have the responsibility as legislators to listen to its advice, but ultimately it is for us to accept or reject its advice. Indeed, the Electoral Commission has itself made that point. It does not want to make the decision. Sam Younger wrote to the Deputy Prime Minister only yesterday to say that its role was to advise. The letter says:

"the choice of pilot regions for all-postal voting is for Government and Parliament to decide. The Commission's role is . . . advisory and it is not for us to say yes or no to pilots in particular areas."

The Electoral Commission disagrees with the Government about the scale of postal voting. It feels that four regions are too many. The Government disagree, but it is for the House of Commons to reach a final conclusion. We have made our view known time and again, and it is now time to reiterate it.

Mr. John Redwood (Wokingham) (Con): I am grateful to the Minister for graciously giving way. What is the point of a reformed House of Lords, which we were told now had more authority, if every time that it comes up with a good idea, Ministers slap it down and vote it down?

Mr. Leslie: If the right hon. Gentleman seriously thinks that he can explain to his constituents that, no matter what they may want or for whom they may vote, they will not be able to secure reforms because the other place takes a different view and if he feels that that is a legitimate way for us to govern the country, surely the dividing lines between the two parties have never been any clearer.

As I have said, the Electoral Commission has made its views known about the scale of postal voting. We disagree with its view that four regions are too many and we feel that postal voting can go ahead in those regions. Yet the Electoral Commission has also said that, as well as the east midlands and the north-east proceeding, we should consider those regions that it defined as potentially suitable, including Yorkshire and the north-west. We wish to proceed with those two regions, thus making up the four regions that we recommend. The House has ratified that decision time and again.

Returning officers, especially in Yorkshire and the north-west, are now more resolute and more certain that they want to proceed with all-postal voting. Surely they are in the best position to know the ability of those regions to proceed. If they are telling us that they want to move ahead, not on the conventional basis but with all-postal voting, we should listen to them.

It would be remiss of us to neglect the fact that the referendums on elected regional government are approaching in October. The Electoral Commission has said that it welcomes postal voting in the three northern regions on that occasion, and we need to bear in mind the virtues of consistency between those referendums and what will take place in June. It would be wrong of us not to bear that in mind in the decisions that we take.

Jon Trickett (Hemsworth) (Lab): Does my hon. Friend agree with the estimate that probably an extra 2 million people would vote under the postal voting system compared with the traditional system? Has it occurred to him that the governing party is clearly on the side of increasing the number of people who vote, whereas the Opposition parties might be seeking tactical advantage by encouraging a diminution in that number?

Mr. Leslie: My hon. Friend makes a reasonable point, and we need to start asking the Opposition parties why they have been using the other place to block what I regard as a perfectly reasonable innovation in our democracy that will ensure that we make it more convenient and easy for people to express their views in our constitution.

Mr. David Watts (St. Helens, North) (Lab): Does my hon. Friend agree that we are hearing a lot about what the Electoral Commission and the Lords want, but not a lot about what voters want? Does he also agree that the vast majority of voters in Britain and in those regions want to use their postal votes, as my hon. Friend the Member for Hemsworth (Jon Trickett) has just suggested?

Mr. Leslie: The point that my hon. Friend makes stands well. We are elected to the House of Commons, which is where we are accountable to the population for the decisions that we take. If we decide to proceed with pilot all-postal voting in four regions, how can we explain to the electorate—our constituents—that we cannot manage to do so because the other place decides to thwart that view?

David Winnick (Walsall, North) (Lab): Is it not outright impertinence for those in the unelected Chamber to try to set down voting procedures when the House of Commons has made its decision? Should we not tell them so now?

Mr. Leslie: My hon. Friend makes his point so strongly that it could be heard in the other Chamber as we speak. Indeed, it needs to be heard in the other Chamber. It is about time that we faced up to the fact that this House of Commons has made its view known and repeated its view, and that we now need to resolve the issue. We should not let the issue drift further. The Lords need to back down on this matter.

Mr. Lindsay Hoyle (Chorley) (Lab): It has quite rightly been stated that the matter before us is for this House to decide, because we are the elected House, we represent the people and we represent the electorate out there. Therefore, does my hon. Friend agree that this decision should be taken here, not by an unelected House, and certainly not by the Electoral Commission? I say to the Opposition—I think that my hon. Friend will confirm this—that Chorley has tried the pilot scheme for two years running and has doubled the number of people voting in wards by enfranchising them and allowing them to vote through a postal system. Why should they lose that right?

Mr. Leslie: My hon. Friend hits the nail on the head. An important constitutional principle is at stake. The House of Commons has made its view known on a number of occasions, yet the second Chamber has been acting not in a revising capacity, but perhaps in a blocking capacity. He also made another point: if we are not careful and if the other place rows back from all-postal voting in four regions, fewer people might vote by all-postal means than in the 2003 local elections. Some 22 per cent. of the population voted by all-postal means in the 2003 elections. If we were to take the advice of some peers in the other place and drop the north-west, only 20 per cent. of the population would be proceeding in that way, which would obviously be seen as a retrograde step.

Mrs. Angela Browning (Tiverton and Honiton) (Con): Will the Minister explain why, when his party introduced the Bill that became the Political Parties, Elections and Referendums Act 2000, it introduced in the Lords more than 300 amendments that had not been considered by this House, but which came back to this Chamber in a debate on a guillotine and were barely considered by the Commons at all?

Mr. Leslie: No legislation is enacted unless this House of Commons approves it. As the democratic Chamber, this House of Commons endorses all legislation. If the hon. Lady feels that any legislation has got on to the statute book without this House endorsing it, she can

write to me and give me her suggestions. I feel that it is quite clear that any basic study of the constitution would conclude that this House needs to make its views known. She may disagree with the length of debate on a particular measure, but no legislation is introduced without this House giving its assent.

Angela Eagle (Wallasey) (Lab): Will my hon. Friend take a little time to speculate on why both Opposition parties appear to be against making it as convenient as possible for people to vote?

Mr. Leslie: I can imagine a number of possible reasons, as I know my hon. Friend could. We should indeed think about that issue, and I shall turn to it in a moment.

Kali Mountford (Colne Valley) (Lab): Did my hon. Friend note that Baroness Hanham drew a comparison in her closing remarks between convenience and easiness in voting and increased turnout in elections? Is it not lamentable that someone who is neither elected nor accountable to anybody has such a contemptible view of democracy?

Mr. Leslie: It would be dangerous indeed if the other place were perceived to be making the democratic process any more difficult. Various people from other parties have made statements that perhaps we should make it more difficult for people to express their opinion and make it harder for them to vote at elections. That is fundamentally anti-democratic and the wrong approach.

Mr. John Gummer (Suffolk, Coastal) (Con): Will the Minister explain how this House can give any opinion at all on amendments that are introduced in the other House and then subjected to a guillotine, ensuring that large numbers of them are not discussed at all? The guillotine is the means by which this Government have disfranchised large numbers of people.

Mr. Leslie: The right hon. Gentleman does not have to vote for any measure that he does not support. All measures can be voted on, and if he opposes a measure, he can vote against it. That is the fundamental way in which we make decisions in this House of Commons. We are not talking about guillotines in respect of this Bill; we are talking about a fundamental attempt by the other place to block the will of this House of Commons.

There are many good reasons why we should proceed with a pilot for four regions. We have the resources to do so, and a pilot involving 31 per cent. of the electorate is not excessive. Our decision is clear. We announced on 21 January that we wanted four regions, and the House of Commons ratified that decision on 8 March. It reconfirmed it on 16 March, so why are we debating it again? We have answered questions about fraud and malpractice, and made sure that we have answered questions about supported delivery points, where people can still vote in secret. New changes will aid voters in houses in multiple occupation, and teams of officials can visit such properties with special regard to the problems that can arise. Offences of personation and undue influence over voters are in place, and secrecy warnings will be included in the literature. We have therefore managed to address all the concerns about fraud and malpractice.

Regional returning officers have made their views very plain indeed, and want to proceed with all-postal voting. The Government want to proceed, and the House of Commons wants to proceed as well, so why are the Conservatives and the Liberal Democrats trying to use the other place to block what is evidently the will of the House of Commons? I shall take up the invitation of my hon. Friend the Member for Wallasey (Angela Eagle) and speculate on the reasons why.

The Opposition may be afraid of a high turnout in the June elections, and therefore oppose all-postal voting in the pilot. It may be the age-old tactic of opportunism, with the Opposition seeking to derail the local and European elections in June. If that is the true reason why the Opposition are behaving in that way, that is a very dangerous game indeed. The hon. Member for Surrey Heath (Mr. Hawkins) and, in particular, the hon. Member for Somerton and Frome (Mr. Heath) must justify their use of the other place to block the will of the House of Commons. How am I to explain to my constituents in Yorkshire that, no matter how many people want all-postal voting and no matter who they vote for at those elections, they cannot have such a system because the minority parties, using the other place, have sought to block the will of the House of Commons?

Richard Younger-Ross (Teignbridge) (LD): The Minister referred to higher turnout and more people voting. Why is it not possible to have a nationwide postal vote? If there are pilot schemes for half the country, why are they in the north? What will the Minister say to people outside the House who will regard that as cynical manipulation?

Mr. Leslie: The hon. Gentleman should know that we have debated the subject in the Chamber on numerous occasions, and he should be aware of the rationale for the Government's four-region proposal, which was supported by the Commons on a number of occasions. The selection partly reflects the advice of the Electoral Commission on the ranking of suitable regions, but takes into account the fact that in October we will hold referendums on elected regional government. It would be daft to ignore that.

Joyce Quin (Gateshead, East and Washington, West) (Lab): My hon. Friend mentioned the regional referendums in October and the use of all-postal ballots. Will he confirm that we will not necessarily have to accept the unhelpful amendment on regional referendums agreed in the House last week making extra requirements for witness signature? In the postal ballots in my area of Gateshead, we had no such requirement. The turnout was higher than it was in areas where the requirement was made, and the Electoral Commission gave us a clean bill of health regarding fraud—we had no problems of that kind. I therefore hope that my hon. Friend can give me that assurance.

Mr. Leslie: I know that my right hon. Friend is disappointed that we were effectively forced to accede to the Lords on the declaration of identity, but we did so in

[Mr. Leslie]

the spirit of trying to reach consensus, even though that does not appear to have been acknowledged by the other place. It is important to keep under review the issue of the declaration of identity. It will be used in the all-postal voting pilots in June, but we should revisit the issue.

Mr. George Osborne (Tatton) (Con): Labour Members seem to suggest that we are against high turnouts, but I dare that say every single Opposition Member was elected on a higher turnout than every single Labour Member. The Minister suggests that there is some mystery about why the Lords keep sending the Bill back and why the House of Commons cannot have its way. Will he address the Electoral Commission's letter of yesterday—not a month ago, not two months ago, but yesterday—in which it continues to say that it does not recommend holding postal votes in the north-west? The Government set up the Electoral Commission to guard the integrity of the electoral process. Will he address the specific concerns of the Electoral Commission and tell us why he thinks that it has got this wrong?

5 pm

Mr. Leslie: I apologise to the hon. Gentleman. I have the letter from Sam Younger, the chairman of the Electoral Commission. It does not contain the words that the hon. Gentleman attributed to it—that we should definitely not go ahead with the north-west. The Electoral Commission simply says that its views on all these matters have not changed from the previous occasion. We know very well that the Electoral Commission has said that the north-west is potentially suitable.

The hon. Gentleman should be aware that the commission has reiterated its view. He knows that we disagree about a number of regions, and I do not demur from that, but it is important to remember that the Electoral Commission has reiterated that there are a number of regions that it considered "potentially suitable". The commission underlines the fact that it is for the Government, Parliament and the House of Commons to make decisions about what happens and which regions should be selected. It is not for the commission to say yes or no to particular regions. That is in the letter.

Mr. Nick Hawkins (Surrey Heath) (Con): The Electoral Commission's letter of yesterday to the Deputy Prime Minister states:

> "For the reasons set out in my letter of 4 March we are not persuaded of the merits of piloting in 4 regions."

It goes on to say:

> "The considerations as set out in our December Report regarding the North West have not changed."

The Minister is indulging in his usual habit of selective quotation and misinterpretation. It is quite clear that the Electoral Commission was against a pilot in the north-west for all the reasons of fraud that it set out before. It still says that it is against the north-west. Will the Minister recognise that?

Mr. Leslie: I can only sit at the feet of the master of selective quotation. That is certainly not what I understand from the Electoral Commission. I have said to the hon. Gentleman that we disagree with the Electoral Commission about its view of the number, the quantum, the scale of regions to proceed with, but that is an entirely different matter from which particular regions are selected. The Electoral Commission underlined the fact that it had a category of regions that were "potentially suitable", which include Yorkshire and the north-west. It has not changed its view. That remains the case. It is therefore open to us to recommend that we should proceed in four regions.

We have been round these arguments before and I do not think many of the issues have changed. What has changed is the fact that the Opposition parties seek to justify using the blocking powers of the other place to thwart the will of the House of Commons. How can the hon. Member for Somerton and Frome, for example, call himself a Liberal Democrat but use the House of Lords as he has done to thwart the House of Commons' views and decisions? He should address that point when he speaks. *[Interruption.]*

The benefits of all-postal voting are clear—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to interrupt the hon. Gentleman. May I say to the House as a whole that it would be better if the debate were conducted with one person speaking at a time?

Mr. Leslie: Thank you, Mr. Deputy Speaker.

The benefits of all-postal voting are crystal clear. It brings convenience and ease of voting to electors in those regions. We are talking merely about piloting. We should pilot in those four regions. The arguments are clear. I hope that the House stands firm in its view and supports the proposal for four regions, and I urge hon. Members to disagree with the Lords in their amendment.

Mr. Hawkins: We are going around this track for the fifth or sixth time now, but there are always some new developments. The Government have conceded one of our main concerns about the anti-fraud measure of requiring a witness signature. I am sorry that they refused to concede on the sending of receipts by returning officers, but I suspect that the House will need to return to that in years to come, and I fear that, as the Electoral Reform Society has warned, the incidence of electoral fraud will require a reconsideration of that.

Anyone who had heard only the Minister's speech this afternoon might mistakenly think that the Government's views on this matter were entirely clear and had never changed, but in fact the Government have changed their mind from three pilot regions to four, at the insistence, as we know, of the Deputy Prime Minister, who has been working the issue by remote control throughout the passage of the Bill.

The main issue this afternoon, however, is the Government's refusal to trust the Electoral Commission, which they themselves set up. The Government have tried to bully their own Electoral Commission, and they have done so specifically and especially in the person of the Deputy Prime Minister. We always suspected that his involvement in this area

was for purely party political reasons, and we saw it for ourselves last week, when he spent the whole time on the Front Bench bellowing and seeking to interrupt and affect the debate.

We have now all seen the letters that the chairman of the Electoral Commission, Sam Younger, sent to the Minister on 4 March, and to the Deputy Prime Minister yesterday. Significantly, what we have not seen are the letters that Ministers, specifically the Deputy Prime Minister, have sent to the Electoral Commission. I challenge the Minister to place in the Library the letters that all Ministers have sent to the Electoral Commission, because before the matter returns to another place, we all need to have a full picture. I also challenge the Minister, as I did last week, when he declined to respond, to place in the Library the minutes of all meetings that any Minister in this Government has attended with any returning officers. We need a full picture. At the moment we are seeing the responses of the chairman of the Electoral Commission to letters that we have not seen.

We also fear that Labour has been leaning on returning officers—not only in the Deputy Prime Minister's home area of Yorkshire and the Humber—to seek to intimidate them into changing their views. It is not merely Conservative Members who express these views. As the noble Lord Rennard, speaking for the Liberal Democrats, said:

"it is alarming that a Labour Government can engage so directly with returning officers charged with conducting the elections fairly, but who are the employees of Labour councils fearful of their re-election and who can exclude the independent Electoral Commission from those deliberations."—[*Official Report, House of Lords*, 18 March 2004; Vol. 1942, c. 345.]

That is our concern.

Mr. David Clelland (Tyne Bridge) (Lab): The hon. Gentleman referred in his opening remarks to incidents of fraud. Would he like to give some examples of where such incidents have taken place, because as my right hon. Friend the Member for Gateshead, East and Washington, West (Joyce Quin) pointed out earlier, in Gateshead council, where the ballot took place without the need for witness signatures, there was no evidence whatever of fraud. On the other hand, in Newcastle council, where the witness signature was required, 6,000 people were disfranchised because of the lack of a witness signature. Does he think that that is fair?

Mr. Hawkins: I do not criticise the hon. Gentleman because I know that he has many responsibilities in the House, but I do not think that he took part in the earlier debates on this matter. Had he done so, he would be aware that I have referred at great length to the examples of fraud given by the noble Lord Greaves, not just on one but on several occasions when the matter was debated in another place. I have incorporated my concerns, which are set out fully by the Electoral Commission in its report, in my various speeches, so I respectfully refer the hon. Gentleman to what the Lord Greaves has said. The main concerns about fraud were in the north-west. The Electoral Commission says that one of its concerns about the north-west is that possible prosecutions for fraud might coincide with the period of these elections; that has been one of the main reasons why it is not prepared to approve the north-west as a pilot area.

Andy Burnham (Leigh) (Lab): Again, the hon. Gentleman comments on the north-west and the allegations made by Lord Greaves. Will he clear up the matter: has the Crown Prosecution Service taken forward any of the allegations made in Pendle?

Mr. Hawkins: I do not know specifically about Pendle, but, as the hon. Gentleman would know if he had listened to earlier debates, Lord Greaves did not refer only to Pendle, and I, like him, gave about 10 different examples of areas of the north-west where fraud had been alleged. The Government's own Electoral Commission has said that it is not prepared to endorse the suggestion that the north-west should be a pilot because of concerns about fraud, and yesterday's letter from Sam Younger, the chairman of the Electoral Commission, repeats that point.

Andy Burnham: Will the hon. Gentleman give way?

Mr. Hawkins: I will not give way again. I simply refer the hon. Gentleman to yesterday's letter from Sam Younger, which is absolutely clear, no matter how the Minister tries to reinterpret it. In December, the Electoral Commission said that the north-west is inappropriate; it repeated the point in January; and it made it again as recently as yesterday.

Mr. David Watts (St. Helens, North) (Lab): Why does the hon. Gentleman take the view that we should take so much notice of the Electoral Commission, when the Lords and he rejected its suggestion on the verification of voting? He is keen to take notice of the Electoral Commission when he wants to. Why did he not take notice on both occasions?

Mr. Hawkins: The Government must explain why they are ignoring their own Electoral Commission. It was not us who set it up. Having listened to the Minister this afternoon, one might think that it is Government policy to ignore the fact that we have a bicameral legislature. The Government want a one-party, one-Chamber state, where they can ram through their views without debate.

In fairness, many of the noble Lords and Baronesses who have spoken about electoral matters in debates on this Bill have many more years of electoral experience than the Minister. Many of them are in another place precisely because they have long experience as councillors and party agents. *[Interruption.]* The Minister says that noble Lords and Baronesses have no electoral mandate, but many of them have been around in politics for a lifetime and sit in another place because of their experience. *[Interruption.]* He should recognise that it is a bit rich for somebody who only arrived in this House in 1997 to criticise as having no mandate those from whichever party who have been appointed to another place because of their political experience.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): On a point of order, Mr. Deputy Speaker. Is it not the case that every Member of this House, irrespective of age and experience, is of equal status?

Mr. Deputy Speaker: Order. Hon. Members are, of course, of equal status, but they may have different experience in different ways. I do not want to get involved in a matter of debate—far worse things have been said in the House, and we can always seek to improve the standard of exchange. While I am on the subject, I want to hear less noise and more from the person who has the Floor of the House at the time.

Mr. Hawkins: We must examine what independent commentators say about what the Government are up to in trying to railroad the Bill through. I refer any hon. Members who have not seen them yet to the views expressed by the distinguished and senior home affairs correspondent of *The Daily Telegraph*, Mr. Phillip Johnston, on Monday of this week. In a well-observed column headed, "'Now they want to abolish polling day", Mr. Johnston says:

"Surely this is a matter that requires all-party agreement. The electoral system is no more Labour's to tinker around with than is the constitution, whose ancient structures are being so casually dismantled in the name of 'modernisation'. Postal voting, while superficially attractive to politicians who think that we are all too bone idle to get off our backsides to go to a polling station, is wide open to fiddling, intimidation and fraud. It will mark the final disconnection between politicians and the electorate."

Mr. Johnston also deals with the canard that we heard at Prime Minister's questions earlier this afternoon, when an hon. Member suggested to the Deputy Prime Minister that postal ballots might mean fewer votes for extremist parties. As Mr. Johnston points out,

"The seats with the highest turnout in the 2001 general election were the three Northern Ireland constituencies where Sinn Fein candidates were elected."

Does not that give the lie to the suggestion that an increase in turnout means less support for extremists?

5.15 pm

Mr. Miller: To correct the hon. Member for Tatton (Mr. Osborne), I had a bigger turnout and a bigger absolute vote than the hon. Member for Surrey Heath (Mr. Hawkins).

Does the hon. Member for Surrey Heath agree that although the article from *The Daily Telegraph* is right inasmuch as the voting system is not Labour's to tinker with, it is for this House to make a decision, and this House must take precedence over the other place, where nobody is elected?

Mr. Hawkins: I simply disagree with the hon. Gentleman. We take the view that the whole purpose of having a bicameral legislature is to give both Houses of Parliament a role. What we dislike is this Government's attempt to change the agenda as it suits them. During the debate on the Bill on 16 December, the Minister said—not once, not twice, not three times, but about six times—that the Government would have a third postal pilot. The volte face took place as soon as the Deputy Prime Minister got involved and insisted that both the north-west and Yorkshire and Humber be included. The Government have been completely inconsistent for party political reasons connected with the Deputy Prime Minister's obsession with the forthcoming referendums on regional government.

Mr. Redwood: Does my hon. Friend agree that the Lords is particularly important when a strong majority party in this House wishes to twist or distort the constitution or the electoral system? That is when the minority interests and parties need a voice. I am delighted that the Lords will provide that; the Government should be ashamed that they will not.

Mr. Hawkins: I am grateful to my right hon. Friend: he is absolutely right.

We can rely on the Electoral Commission's firm view—despite the Minister's attempt to reinterpret it—that the north-west must be ruled out. The Electoral Commission is clear that it has not changed its mind from what it said in December or in January, and sticks to the reasons that it set out previously. That is why those in another place are absolutely right to continue to insist on backing the Electoral Commission. I am confident that in the end the Government will have to give up on this, because otherwise they will lose the Bill altogether. If they do, it will be entirely their own fault.

Mr. Clelland: My hon. Friend the Minister is right to resist the amendments, especially in light of the damage that has already been done to the Bill by the other House. The amendment requiring witness signatures, which will disfranchise thousands of people—mainly the elderly and those with communication difficulties—has been forced on the Government because the other place is using up time which, because of the approaching elections, this House unfortunately does not have, in order to defeat the Bill. Last week, the Select Committee on the Office of the Deputy Prime Minister interviewed manufacturers of electoral materials who are telling the Government that time is running out in terms of producing those materials. The House of Lords is using that situation to force amendments on a reluctant Government.

Much comment has been made about the unelected House having undue influence over a matter relating to elections and electors' rights. Some might say that that makes the case for an elected House stronger. I would argue against that, because one can imagine the situation if these decisions were being made by an elected House. It would be much more difficult for this House to get anything through at all—we would have this legislative gridlock time after time. The Government are right to go back to the drawing board on the constitution of the second Chamber. *[Interruption.]* One of my hon. Friends says, "Abolish them." I am becoming more attracted to that idea as the days go by. We need to consider the powers of the House of the Lords before we start to consider who should sit and exercise them. That is what should have been done in the first place. I hope that we will take this opportunity to do it and that we do not get into this ridiculous situation again.

Mr. David Heath (Somerton and Frome) (LD): Thank you, Mr. Deputy Speaker. That was a briefer contribution from the hon. Member for Tyne Bridge (Mr. Clelland) than I was expecting, but it was valued nevertheless.

These ping-pong episodes are among the most unedifying things that we do in the House. As I said when we last debated these matters, it is rare to hear any new arguments on these occasions. However, there is a new element this time, in the form of the letter from the Electoral Commission, which the Minister has chosen to misrepresent to the House, and whose contents he has chosen to ignore. [HON. MEMBERS: "Rubbish!"] Hon. Members may say "Rubbish", but I have the faculty of being able to read. No Member who has read the letter from the Electoral Commission can be in any doubt as to what its conclusions are, and that poses a huge problem for the Government. The Lords have not introduced a killer amendment to the Bill. All that they have done is to make the perfectly reasonable propositions that the Electoral Commission, which the Government set up in order to give advice on electoral matters, should be heard on this matter, and that the Government should not be able to ignore its advice when introducing electoral pilots. Indeed, "pilot" is an inappropriate word to use when the proposal involves nearly half the local authorities in England. That is not a pilot; it is half the country.

We have heard the absurd argument that it would be a disgrace to democracy if there were no all-postal ballot in the north-west. However, we are not told that it would be a disgrace to democracy not to have one in the south-west. We are told that such a ballot is essential in the east midlands, but not the west midlands. [HON. MEMBERS: "Pilots!"] We now hear the word "pilots", but the three pilots that the Minister asked for in the first place are no longer sufficient. The Government, in the form of the Deputy Prime Minister, have determined that he wants half of England to be involved, and that just happens to be the half that lies to the north of the Trent.

I do not understand why the Deputy Prime Minister is so adamant that he should use the majority in the House to push through an electoral reform against the consensus of the political parties represented in the House and against the advice of the Electoral Commission. There was a time when there was a pretence that the Deputy Prime Minister was not guiding this whole affair, but that pretence has been blown apart by the fact that the right hon. Gentleman has written to the Electoral Commission—we know not in what terms—and that he has had a rebuttal from it. The commission will not be persuaded that it should abandon its better judgment in this matter.

Having made a careful study of Yorkshire and Humber, the commission has said that its view has changed, and that it is now prepared to accept that Yorkshire and Humber is an appropriate area. Very well. If that is the case, I accept that as well. I have no wish not to extend this voting experiment to those areas in which it is suitable to do so. Let me tell hon. Members from Yorkshire and Humberside that I am now on their side, because they have the imprimatur of the Electoral Commission.

Mr. Watts: Is it Liberal Democrat policy that the Electoral Commission should be able to overrule the will of Parliament? Also, will the hon. Gentleman confirm that the view of the Liberal Democrat MEP, Chris Davies, is that postal voting is for lazy people? Does the hon. Gentleman believe that anyone who wants a postal vote is a lazy person?

Mr. Heath: No, I do not believe that. Frankly, it was an absurd thing for that Member of the European Parliament to say, and I wish he had not said it. Now that I have said that from the Front Bench, I hope that the hon. Gentleman will no longer try to use that argument in evidence against our party's apparent position. It is not the position of our party.

Mr. George Osborne: Will the hon. Gentleman give way?

Mr. Heath: In a moment. Let me answer one intervention at a time.

The role of the Electoral Commission is crucial when designing pilot schemes for innovative ways of voting. I would never have had a problem with the Government had they said, "We are not having a pilot scheme for this innovation. We will have a UK-wide all-postal ballot." I would have said, "Okay, let's have a go and see what happens in the European elections." However, that is not what is on offer. We have the absurd pretence that, somehow, the Government are doing as is recommended when we know that they are not and that this is appropriate for one part of the country and not appropriate for the rest.

Mrs. Browning: Does the hon. Gentleman agree that the Electoral Commission and its chairman are answerable not to Ministers but to the House? I sit on the Speaker's Committee on the Electoral Commission. The commission is called to our meetings to answer questions. If, as a member of that Committee, I discovered that the chairman had made a specific recommendation to the Government vis-à-vis fraud in the north-west and they had ignored it, they would be in very serious trouble with my Committee.

Mr. Heath: Let that be a warning to the Minister, because he is clearly going to be in trouble with the Speaker's Committee on the Electoral Commission.

Hyperbole apart, this is a serious matter. We are discussing this country's electoral system and that should command the respect and agreement, as far as that is possible, of the parties that are contesting those elections. It is simply not right that a party that has a majority in the House—owing to what I think is a corrupt electoral system, and certainly on a minority of the vote—can have its way irrespective of the views of the Electoral Commission that it appointed.

Mr. Leslie: I have two brief comments to make. First, I hope that the hon. Gentleman withdraws his point about the House somehow being based on a corrupt democratic system. Secondly, will he justify the use of the House of Lords in persistently overturning the will of the House of Commons?

Mr. Heath: Perhaps the Minister uses the House of Lords for his purposes; I do not use the House of Lords. I respect the judgment of those who sit in the House of

[Mr. Heath]

Lords at the moment, although I would like it to be reformed and given accountability through a proper electoral system.

I say that the system is corrupt because it does not reflect the votes that people cast, as the Minister perfectly well knows. That is why he can pray in aid a massive majority in the House won on a minority of the votes cast and say that it should overrule not only Conservative and Liberal Democrat Members of this House, but the other House, which he has chosen not to reform, as well as the independent body that was set up precisely—

Several hon. Members *rose—*

Mr. Heath: Many Members want to intervene, but I give way to the right hon. Member for Gateshead, East and Washington, West (Joyce Quin), because I think I did her a disservice during a previous debate in not understanding the details of the pilot scheme in her constituency. I apologise to her for that.

Joyce Quin: I am grateful to the hon. Gentleman, who did not realise that the pilots are different in different areas. In my area, there is no requirement for a witness signature. He has laid great emphasis on supporting the Electoral Commission, but is it not the case that last week the amendment from the other place, which he introduced and which was accepted, ran counter to the view of the Electoral Commission regarding the witness signature?

Mr. Heath: You would rule us out of order, Mr. Deputy Speaker, if we re-ran a debate on an amendment that has been passed into the legislation. *[Interruption.]* If I may, I will respond to the right hon. Lady. I am clear in my mind that the advice from the Electoral Commission was that we should have a pre-registration identity system. We have not yet achieved that. I understand from her what the pilot scheme in her constituency involves, which I did not understand before. I admit my ignorance on that. However, it does not alter the fact that for the generality of elections around the country, and for all those that would have lain outside the pilot regions in the election that we are debating, exactly the same system would have persisted. It does not therefore invalidate my argument, although I was incorrect in the detail, which is why I am happy to offer my apologies.

5.30 pm

Andy Burnham: I think that the hon. Gentleman was beginning to develop an argument that he would accept Yorkshire but not the north-west. Can he therefore confirm that the only outstanding case of electoral fraud ongoing in the north-west is against a Liberal Democrat in a traditional election opportunity?

Mr. Heath: I cannot confirm that, although I am sure that the hon. Gentleman is right, as he has a more intimate knowledge of electoral affairs in the north-west than I do. I have never used the argument used by others that the key issue in the north-west is fraud. My argument has always related to one of the basic criteria set down by the Government, not me, that given the complexity of electoral arrangements in the north-west and that so many local authority elections are involved in the north-west, it is not an appropriate pilot. That is what the Electoral Commission said about the north-west, and that is the position to which it holds.

The hon. Gentleman asked me whether my position was developing. In terms of identification of the regions, my position has always been that we accept the advice of the Electoral Commission, which originally proposed two regions, and has moved its position to accept Yorkshire and Humber. I am therefore happy to adopt that position today.

Andy Burnham: Is it not the case that the Liberal Democrats are singing two different tunes from one end of the Corridor to the other? The noble Lord Greaves has made great play of fraud in the north-west elections, which is why the Liberal Democrats have opposed this Bill down the other end of the Corridor. The hon. Gentleman is now advancing a different argument. Which is it? Clearly, there is no evidence of fraud in postal ballots in the north-west. To what are the Liberal Democrats opposed?

Mr. Heath: Again, the hon. Gentleman is referring to a previous debate. We are not talking about fraud today, because, I gently remind him, we have dealt with that issue. We are now talking about the selection of regions and only the selection of regions. The burden of our argument has always been that having set up an independent arbiter as to which region should be selected for a pilot and how many regions should be so selected, the Government are deciding that they know better than that independent arbiter, for whatever reason they wish to use.

Mr. Watts *rose—*

Mrs. Lorna Fitzsimons (Rochdale) (Lab) *rose—*

Mr. Heath: I have given way to the hon. Gentleman, but I will give way to the hon. Lady if she still wants to intervene on me.

Mrs. Fitzsimons: As someone who shares the hon. Gentleman's support for electoral reform, may I ask whether he will accept my fundamental disappointment at the way in which Liberal Democrats in this place and the other place have handled this issue? First, they are saying that voters in Rochdale are too stupid to understand how a postal vote system would work. Secondly, what is the difference between the Yorkshire local government system and north-west local government system if he is seeking to say that it is more complicated, we are too stupid and we cannot understand it? And thirdly, does he not understand that there is just a tinge of hypocrisy to allowing the argument to be advanced in the other place, but not advancing it in this place, thereby allowing those in the other place to do your dirty work?

Mr. Heath: The hon. Lady clearly did not listen to the reply that I just gave. We have had a debate on electoral fraud, which has now been resolved, and we are now

debating one amendment from the other place that deals only with the selection of regions. If she wants to say that accepting the advice of the Electoral Commission on Yorkshire and Humber in some way demeans or derides her constituents in the north-west, why are my constituents, who had an all-postal ballot at the elections last year, too stupid to have an all-postal ballot in these elections? Does she have an answer to that?

Mrs. Fitzsimons: The problem was pointed out by one of my hon. Friends earlier. It suited your purposes when you tabled an amendment—

Mr. Deputy Speaker: Order. The hon. Lady, in her excitement, is not using the right language. None of this has anything to do with the Chair.

Mrs. Fitzsimons: I apologise, Mr. Deputy Speaker. I believe that there is some confusion among the Liberal Democrats. Last week, when they tabled an amendment, they disagreed with the Electoral Commission. This week, they have decided that its recommendations are their bible. Which is it?

Mr. Heath: I am not going to keep replying to the same intervention ad nauseam. The hon. Lady really needs to talk to her hon. Friends about the internal contradictions in their own arguments. Then she can start talking to me.

Mr. Kevin Barron (Rother Valley): Will the hon. Gentleman give way? He said earlier that he would.

Mr. Heath: Oh, did I? Well, in that case I had better.

Mr. Barron: The hon. Gentleman just mentioned contradictions. Can he tell us why the Liberal Democrats accept the prospect of an all-out postal vote in the referendum that will take place in October, but do not accept the proposal for postal votes in the local government and European elections in the north-west in June?

Mr. Heath: Can the right hon. Gentleman explain to me why this is called the European Parliamentary and Local Elections (Pilots) Bill? That is the crux of the matter. As I have said more times than I care to remember, I would have understood the Government's logic if they had applied their proposals to the European parliamentary elections as a whole.

Kali Mountford: That is not a pilot.

Mr. Heath: Half of England is not a pilot. That is the problem with the Government's position.

Sadly, I do not think that we are making any progress. The reason for that is the Government's intransigence and incompetence. The proposal will now go to the other place, and a deal will be done. The Lords will accept Yorkshire and Humberside, or the Government will lose their Bill. Then we shall have the three regions that the Electoral Commission has identified as suitable, and the Government will have the three pilots that they said they wanted in the first instance. Why on earth could they not have said that here this evening? Because they want the Lords to take the blame for their incompetence.

Kali Mountford: I must start by agreeing with the hon. Member for Somerton and Frome (Mr. Heath). It is sad that we can agree on the fact that we are making no progress whatever. This House should be allowed to make progress, because this House has made its position clear. This House contains the democratically elected representatives of our constituents, and the other House does not. I should have thought that that was of some importance to this House.

That is important to this House because we are discussing how it should formulate elections for the future, and what will happen when we change an electoral system that has a direct bearing on its work, and a less direct bearing on the work of the other place. The line has been revealed by statements made in the other place. The Lords do not object to a pilot, or even to the number of areas included in the pilot; they are against postal balloting per se. Their main objection is to the fact that elections would be more convenient. What an absurd objection! It is absurd to suggest that a disabled person, a person who works very hard or a person who works different shifts should not have the right to a postal vote.

Incidentally, all those people can apply for a postal vote under the current system. As they can do that on an individual basis, with all the expense that that entails, why is it not sensible to think about what will happen when that convenience is extended to everyone, and the distortion caused by the requirement for applications is removed?

Andy Burnham: We have heard of the great experience at the other end of the Corridor. Is my hon. Friend aware that the Lords vote was carried by the hereditary peers? What right have they to advise any Member of this House, whatever his or her age, about electoral practice?

Mr. Deputy Speaker: Order. I remind both hon. Members of the precise terms of the amendment.

Kali Mountford: I will limit myself to saying how much I agree with what my hon. Friend has said, Mr. Deputy Speaker.

We must ask what benefit will accrue from the pilot, who will be included, and why this House should or should not take cognisance of what is said in the other place and what is said by the Electoral Commission. We are surely not saying in this debate that we should have government by commission. That would be absurd. It is for this House and this Government to take account of what advice the Electoral Commission gives, but then to make up our own minds on the value of that advice—with some of which we agree and with some of which we do not agree. It is perfectly sensible to say that we want the pilots to cover a larger area, and to include more circumstances against which we can check the outcome. The hon. Member for Somerton and Frome kept saying that half the electorate would be included in the pilot, but that is incorrect. If he cannot do his sums, he should look at the figures again. By my reckoning, 31 per cent. is not half.

Mr. Watts: I agree with my hon. Friend. Does she share my lack of understanding of how the Liberal

[Mr. Watts]

Democrats can support postal voting in referendums on regional government, but not in European or local elections? Are not those two stances at odds with each other?

Kali Mountford: It is hardly surprising that the Liberal Democrats are at odds on any issue. It is hardly surprising that they have hung themselves on a particular hook over the precise terms of this afternoon's debate. It suits them to forget the convenient arguments that they have used on other issues at other times. Nevertheless, let us examine what they have said. They have said that what is good enough for the goose is not good enough for the gander. I say that this gander will have its way.

Mr. Redwood: The proposal from the House of Lords is a modest and reasonable compromise, when the Government are trying to ride roughshod over minority party interests and the interests of anyone who wishes to see sensible reform at a steady pace. I do not speak as one who is against postal ballots in principle; in theory, they are very good. The problem is the practice, because there are a number of genuine concerns about whether such ballots can be administered fairly and well, without corruption, pressure, personation and all the other problems that any true democrat abhors.

It being one hour after the commencement of proceedings, MR. DEPUTY SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [8 March].*

Question put, That this House disagrees with Lords amendment 1D to Commons amendment 1C:—

The House divided: Ayes 308, Noes 185.

Division No. 109] **[5:42 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cryer, Ann *(Keighley)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Dawson, Hilton
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Follett, Barbara
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Keeble, Ms Sally
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan

Miliband, David
Miller, Andrew
Moffatt, Laura
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morris, rh Estelle
Mountford, Kali
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, Angus *(Moray)*
Robertson, John *(Glasgow Anniesland)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Ruane, Chris
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheridan, Jim
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Thomas, Gareth *(Clwyd W)*
Thomas, Simon *(Ceredigion)*
Timms, Stephen
Tipping, Paddy
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watts, David
Weir, Michael
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wishart, Pete
Wood, Mike *(Batley)*
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

Tellers for the Ayes:
Derek Twigg and Mr. Fraser Kemp

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Evans, Nigel
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hermon, Lady
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Liddell-Grainger, Ian
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Marsden, Paul *(Shrewsbury & Atcham)*
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Sheerman, Barry
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter

Walter, Robert	Winterton, Ann *(Congleton)*
Waterson, Nigel	Winterton, Sir Nicholas
Watkinson, Angela	*(Macclesfield)*
Webb, Steve *(Northavon)*	Yeo, Tim *(S Suffolk)*
Whittingdale, John	Young, rh Sir George
Widdecombe, rh Miss Ann	Younger-Ross, Richard
Wiggin, Bill	
Willetts, David	**Tellers for the Noes:**
Williams, Roger *(Brecon)*	**Mr. David Wilshire and**
Willis, Phil	**Mr. Geoffrey Clifton-Brown**

Question accordingly agreed to.

Lords amendment disagreed to.

Committee appointed to draw up a Reason to be assigned to the Lords for disagreeing to their amendment 1D to Commons amendment 1C; Mr. Nick Hawkins, Mr. David Heath, Mr. Christopher Leslie, Laura Moffatt and Ms Bridget Prentice; Mr. Christopher Leslie to be the Chairman of the Committee; Three to be the quorum of the Committee.—*[Mr. Jim Murphy.]*

To withdraw immediately.

A Reason for disagreeing to the Lords amendment reported, and agreed to; to be communicated to the Lords.

Equitable Life Inquiry

[Relevant document: the oral evidence taken before the Treasury Committee on Tuesday 16th March, on the Equitable Life Inquiry, HC 71-iv, Session 2003–04.]

Motion made, and Question proposed, That this House do now Adjourn.—*[Ruth Kelly.]*

5.59 pm

The Financial Secretary to the Treasury (Ruth Kelly): The House will recall that the origin of the Equitable Life inquiry carried out by Lord Penrose was the financial crisis experienced by the society in July 2001, when it closed to new business and cut policy values. The inquiry's terms of reference were to inquire into the circumstances of the Equitable Life assurance society, taking account of the relevant life market background, to identify the lessons to be learned for the conduct and administration of life assurance business, and to give a report thereon to Treasury Ministers.

Richard Ottaway (Croydon, South) (Con): On the lessons learned, the Financial Secretary will be aware that Lord Penrose found that regulatory failure was the fundamental reason for, if not the primary cause of, the company's financial crisis. Is it now Government policy never to consider compensation where there has been regulatory failure of any sort?

Ruth Kelly: If the hon. Gentleman were to acquaint himself in greater depth with the contents of the report, he would see that Lord Penrose says specifically that regulatory system failures failed policyholders in this case. He does not point to operational failure. However, I shall deal with that point later.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Further to the question from my hon. Friend the Member for Croydon, South (Richard Ottaway), can the Financial Secretary envisage any circumstances in which there would be a case for the Government to pay compensation to policyholders? Or would she rule out the payment of compensation in any circumstances that she could foresee?

Ruth Kelly: I have considered in great depth the contents of Lord Penrose's report. Lord Penrose makes no recommendation for compensation. He finds no instance of maladministration by the regulator, nor does he make any allegation of negligence by the regulator. The Treasury has also examined the contents of its report. We see no reason to think that the regulator was negligent or that there was any maladministration at any time while the society was being regulated by the Treasury or, indeed, under the previous regime.

Clearly, the Treasury cannot underwrite every business in the country. No regulator can ever provide a 100 per cent. guarantee against failure. However, Lord Penrose says that blame would have to be apportioned through the court system. He says:

"It was not for me to measure any person's actions against accepted standards of conduct defining the legal duties of other people performing comparable duties in other organisations and other similar circumstances."

He considers that

"Breach of duty, and the financial consequences of breach, are properly matters for the established courts of justice and for other appropriate tribunals in the financial sector."

That is not my analysis, but the analysis of Lord Penrose himself. He finds that, from the early 1970s, the society embarked on a growth strategy that resulted in the progressive financial weakening of the society, such that its ability to meet the long-term expectations of its policyholders was in doubt from the late 1980s onwards.

Lord Penrose describes how the company deliberately ran down its inherited estate and then, in the 1980s, moved into deficit to keep up bonus levels and win market share. According to Lord Penrose, sustained growth became an independent objective pursued with something approaching missionary zeal. He adds:

"Bonus policy became central to achieving the Society's marketing objectives"

and that

"the surplus published by the Society became a function of the desired level of bonus."

He outlines how, in 1973, the society introduced the concept of a terminal bonus and then, in the 1980s, progressively shifted the bonus mix away from annual guaranteed reversionary bonuses towards terminal bonuses, which were not covered by reserves. That allowed the society to inflate bonus levels to a level higher than available assets would have implied.

Mr. John Redwood (Wokingham) (Con): Does the Financial Secretary accept that the financial condition of Equitable Life was much worse in 1997, 1998 and 1999 than it was some years earlier and that that gave the regulators a much greater opportunity to intervene and take action to try to protect policyholders in the late 1990s than at any time earlier?

Ruth Kelly: I could quote from Lord Penrose's report on that point, but I shall quote from the independent authority of the ombudsman, who considered that specific period. She says:

"There is no doubt that in late 1998 the Treasury had briefed FSA in considerable detail about Equitable's weak regulatory solvency position and had indicated a possible need for the regulator to intervene . . . it is very evident . . . the prudential regulators' stated approach to their role . . . could not be criticised for a lack of concern about Equitable and the position of their policyholders nor could their approach in respect of Equitable be described as 'passive'."

Lord Penrose writes:

"By disregarding accrued terminal bonus, the Society was able to over-allocate bonus beyond available assets at market value, and in particular to make payments on claims that exceeded the relative available assets at the time".

By 1989, according to Lord Penrose:

"the Society deliberately distributed a high proportion of the available return for market-related reasons, and entered the 1990s with a negative estate accordingly."

The society was therefore unable to withstand the financial implications of the House of Lords judgment in the Hyman case.

Lord Penrose says:

"Superficially claims of £1.5 billion should not have brought down a society with funds of £32 billion."

Mr. John McFall (Dumbarton) (Lab/Co-op): My hon. Friend will know that Lord Penrose appeared before the Treasury Committee last week and said that the society was largely the author of its own misfortune. However, on the very point made by the right hon. Member for Wokingham (Mr. Redwood), I hope that my hon. Friend will be aware of Chris Headdon's interview on Radio 4 this morning, when he said that Lord Penrose did not find any evidence of concealment. She will also be aware of the financial reinsurance product—the side letter—that Chris Headdon had, of which the Financial Services Authority was not aware. Indeed, the FSA has said that, if it had been aware of the side letter, it would not have guaranteed anything with regard to the society. Does that not raise questions about a deliberate policy of concealment on behalf of the executive in Equitable Life?

Ruth Kelly: My hon. Friend makes some very interesting points. Of course it is not for me to comment on any action that may be taken by the FSA, the prosecution wing of the Department of Trade and Industry or the Serious Fraud Office, although he will be aware that Lord Penrose has forwarded his report to the SFO. Lord Penrose is clear that a unique situation was developing at Equitable Life. He states:

"The Society's uniqueness lay in the approach adopted by its management, not in the essential characteristics of its business."

With regard to the reinsurance treaty, Lord Penrose is absolutely clear as well that

"Those involved at the society were not in any doubt that a right for the reinsurer to cancel in those circumstances would undermine the regulatory value of the agreement."

Mr. Jim Cousins (Newcastle upon Tyne, Central) (Lab): Did the regulators not require the reinsurance provision, and was not the response of the people who then had control of the society to threaten to sue the regulators?

Ruth Kelly: Again, my hon. Friend makes an extremely valid point. Reinsurance treaties were granted relatively routinely, but he draws attention to, in effect, the difficult relationship that existed between the regulators and the society over quite a long period, under the stewardship of the FSA, the Treasury and, indeed, the DTI before that, particularly in relation to guaranteed annuity rates.

I should make it clear to the House that the Government sympathise with the plight of policyholders who have suffered not only much worry and distress over the past few years, but significant reductions in their expected income in retirement as a result of those issues. As I outlined to the House in my statement on 8 March, Lord Penrose finds that that weakening of the society was made possible by a culture of manipulation and concealment on the part of the company's previous senior management. The report details how executive management failed to keep the board fully informed about the true state of the company's financial position.

Mr. Mark Francois (Rayleigh) (Con): The Financial Secretary will be aware that hundreds of thousands of people around the country are suffering as a result of

[Mr. Mark Francois]

that extremely unfortunate situation. Those people acted in good faith and have done nothing wrong. What have the Government got to offer them, other than sympathy?

Ruth Kelly: The key conclusion to draw from Lord Penrose's report is not only the one to which my hon. Friends have pointed—

"Principally, the Society was the author of its own misfortunes"

as Lord Penrose says—but that, as he also says:

"If the proposals in hand for the future of the new regulatory regime are implemented and if they are effective in practice, the major criticisms of the earlier regulatory regime will have been addressed both in relation to the general approach to regulation and in relation to the particular issues arising from discussion of regulation of the Society."

So policyholders throughout the country, both in the society and in other life assurance societies, as well as in financial services more generally, can be reassured that Lord Penrose himself concludes that the FSA reforms introduced by this Government, which started in 1997, were the ones that have put the regulatory system on to a fair basis and that can address these issues.

Mr. David Ruffley (Bury St. Edmunds) (Con): Although Lord Penrose states that the society was the author of its own misfortunes, he goes on to say:

"Regulatory systems failures were secondary".

Does the Minister accept the proposition that a secondary cause can none the less be a significant issue? The fact that a cause is secondary does not mean that it is non-existent. Should not the Government take some responsibility for that secondary cause, which was a failure?

Ruth Kelly: I shall deal with the regulatory system failure in great detail later in my speech. Profound lessons for the House arise from Lord Penrose's report, and I am sure that when the hon. Gentleman reflects on its contents, he will also reflect on his role in these affairs.

Lord Penrose states:

"Substantial amounts of technical and financial information were provided to the Board . . . These failed fully to present the overall financial position of the Society, and in particular the risks inherent in the policies that were pursued in relation to bonus allocation".

He finds that

"the Board's understanding of the annuity guarantee issue was at best limited until the Autumn of 1997, and some directors may not have had any understanding of the position."

He also states:

"Arguably the first and most significant failure in this report lay at the heart of the Society . . . The Board at no stage got fully to grips with the financial situation faced by the Society: information was too fragmented, their collective skills were inadequate for the task, and there were no effective arrangements for ensuring that there was detailed examination of, and onward reporting to the Board on, actuarial reports."

Lord Penrose notes that there were

"executive directors with relevant actuarial qualifications but little or no relevant experience".

As for the board's non-executive directors, he notes that they

"were so wholly dependent on actuarial input from the chief executive/actuary that they were largely incapable of exercising any influence on the actuarial management of the Society".

Furthermore, he finds:

"None of the non-executive members of the Board had relevant skills or experience of actuarial principles or methodologies".

He states:

"the non-executive directors generally had a poor understanding of the Society's developing financial position."

He goes on to describe the board as a

"self-perpetuating oligarchy amenable to policyholder pressure only at its discretion."

Mr. David Drew (Stroud) (Lab/Co-op): The issue of the role of non-executive directors is not limited only to Equitable Life. We have seen numerous reports on what needs to happen with regard to that role. Are the Government now looking seriously at the matter, not necessarily in terms of legislation or regulation, but to seek to find some arrangement with the City so that we can sort things out once and for all?

Ruth Kelly: My hon. Friend makes a good point. The Department of Trade and Industry recently discussed in the course of preparing the Companies (Audit, Investigations and Community Enterprise) Bill the respective responsibilities that non-executive directors should be expected to have. The Government are actively taking that issue forward.

Lord Penrose describes how the management also failed in its obligations to disclose full information to its own policyholders and to the regulators. He finds that the management of the society fixed on the differential terminal bonus policy as early as 1983, but did not inform policyholders for more than a decade. He says:

"The policy was not disclosed to policyholders by direct communication, in any way, until 1996 . . . Failure to disclose this intention must be regarded as a serious omission in communication to policyholders of relevant information about their prospective interests from at least 1988, and arguably from the time in the early 1980s that management first took that decision."

Even when the company decided to inform policyholders in 1996, it was done badly. Penrose states:

"Attempts were made to change expectations in 1996 and later years. These were ill-conceived, poorly expressed and confusing. The intimations to policyholders were generally uncommunicative."

As for the society's approach to the regulators in that period, Lord Penrose notes that Mr. Ranson, the appointed actuary from 1982, and both chief executive and appointed actuary of the company between 1991 and 1997, was "frequently aggressive" in his dealings with regulators, "dismissive" of regulators' concerns and "obstructive" of scrutiny. The regulatory returns were, Lord Penrose says, "opaque and uncommunicative", and

"failed to identify in value the growing guaranteed obligations that resulted from a combination of falling interest rates and lightening mortality."

Lord Penrose therefore argues that primary responsibility for the society's problems lies with the society and its former management, saying:

"Principally, the Society was the author of its own misfortunes."

Lord Penrose makes it clear that Equitable Life was unique. As I told my hon. Friend the Member for Dumbarton (Mr. McFall), Lord Penrose says:

"The Society's uniqueness lay in the approach adopted by its management, not in the essential characteristics of its business."

That unique management approach led to the fundamental weakening of the society, as its inherited estate was run down and ultimately became negative. Nevertheless, Lord Penrose's verdict on the regulatory system is perfectly clear.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Does my hon. Friend agree that the fact that the managing director, who directed the society, was also the appointed auditor led to a clear conflict of interest that should not have arisen?

Ruth Kelly: My hon. Friend is right that a conflict of interest arises in that situation. It is precisely to avoid such a conflict of interest that reforms to the Financial Services Authority have been introduced to remove responsibility from the appointed actuary and place it firmly on the board of insurance companies, where it should properly be.

Mr. Edward Garnier (Harborough) (Con): I declare an interest as a former policyholder with Equitable Life. I still have one school fees policy, for the good that it does me.

The Financial Secretary is giving us a précis of the Penrose report, which we can all read for ourselves, but she has not told us what the Government are going to do, having read the report. Will she do so, and if so, at what stage?

Ruth Kelly: I shall tell the House about the way forward very shortly, but I thought it important to expose the contents of Lord Penrose's report to the House, as he makes some profound comments about the operation of the regulatory regime before the FSA was set up.

Lord Penrose's verdict on the regulatory system is perfectly clear, as he says:

"the regulatory system failed policyholders in this case".

However, he adds:

"regulatory system failures were secondary."

He clearly states that it was

"the system that failed to provide the regulation that changing circumstances in the industry required, not that there was failure to implement what was fundamentally a satisfactory system."

He makes no allegation of maladministration or negligence against the regulator or individuals, and says:

"I do not pin the blame on individuals, who in the main have operated in good faith and to the best of their abilities within the system as they found it."

Nor does he suggest that any individual regulatory decision led to economic loss by policyholders. Specifically, he notes that

"it is not enough in this case to infer from the coincidence of systems deficiencies and loss that one caused or contributed to the other".

The House should reflect carefully on the lessons that he draws about the nature of the reactive and under-resourced regulatory system in place before 1997 and his key message that the regulatory system must be kept up to date to take account of industry developments. Lord Penrose states:

"It seems not unreasonable to suggest that those in control of any supervisory regime have a duty . . . to take steps to ensure that the systems of regulation that are in force and enforced remain relevant to the changing requirements of the industry."

Chris Grayling (Epsom and Ewell) (Con): The Financial Secretary is being careful to pin the blame on the regulatory regime before 1997, but is it not the case that in 1998 and 1999, after discussions had taken place in the Treasury and in the FSA about the financial viability of Equitable Life, Equitable Life salesmen were still visiting my constituents and selling them with-profits policies which ultimately caused them substantial loss? How can she therefore claim that all was well after 1997, after the reforms that her Government introduced, when palpably for my constituents that was not the case?

Ruth Kelly: As Lord Penrose himself recognises, it is not possible to introduce a fundamental overhaul of a regulatory regime overnight. If the hon. Gentleman cares to consult the Penrose report he will see that it states that

"the regulators persisted in a reactive stance in respect of PRE"—

that is on page 722 of the report at paragraph 215. I quote further:

"In day-to-day regulatory practice, officials operated within the constraints imposed by the existing system, and they had no alternative but to do so."

The regulatory regime was in the process of being overhauled.

As Lord Penrose says, the Equitable case argues strongly for a closer merging of

"prudential and conduct of business regulation"

and he says that while setting up the FSA

"the need for greater regulatory resource had been identified for the Treasury."

The House will no doubt be interested in the fact that whereas before 1997 there were 70 supervisors supervising 800 life companies, compared with 400 staff regulating 600 banks, that figure for the regulation of life companies has been doubled by the reforms that the Government introduced. The FSA has not only doubled the resources allocated to life insurance regulation, but significantly upgraded the personnel devoted to that task.

Today I want to concentrate on the way forward, drawing on Lord Penrose's conclusions on the lessons learned from his investigation. We are continuing the process of regulatory reform that we began in 1997, pushing forward in particular the specific changes in the life insurance sector that the FSA has in train. In addition, we are acting on Lord Penrose's suggestions

[Ruth Kelly]

for change in the areas of accounting standards, corporate governance of mutuals and the actuarial profession. Lord Penrose welcomes the FSA's regulatory reform, which, he says,

"has sought to anticipate many of the lessons that might be drawn by this enquiry and it should come as no surprise that it has largely succeeded."

Let me remind the House what has been achieved in this area over the past six years. On 20 May 1997, the Government announced major changes to the structure of financial services regulation in the United Kingdom. Those were implemented by means of the Financial Services and Markets Act 2000, which created a new framework for the regulation of financial services, providing clarity, fair competition and protection for consumers. The Act established the Financial Services Authority as the single regulator for the financial services industry, operating under a single coherent legislative framework, replacing nine different sectoral regulators. It also introduced a single ombudsman scheme to resolve consumer complaints and a single financial services compensation scheme. The major reforms that the FSA has since launched are in many cases changes that have been possible only because of the move to a fully integrated regulator combining prudential and conduct of business regulation.

The main changes that the FSA has already introduced—apart from increasing the resource devoted to life insurance regulation—are first, moving to a single risk model to determine the allocation of the FSA's own resources, and secondly, breaking down the barriers between different types and areas of supervision. The largest companies are now supervised, whatever their principal line of business, on a group basis, so the major insurance groups are now handled by the FSA's major financial groups division, rather than by its insurance division.

Moreover, the FSA has proposed significant changes to the role of the appointed actuary, some of which I have already outlined to the House. The FSA is also introducing, from this year and next, realistic reporting by life offices. The requirement to report assets and liabilities on a realistic basis includes a requirement to provide for accrued terminal bonus. Lord Penrose welcomes those proposals as

"clear recognition of the importance of looking beyond a narrow concept of solvency".

Bob Spink (Castle Point) (Con): That is all well and good, but my constituents want to know what the Government will do to give them the compensation that they both want and need. Lord Penrose said to the Treasury Committee that he did not consider it in his remit to discuss administration and compensation; he considers that to be the Government's remit. When will the Government come forward and offer the victims of Equitable Life some hope?

Ruth Kelly: Lord Penrose definitely did not say in his evidence to the Treasury Committee that that was the Government's responsibility. He was clear that he accepted the conclusion that this was regulatory system failure, not operational failure. But as I outlined to the House, and have been outlining to the House, we have set up a structure in which consumers have recourse, if they believe that they have an individual grievance, to the financial ombudsman service.

Let me make it clear to the House that the issue that has been identified by Lord Penrose is not a simple one. It is an extremely complex legal and actuarial issue—about £3 billion of bonuses being paid out more than the company could afford over a period of 10 years or even longer. Lord Penrose says that his estimate is "crude", but he also says that the amount and whether this would lead to claims could be determined only by the courts. He is absolutely clear in his report on that point.

Mr. James Plaskitt (Warwick and Leamington) (Lab): Does my hon. Friend recall that when Lord Penrose gave evidence to the Treasury Committee a few days ago, he said that in order to prove blame it was essential to demonstrate breach of duty, and that that in his view was clearly the business of the courts?

Ruth Kelly: My hon. Friend makes an extremely valuable point.

Mr. Garnier: How does the Financial Secretary expect the damaged policyholders of Equitable Life to afford to get to the court?

Ruth Kelly: The first point to make is that Lord Penrose considers this to be such a complex issue that it can be determined only by the court. He is absolutely clear on that point. I have described the structure set up, which includes the financial ombudsman service to adjudicate on individual policyholder complaints, and if people feel that they have an individual grievance, they could take advantage of the structure that we have set up to present their claim. It would then be up to the financial ombudsman to decide whether it was an issue that he could consider, or whether it would be better determined directly by a court of law.

Mrs. Angela Browning (Tiverton and Honiton) (Con): I realise that the Financial Secretary may not wish to comment on the solvency of Equitable Life at the moment. It says that it is solvent, but if all the policyholders follow the route that she suggests through the ombudsman, she must surely address the question, which is very real, that Equitable Life may not remain solvent if it has to meet all those demands. What is her assessment of the impact that that will have not just on Equitable Life, but on all the other life companies that may well have to contribute to the fund that will be needed to pay out?

Ruth Kelly: Equitable Life—it is an important point—has made it clear that it disputes entirely the analysis and the factual basis of the content presented by Lord Penrose on the over-allocation of bonuses throughout this period. It is an extremely complex legal and actuarial issue, upon which different actuaries will undoubtedly have different views. Equitable Life is clear that it is currently solvent and the FSA has no basis on which to override that view.

Mrs. Jacqui Lait (Beckenham) (Con): Will the Financial Secretary address herself to the issue of how this matter will get to the court? Who will be able to afford to take a case to the courts?

Ruth Kelly: Clearly, it is up to individuals and categories of individuals to decide what they want to do on the basis of the analysis presented by Lord Penrose. As I have said, there are different interpretations both about the facts and the interpretation of those facts leading to his analysis that £3 billion of over-bonusing took place within that time scale. He says that the issue is so difficult that only the courts can determine it, but policyholders must decide on the basis of advice what is in their best interests.

Sir Peter Tapsell (Louth and Horncastle) (Con): The paradox of the situation is that the policyholders would be better off if the society became insolvent, in which case, as I understand it, the Government would have to pay them 90 per cent. of their promised benefits. Is that not the case?

Ruth Kelly: I was about to come on to the proposals set down by the Financial Services Authority, which are currently out for consultation, to ensure better treatment of customers by firms. The hon. Gentleman makes a point about what is currently in the best interests of customers, and the society is absolutely clear that its continuing in business is in the best interests of current policyholders. As I have said, the society is confident that it is solvent.

From next month, firms must also publish a statement of their principles and practice in financial management, setting out how they manage their with-profits funds.

Mr. Redwood: I am grateful to the Minister for giving way, because many people are concerned about the matter. Is it not the case that what she now says—that the company is solvent and that, as the regulator, the FSA is happy with it—means that she does not think that anybody has a legitimate claim against the company, and that she does not think that anything wrong has happened, because the Government are still not taking regulatory action?

Ruth Kelly: I have said nothing of the sort. I have set out the facts as presented by Lord Penrose, who says that his estimates are necessarily "crude". Lord Penrose has also said that the issue could be determined only by a court of law. I do not want to pre-empt a judgment by a court of law or, indeed, any judgment made in another setting.

Mr. Andrew Tyrie (Chichester) (Con): The Minister says that the policyholders who have been hit should consider going to court. Let us suppose that they go to court and win: who would pay the bill and where would the money come from? In that case, the money would come straight from Equitable Life, so, in other words, it would be robbing Peter to pay Paul. Is she not, therefore, holding out false hopes to hundreds of thousands of policyholders?

Ruth Kelly: I am not holding out false hopes; I am not saying anything of the kind—I am presenting the situation as Lord Penrose found it.

Dr. Vincent Cable (Twickenham) (LD): Before the Minister develops her points about the need for litigation, is she aware that all the policy makers who were members of the with-profits scheme in February 2002—in other words, the people who ratified the scheme—were required to sign away their right to go to court or the financial ombudsman? None of those members has any possibility of pursuing legal action.

Ruth Kelly: Although I do not like to get involved in legal matters—as the hon. Gentleman is no doubt aware—there are various legal interpretations of that point.

I am confident that the root-and-branch reform of insurance regulation that I have described will result in the industry becoming more transparent and accountable, and with the financial resources to meet fully the reasonable expectations of its policyholders. I am also confident that the introduction of the stakeholder suite of more simple and transparent saving and investment products, which the Treasury is currently developing in conjunction with the FSA, will provide the life industry with products that are attractive to consumers and that will also help to improve the transparency and accountability of the industry.

The reform of the regulatory system has been strongly endorsed by Lord Penrose, who said:

"If the proposals in hand for the future of the new regulatory system are implemented, and if they are made effective in practice . . . the major criticisms of the earlier regulatory regime will have been addressed".

Speaking of the FSA's response to the lessons learned from Equitable Life, Lord Penrose said in his recent evidence to the Treasury Committee:

"my clear impression is that the approach now being adopted is a very considerable improvement on what there was before".

Looking ahead, Lord Penrose points to the need to reform accounting standards for the life assurance sector, and states:

"The fundamental problem with the statutory accounts of any life office is that the accounting professions have failed to develop acceptable accounting standards for the preparation and presentation of accounts of long-term business that require realistic accounting on a consistent basis . . . what is required are practical standards of general application."

As I announced on 8 March, I have asked the Accounting Standards Board to carry out an urgent study of accounting for with-profits business within the accounts of life insurance companies. The study will address the accounting framework for with-profits business, including provision for disclosure of terminal bonus. The study is particularly timely, as it will enable an assessment to be made of with-profits accounting against the background of recent developments in realistic accounting within the FSA regulatory regime.

Although, as Lord Penrose pointed out, the problems at Equitable Life arose as a result of particular circumstances in place during the inquiry period, the report raises important questions for the governance of mutual life offices in general. The Government see no reason in principle why boards of mutual life offices should not be as accountable to their members as those of comparable companies are to their shareholders. On 8 March, I announced that I have asked Paul Myners to

[Ruth Kelly]

lead a review into the corporate governance arrangements applicable to mutual life offices. The review's terms of reference are to:

"Consider the governance framework for mutual life offices in comparison with that for comparable companies (and, where relevant, for listed companies). Where appropriate, bring forward recommendations to ensure that boards of mutual life offices are as accountable to their members as boards of comparable companies are to their shareholders."

Mr. Love: I welcome the Myners review. My hon. Friend will be aware that the articles of Equitable reflected company law in that 10 per cent. of the members were needed to requisition special business, but that was an impossible task because its membership was so large. Its memorandum and articles meant that it had a self-selecting board of directors. Does my hon. Friend agree that we need to ensure that policyholders are protected and that they are consulted before actions are taken in the society?

Ruth Kelly: Although I do not want to prejudge the results of Paul Myners's inquiry into the accountability of mutual life offices, my hon. Friend draws attention to a particularly important point. We need to ensure that mutual life offices are as accountable to their policyholders as possible.

The review will consult as widely as possible, taking into account the recent experience of other mutuals in this respect in developing its conclusions and recommendations. As the governance of mutual life offices has much in common with that of other mutual societies, the review may, where appropriate, develop general governance principles for other types of mutual, taking into account the particular characteristics of other parts of the mutual sector. The review will deliver a report, with recommendations, by the end of 2004.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Will the Financial Secretary give way?

Ruth Kelly: I must continue with my speech.

Actuaries play a vital role in the financial services industry and, as a profession, have placed admirable emphasis on high standards of technical ability, knowledge and integrity. However, Lord Penrose makes it clear in his report that it is not enough to rely on that. He makes a number of general criticisms of the actuarial profession, drawing on his findings in relation to Equitable Life. Clearly, a modern professional or regulatory framework is necessary. As I announced on 8 March, Sir Derek Morris will lead a wide-ranging review of the actuarial profession. It will start on 1 May, following his retirement from the Competition Commission. The review's terms of reference are:

"Consider what professional and/or other regulatory framework would best promote recognised, high-quality and continuously developing actuarial standards, openness in the application of actuarial skills, transparency in the professional conduct of actuaries, accountability for their actions and an open and competitive market for actuarial advice in the UK."

Mr. Clifton-Brown: Will the Financial Secretary give way?

Ruth Kelly: On the subject of actuaries, I give way for the last time.

Mr. Clifton-Brown: One of the items that Penrose identified was the obstructive nature of the actuary at Equitable Life. He also identified the paucity of function of the non-executive directors and the problems involving the auditor. Clearly, there were service failures by the regulator in relation to Equitable Life. Have the Government considered whether, instead of a protracted court procedure, it might be better to have a one-off payment for affected policyholders on the basis that the regulator would not be held liable?

Ruth Kelly: I do not think that those were the conclusions drawn by Lord Penrose's report. He is absolutely clear that this is not a question of individual regulatory failure, but of regulatory system failure and the policy that prevailed. The House should reflect carefully on what Lord Penrose has written in that regard.

Lord Penrose's report provides a full and detailed account of the developments at Equitable Life over a long period. In doing so, it has provided us with a clear explanation of how the society got itself into financial difficulties, and clear pointers to the way forward. One of the key lessons that he draws from his work, with the benefit of hindsight, is that the regulatory system in place before 1997 was inadequate and unable to keep pace with changes in the financial services industry. Since 1997, this Government have radically overhauled the regulatory system that we inherited. We will ensure that that system remains fit for the purpose.

6.40 pm

Mr. Oliver Letwin (West Dorset) (Con): I do not think that the many hundreds of thousands of people who have been adversely affected by this saga will take much comfort from what we have just heard. I shall begin by declaring an interest, as the member of a family that is among those affected. I intend to pursue this issue over the coming months and, for the avoidance of doubt, if at any time, now or under a future Government, any compensation becomes payable to my family, it will go to charity.

I have to enter a note of surprise and regret that the Chancellor is not here this evening. It is a pity that he has not chosen to speak in this debate, and that he is not here to listen to it. It is also a pity that he has not taken any part in the proceedings, and that he has never been willing to have anything to do with the subject. The people who have suffered from these events will take their own note of that.

Mr. Plaskitt: While we are on that point, will the right hon. Gentleman tell us why he was not here to reply to the statement on this matter?

Mr. Letwin: I was here throughout those events, after about the first three minutes. I have chosen to reply to the Minister today precisely to indicate that we treat this matter with the greatest possible seriousness, although all my hon. Friends on the Front Bench are more than capable of answering the Minister. Indeed, my hon. Friend the Member for Chichester (Mr. Tyrie) will be

winding up. The Treasury Bench appears to have only one Minister interested in the subject; I believe that she will also be winding up. That is a disgraceful state of affairs, on which the hon. Member for Warwick and Leamington (Mr. Plaskitt) should reflect. *[Interruption.]* The Chief Secretary should not rumble from a sedentary position, as he was yesterday being remote controlled by the Chancellor, although not very effectively.

The Minister has made an argument, of which I take note, and I shall recapitulate it briefly. Putting together what she said today with what she said in her statement, we see that the shape of that argument is perfectly clear. She argued that this failure happened primarily because of management, and that regulatory failure was therefore only a secondary cause. She then argued that all such regulatory failure was pre-1997, and that it was entirely due to a light-touch regime rather than to any operational failure. She argued that there was therefore no need for Lord Penrose, the ombudsman or anyone else other than the courts to look at the question of maladministration, and that there was therefore no need for anyone other than the courts to investigate whether anyone was owed compensation.

As the courts will only award compensation against other policyholders and—as a fascinating earlier exchange revealed—people will probably need a lawyer to discover whether they can go to court in the first place, there is very little chance of their obtaining any compensation. The Minister has repeatedly argued in her statement and in public that all of that is utterly different from Barlow Clowes because there is now a compensation scheme. That is the Financial Secretary's argument, although it did not take me 40 minutes to put it to the House. That is all that she has ever said.

Let us go through that argument step by step. Is it true that the Penrose report reveals that the primary cause of the failure was management? Yes. I hope that the Financial Secretary will take comfort from that; it is the one part of her argument that is perfectly accurate. Secondly, is it true that the Penrose report concludes that the regulatory failure was only secondary? No, it is not. The Penrose report indeed indicates that it was secondary, but what does it mean by secondary? It is very clear: had the management not mis-performed and had the society been in good shape, the existence of a regulatory problem would not have been a difficulty for policyholders. We accept this, of course.

If a fragile piece of glass is not broken, the fact of its fragility is not a problem, but in this case the glass was broken and fragile. The reason, in part, for that fragility was regulatory failure. The regulatory failure was a necessary—[HON. MEMBERS: "System failure."] I shall come to the system question in a moment. I hope that Labour Members hold their fire, because they are about to hear what Lord Penrose has to say about that. Regulatory failure in this case contributed to the problem and it was a necessary cause of the problem. Had regulation been perfect—had it even been good—in Lord Penrose's view the outcome might have been different.

Lord Penrose does not—in this, the Financial Secretary is quite right—say how much regulatory failure contributed to the appalling problems that arose or how responsible those problems are. He goes on to explain that that is because he was precluded from making those judgments. That is very different from him having concluded that it was not of importance; he was precluded from considering that question.

Next, is it true—this is the most dull and tedious of all the Financial Secretary's arguments—that all the failure was pre-1997? No, that is not what Lord Penrose says. In relation to 1998, he says

"GAD's approach over this period seems to me to have been persistently naïve".

In relation to 2000, he says that in

"the specific circumstances of the Society at the time one might reasonably have expected that more would have been done to test the assumption that the profits would emerge."

Again in relation to 2000, he says that

"the FSA and GAD were incapable of making an independent assessment of the Society's prospects of sale because of their lack of knowledge and understanding of the totality of the Society's business."

Finally, in relation to January to July 2000, he says that

"little was done by the FSA in relation to the court case between the Court of Appeal judgment in January and whispers of the possible outcome in June and July of the House of Lords' hearings."

Those are all events post-1997. Do I therefore conclude that this Government are the object of criticism? No, because unlike the Financial Secretary I have no interest here in playing politics. Do I conclude that pre-1997 there were no failures? I do not. I accept that there were failures before 1997. This is a failure of British government and a failure, regrettably, of government under two separate Administrations. On this, the only clean hands in the House, alas, belong to those who sit on the Liberal Democrat Benches, because they have not been in government. Very likely, had they been in government, they also would have been responsible for this failure, but I have to admit that they did not get the chance to be responsible.

Mr. Nigel Beard (Bexleyheath and Crayford) (Lab): Does the right hon. Gentleman not recognise that Lord Penrose speaks of a system failure, not a failure of the operators, and that the system was put in place by the Government he supported and was supported by the majority in Parliament, who were Members from his party? That shows the barrenness of the philosophy of light-touch regulation, which did no service to the Equitable policyholders or to the financial services industry generally.

Mr. Letwin: In a moment or two, the hon. Gentleman will regret those remarks. Let me deal with both in turn, because they indeed relate to the next point in the Financial Secretary's argument, and both are false.

I will read the hon. Gentleman some passages from the report—there are many—that indicate that Lord Penrose, in clear and absolute contradiction to the Financial Secretary, repeatedly points to operational failures as opposed merely to system failures, though he indeed believes that there were also system failures for which our Government were partly responsible. I am not playing politics; I am telling the hon. Gentleman and his colleagues what is in the report, rather than inventing a further version of it.

[Mr. Letwin]

At paragraph 240 in chapter 19, Lord Penrose tell us:

"There was a general failure on the part of the regulators and GAD".

At paragraph 158 in chapter 19, he describes the Department of Trade and Industry, the Treasury and the Government Actuary's Department as "complacent".

In paragraph 171 of the same chapter, he describes the failure of the regulator

"to appreciate that a change of valuation assumptions had real implications".

In paragraph 187, he describes

"short-term objectives related to support of solvency that should have alerted regulators to the Society's weakening position".

In paragraph 209, he tells us that

"information was not used to form a realistic appraisal of the society's financial position".

In paragraph 228, he tells us that

"unsatisfactory answers were accepted without follow up".

The hon. Member for Bexleyheath and Crayford (Mr. Beard), whom I have encountered on various occasions in the House, is intelligent and honest enough to recognise that those are operational failures. They occurred partially under our regime, and partially under the regime of the Financial Secretary and her colleagues. They were operational failures, however, not ministerial failures, and not parliamentary failures.

Mr. Redwood: Does my right hon. Friend accept that the Financial Secretary contradicted herself, because she said that this was a system failure by regulators? She then said that Equitable Life was unique—it was the only one that went wrong, it was the only problem child. It is beyond belief that there could be a serious system failure of regulation, over a period of 10 years or more, and only one casualty. Surely it must be the case that the main regulatory failure was specific regulation failure of that company.

Mr. Letwin: My right hon. Friend, as always, makes an extremely powerful point. Another fascinating point emerged today for the first time, I think. The Financial Secretary lauded the Government for having improved the personnel who were regulating. Why would it be necessary to improve the personnel who were regulating if there were no failures on the part of the personnel who were previously regulating? Those are obviously operational failures—*[Interruption.]* The hon. Member for Warwick and Leamington chunters from a sedentary position about system failure. According to the Financial Secretary's statement, if personnel were implicitly not up to the job, that indicates that they were doing something wrong at the operational level.

Ruth Kelly: The right hon. Gentleman is making a very interesting argument about operational failure. In the context of his remarks, however, can he explain to the House this quote—I do not paraphrase—from Lord Penrose, who says it was,

"the system that failed to provide the regulation that changing circumstances in the industry required, not that there was failure to implement what was fundamentally a satisfactory system"?

Mr. Letwin: The problem with the Financial Secretary's argument is that because she is playing party politics, she refuses to acknowledge what is clear, and what I have acknowledged: there were system failures. Were I denying that there was a system failure, she would have something to say. But I have not denied it. There was system failure, and operational failure, and I have just listed six cases in which Lord Penrose points specifically to operational failure.

Mr. Plaskitt: Will the right hon. Gentleman give way?

Mr. Letwin: No, I am going to answer the other part of the point made by the hon. Member for Bexleyheath and Crayford, if I may. The next thing that he said was that it was all light-handed regulation that was at fault, which the Financial Secretary has said on repeated occasions. The fact that it was light-handed may have partially been at fault. It is therefore of great interest that the right hon. Member for Darlington (Mr. Milburn)—not a Conservative Member, and not a Minister in our regime, but a Minister at the time in the Financial Secretary's Government—said about the nature of the regulatory regime on 28 June 1999, at column 39:

"There will be a light touch where possible . . . The Bill avoids over-burdensome regulation that would serve only to stifle innovation and to increase consumer costs. Instead . . . the FSA will be under a duty to demonstrate that the burdens that it seeks to impose are proportionate to the benefits that will result."—[*Official Report*, 28 June 1999; Vol. 334, c. 39.]

It does not therefore pay to insult the many hundreds of thousands of people involved by engaging in the petty party politics of claiming that light-handed regulation, which may have been partly to blame, and system failure, which was certainly partly to blame, is exclusively the problem of one Government or the other.

Mr. Beard *rose—*

Mr. Letwin: The truth is that there was system failure, which occurred under both Governments, and there were operational failures, which occurred under both Governments. That is the conclusion to which any ordinary person reading the Penrose report would come.

Mr. Barry Gardiner (Brent, North) (Lab): Does the right hon. Gentleman want the Government to compensate Equitable Life policyholders? Is that his party's policy, and what does he think it would cost?

Mr. Letwin: That is the point I was coming to—the question of maladministration. As I have said, the Financial Secretary's assertion is that because, as she wrongly asserts, there was no operational failure and because, as she wrongly asserts, it was all a long time ago, there is, in her wrong estimation, no reason for an investigation into whether there was maladministration, and hence no need for anyone to ascertain whether compensation is payable. Our view is that there should be such an investigation, that there needs to be such an investigation, that Lord Penrose did not conduct such an investigation because the remit under which he was operating specifically precluded him from doing so, and that it is therefore appropriate for the parliamentary ombudsman's remit to be extended to include the

Government Actuary's Department so that she can conduct a proper investigation and identify whether there was maladministration, or for the Government to ask Lord Penrose to extend his remit to engaging in an investigation, or for the Government to find another suitable means of conducting it.

This is the Financial Secretary's position. She does not know whether there was maladministration, because she did not ask Lord Penrose to find out so he did not feel enabled to tell her, and she does not want to know whether there was maladministration because she does not want to know whether following maladministration there would be compensation. The reason she has been put up to present the specious argument that she has presented is that the Chancellor does not want to find out whether compensation would be payable.

Ruth Kelly: How does the right hon. Gentleman react to a statement made by Lord Penrose to the Treasury Committee only last week? He said

"I do not identify any respect in which I recognise limits on what I was able to do."

Mr. Letwin: What is odd is that in the report Lord Penrose makes it perfectly clear that he had not the remit to investigate maladministration.

Ruth Kelly: What about the courts?

Mr. Letwin: We will return to the courts in a moment. As the Financial Secretary well knows, the courts are not an answer.

Let us test the Financial Secretary's bona fides in a perfectly straightforward way. If it is the case that Lord Penrose was perfectly able to investigate maladministration and if the Financial Secretary has nothing to fear from an investigation of maladministration, will she now—by making a small change in a statutory instrument—allow the parliamentary ombudsman to investigate maladministration?

Ruth Kelly: It cannot be done.

Mr. Letwin: Ah! The Financial Secretary says, from a sedentary position, that it cannot be done. We will provide the Financial Secretary with the means of doing it in the House, and see whether she accedes to that. The fact is that the Financial Secretary and her colleagues do not want an investigation of maladministration, and I think that that is a disgrace.

Mr. Garnier: The Library briefing paper on the matter reports

"The Inquiry board did not have as part of its remit the responsibility of making recommendations about compensation, indeed the remit is quite narrowly restricted to, as Ruth Kelly's letter made clear:

'identify any lessons to be learned for the conduct, administration and regulation of life assurance business; and to give a report thereon to Treasury Ministers'."

The Financial Secretary's letter was written to thank Lord Penrose for taking on the job of holding the inquiry.

Mr. Letwin: I am grateful to my hon. and learned Friend, who with his normal forensic ability has pointed to the relevant evidence.

Finally, let us turn to the question of compensation and Barlow Clowes. This is one of the most extraordinary features of the Financial Secretary's argument. In fact, it is so extraordinary that as far as I could make out, although she spoke for a long time, she did not include it today. She included it in her original statement, however, and she has been making it in broadcasts repeatedly. It is the argument that somehow we need not worry about whether there is maladministration and we need not have an investigation into whether compensation is due as a result of maladministration, because there is a compensation scheme now in existence. Well, there is a compensation scheme now in existence, and it relates to insolvency.

The effect of compensation following insolvency is to restore people to the position that is absolutely guaranteed to them, which is a great way below what people have a reasonable expectation of otherwise receiving. The Financial Secretary knows that very well, and she therefore knows that unless horrors strike the society, the existence of the compensation scheme is a complete irrelevance to the many people whose reasonable expectations have not been fulfilled. That, I fear, is another disgraceful aspect of the Government's position.

Mr. Forth: Is it not the case that if policyholders followed the Financial Secretary's advice, they would end up, in effect, suing themselves?

Mr. Letwin: Suing themselves or suing one another, which is not fair, right, just or decent. If there was regulatory failure—and there was, because Lord Penrose shows it—and if there was operational failure, which Lord Penrose also shows, and if those occurred through two Administrations, as they did, it is reasonable that there should be a proper investigation of maladministration.

Mr. Beard *rose—*

Mr. Letwin: I shall not give way because I am just concluding.

It is reasonable and possible to have a proper investigation into maladministration, and such an investigation would establish whether there were or were not grounds for compensation because it would establish the extent to which the maladministration caused the defect for policyholders. The Financial Secretary cannot reasonably debar that further investigation, and I hope that in some months' time, with whatever kicking and screaming, she will accede to that request.

7 pm

Dr. Vincent Cable (Twickenham) (LD): I express my appreciation for having the opportunity to speak on this subject on a somewhat more level playing field than we had at the time of the Minister's statement—she had then had 11 weeks to peruse the report, whereas we had had a couple of hours. I should like to say at the outset that I identify myself with the Conservative shadow Chancellor's comments on the absence of the Chancellor of the Exchequer. This is an important issue,

[Dr. Vincent Cable]

and he should be here. That is no reflection on the Financial Secretary, who is an able Minister who clearly understands the subject and debates the points well, but my point is that the Chancellor should be here.

The Chancellor has shown a selective interest in issues of financial regulation. I recall responding to a statement that he made on Sandler products, which was not exactly at the front rank of public controversy on financial regulation, and when in opposition, he took a close interest in matters of financial regulation in relation to the BCCI and Barlow Clowes. His absence today suggests one of two things: he is very embarrassed, or he is not interested. Either of those reasons is unacceptable.

Before we plunge further into the technicalities of Penrose, it is important to reinforce the basic message that we are talking about human beings who have suffered much distress and loss, many of whom are perfectly ordinary constituents. It works out on average that we all have about 1,500 affected constituents, many of whom were not sophisticated investors or they would not have been in Equitable Life in the first place. Equitable Life's reputation as a secure, reliable fund was what drew many people to it who wanted a source of security.

The Penrose report raises two fundamental issues, and the right hon. Member for West Dorset (Mr. Letwin) dealt with one of them at length, very clearly and correctly. That is the distinction between the failure of the regulatory system and the operational failure of regulation. It is abundantly clear on any reading of the report—it was clear when the report was first published—that both are involved. We could debate endlessly whether their relative involvement was 50:50 or 75:25, but both were clearly involved. In the penultimate paragraph of the report, in which Lord Penrose brings his thoughts to a conclusion, he brings both those concepts together, making the point in one paragraph with admirable clarity. It says, and this was the point that the Financial Secretary made:

"As for the regulatory system, I do believe that it has failed policyholders in this case."

The system failed—Lord Penrose is absolutely right. However, he then goes on to make a point that clearly has weight in his mind, because these are almost the last words in the report:

"But I do take the view that the system itself was not overseen, and in particular was not kept up-to-date, and operated in an ineffective manner."

The system operated ineffectively—there was operational failure. The word is the same.

The second key insight of Penrose, to which the right hon. Member for West Dorset did not refer, but which needs to be stressed, was that the main failure was not the failure created by guaranteed annuities in the House of Lords, although many of us had assumed all along that that was the ultimate source of the problem. The problem that Penrose and some action groups identified was that of prolonged large-scale over-bonusing. In effect, there was a pyramid selling scheme. I am not an expert in finance, but those who are tell me that there is a technical phrase for it: a Ponzi pyramid selling scheme. In terms of the broader argument, the significance of that is that one can argue that it was just about understandable that the management—and certainly the regulators—did not guess correctly which way the House of Lords would jump in a highly contentious ruling. In fact, Penrose does not argue that case, but he could have. However, it was completely unforgivable and unacceptable for the management and those who were supposed to be overseeing and regulating the scheme to administer what was a pyramid selling scheme for 10 years.

To reinforce the point that has already been made, the report is replete with references to operational failure. I need not read it in detail; rather, I shall pick out a few key summary passages, some specific and others general. I shall read verbatim one key conclusion from the final chapter, because it captures its spirit:

"There was a general failure on the part of the regulators and the GAD to follow up issues that arose in the course of their regulation of the Society, and to mount an effective challenge of the management."

How can that possibly be interpreted in any way other than as concluding that there was an operational failure? It is an explicit and completely unqualified conclusion.

There are numerous instances of the Penrose report's picking up on particular operational failures on the part of the regulators. For example, it refers to the regulators failing to pick up on the company's admission that it was not reserving for its guarantees. It refers to

"a serious lapse in regulation . . . Any reasonably diligent inquiry would have elicited"

the necessary information. The report proceeds to discuss the episode following the period in which the regulators had been alerted to the existence of the annuities guarantee. It says that they knew about the problem in 1993, and states that

"the approach of the GAD and regulators remained the same",

even

"when they were aware that the Society's financial position was weak and that there was a need for vigilance in scrutiny and supervision."

This is all about operational matters and the way in which regulation was conducted; it is not about the system.

Mr. Plaskitt: The report does indeed make these individual observations, but what does the hon. Gentleman makes of Lord Penrose's statement in paragraph 29 of chapter 20? He stands back and sums it all up as follows:

"The thrust of my criticism is that . . . it was the system that failed to provide the regulation the changing circumstances in the industry required."

Dr. Cable: I am not disputing that. Both the Conservative spokesman and I fully acknowledged at the outset that the system clearly failed, but it is also true that there were many incidents of very specific, as well as general, negligence. The issue is the importance of that in the overall scheme of things. We shall come later to the question, which has already been raised, of who is to decide whether that in its totality amounts to maladministration, because we have yet to reach that point.

Chris Grayling: The hon. Gentleman is absolutely right to make that point, and in that regard I was

astonished by the Financial Secretary's intervention on my right hon. Friend the Member for West Dorset (Mr. Letwin). The hon. Gentleman will be aware that Lord Penrose says the following in the postscript to his report:

"Many readers of this report will be frustrated that it has not provided answers to two questions: who is at fault for the problems encountered by the Society, and who deserves redress as a consequence. It has been no part of this inquiry to attempt to answer either question."

Surely that alone puts a stamp of endorsement on the request from all sides for the ombudsman to look at this issue.

Dr. Cable: Yes, although I am not sure that the ombudsman constitutes the right mechanism, the logic of what the hon. Gentleman says is right.

Certain issues relating to regulatory failure were not even covered in the Penrose report because there was so much material around. One such issue was drawn to my attention by a consultancy company called Thesys, which attempted to brief Lord Penrose but did not succeed. It made the point that a series of insurance laws and regulations were issued in 1958, 1973 and 1983, as a result of which "schedule 5" provisions were established. Those provisions were an arrangement whereby the Department of Trade and Industry collected data with the specific purpose of enabling independent assessments of whether insurance companies were actuarially sound.

In the early 1990s, the schedule 5 forms stopped being filled in. The regulators decided that it was inconvenient or too onerous to collect that information. If one wanted to be party political about it, one could say that Lord Heseltine was the Secretary of State for Trade and Industry at the time and so was somehow responsible for what happened. Indirectly, I suppose that he was. Clearly, however, an operational decision was taken to stop collecting data that were crucial to identifying the failures that subsequently emerged. It was essentially an operational failure—one that even Lord Penrose has not detected.

We then come on to the question of maladministration—what it means, and its significance. I have been careful—I note that the right hon. Member for West Dorset was also careful—to make it clear that we are not asking the Government to get out their cheque books and sign blank cheques to large numbers of people because of their losses. That would be inappropriate, because we first need to establish whether maladministration has taken place. I do not yet know whether it did; the report did not reach a conclusion on that.

Mr. Gardiner: I am trying to follow the hon. Gentleman's argument carefully. Would he not have to show not only that there had been maladministration, but that that maladministration had been relevant to the failure? It is not enough to say that there were operational errors in which those applying the regulations failed to apply them properly. It is necessary to show that they failed to apply relevant regulations in such a way as to precipitate the position with which we now have to deal.

Dr. Cable: I would not dispute that perfectly sensible point. That would be the purpose of the next stage of the inquiry—to establish whether the maladministration was indeed relevant and central to the failure or otherwise. I entirely accept the hon. Gentleman's valid point.

We must be absolutely clear—the Financial Secretary was not—about Lord Penrose's assessment of his own role. At the end of the report, Lord Penrose clearly states:

"The jurisdiction to adjudicate on regulatory failure in duty is not mine."

He makes it absolutely clear that that was not his job. He has not exonerated the government—I mean with a little "g"—of maladministration; he did not reach a decision on it.

There are different ways of following the report through. The normal procedure would be to go to the parliamentary ombudsman, which is what the right hon. Member for West Dorset suggested. That is what has happened in the past, but there are some practical reasons for not doing that. It would certainly take up much of the parliamentary ombudsman's time: the Barlow Clowes case took more than a year, and as the Chancellor said at the time, it took a year to establish what was already known. The ombudsman has already looked into this problem, but not with great success—indeed, many of the key points were subsequently contradicted by Penrose. I believe that there is a simpler way of dealing with it.

Mr. Beard: Has not the parliamentary ombudsman said that she could find no instances of maladministration? That is why she found as she did. Surely that demolishes the elaborate case that the hon. Gentleman is attempting to build up.

Dr. Cable: As I recall it, the parliamentary ombudsman was examining the period covered by the Baird report with respect to the role of the Financial Services Authority. Most of the maladministration seems to have occurred in the early and mid-1990s. That is the period that someone would have to investigate. If it were not to be the parliamentary ombudsman, who would it be?

My suggestion is simple and practical. The Chancellor or the Financial Secretary could simply write to Lord Penrose, asking him—because he was immersed in the subject—to provide a judgment on whether or not maladministration took place. He could be asked to respond within three months. If the Financial Secretary is right, I suspect that he would reply, "I don't need three months. I don't need to spend my time and your money because I don't believe there is any maladministration." Why cannot the Financial Secretary take that small additional step to clarify and prove her point?

Ruth Kelly: If the hon. Gentleman had spent more time on the concluding chapters of the report, he would have seen that Lord Penrose said:

"An open adversarial process such as would have been necessary to replicate the litigation process over the longer period and the wider range of issues would have been beyond contemplation."

[Ruth Kelly]

He also said that, if he had gone down the route that the hon. Gentleman suggests, he could not have concluded his inquiries within a time scale that had regard to the public interest.

Dr. Cable: It is difficult to understand why Lord Penrose would have been constrained, as all the information is in the public domain and is set out at great length in the report. That is the raw material that would have been available to the parliamentary ombudsman, who also would not have been able to call on further information.

Mr. Garnier: Is the hon. Gentleman not puzzled by the Financial Secretary's intervention? She has suggested that people should take their disputes to court, but would not that mean that she was multiplying—in spades—the adversarial nature of any inquiry that a court would engage in, not to mention the costs involved?

Dr. Cable: The hon. and learned Gentleman is right, and I asked about the court in an earlier intervention. The Financial Secretary replied that that was a complicated legal argument that she did not wish to get into. The legal argument may be complicated, but Equitable Life has sent out a very large number of letters on this matter. I shall read an extract from a letter sent to my hon. Friend the Member for Cheadle (Mrs. Calton). The extract covers Equitable Life's response to the proposal that the matters be taken to the court and to the financial ombudsman.

I suspect that the Minister is not entirely familiar with the idea that the financial ombudsman is a mediator who cannot mediate unless both sides are willing. The letter makes very clear the view of Equitable Life about litigation and the financial ombudsman. In respect of legal action, it states:

"The issue you raise was . . . dealt with under the Scheme of Arrangement, also known as the Compromise Scheme, which applies to all with-profits policyholders with policies in force on 8 February 2002. Following approval of the Scheme by the members and the Court, certain rights were given up in exchange for an uplift in policy values. As a result, your claim cannot be upheld.

Also included in the Scheme was the removal of your rights to pursue such complaints by legal or other means, including the Courts and the Financial Ombudsman Service."

From the outset, Equitable Life denied that it would be willing to engage in any form of mediation through the financial ombudsman service. It made it clear that it had already covered itself in respect of action through the courts. The invocation of the courts is therefore a completely false trail, which would cost many people large amounts of money to no effect at all.

Another issue in relation to compensation needs to be clarified.

Mr. Gardiner: If it is a completely false trial, why does the hon. Gentleman think that Lord Penrose commented on it in his report?

Dr. Cable: The report's conclusion is unsatisfactory in that respect. Lord Penrose does not suggest that he was aware of what Equitable Life had said about the limits of litigation but, if the hon. Gentleman knows the reference, I should be happy to take it.

Mr. Gardiner: I do not know the reference, but I hope that the hon. Gentleman is not suggesting that Lord Penrose was not aware of the arrangement made between policyholders and Equitable Life about giving up their legal rights.

Dr. Cable: I do not know whether he was aware of that or not, but he seems to have urged a course of action that the overwhelming majority of policy holders would not be able to pursue in any circumstances. To that extent, the recommendation—if that is what it was—was not terribly helpful.

The issue of the money is also important. If a compensation claim were to be made, through the courts or, in some other way, through the ombudsman, a basic question must be answered. How much have the policyholders lost—a lot, or a little? Penrose was clear that the loss had been substantial. He said:

"However, whatever the position on compensation might prove to be in the end of the day, it is clear that many Equitable policyholders have suffered much worry and distress, and many . . . will continue to experience real financial hardship".

How great is that real financial hardship? I tabled a question to the Financial Secretary some weeks ago to see whether she could put in the public domain some estimate of the costs. It is clear how they could be calculated. One would look at particular groups of policyholders on the basis of all the evidence that is now available, taking into account the different maturities and types of policy, and compare them with the average. I know that the Financial Secretary was happy, in principle, to put that information into the public domain.

I have now been told that the information cannot be disclosed for reasons of commercial confidentiality invoked by Equitable Life. I was sufficiently concerned by that conclusion to ring the chief executive this lunchtime and ask him why the information could not be made available. I was told that it would be too difficult to provide it. However, it was not too difficult in the golden days when Equitable Life was outperforming the rest of the industry.

The company is no longer willing to disclose the information, which leaves two worrying conclusions. It might be that there were no serious losses, which is possible but implausible. Certainly Lord Penrose did not think that. The alternative is that the current management is so embarrassed by its performance that it is not willing to release the information. However, that information is crucial to the policyholders in making their case, whether for a further inquiry by Penrose or the ombudsman, in the courts or by some other means. That is a serious dereliction of duty by the company now, let alone in the past.

Chris Grayling: I agree that it is a dereliction of duty by the company. Moreover, an organisation that is no longer open for new business, and is therefore not

trading in the conventional way that other companies and organisations in the sector are trading, should not use commercial confidentiality as a defence, because it does not apply as it would to any other organisation competing in the financial services industry.

Dr. Cable: That is a good point that I had not thought of, and it may be an avenue to pursue through the FSA or directly through the Financial Secretary. I thank the hon. Gentleman for that intervention.

An important point was raised by the hon. Member for Tiverton and Honiton (Mrs. Browning), when she suggested that the company could now slide towards insolvency. I was worried when the Financial Secretary made her original statement, because on more than one occasion she referred to the possibility of compensation by that route. It would certainly be an easy way out for the Government if compensation had to be paid by the industry and not by the Government. However, it is important to reflect on the implications.

If the industry scheme were to be brought into effect and had to provide substantial compensation in the event of insolvency, we have to ask where the money would come from. In principle, it could come from shareholders' funds in the insurance industry, but some of the leading insurers are mutuals and do not have any shareholders. Whatever happened, many individual policyholders in the insurance industry would end up footing the bill for the disaster. That would come at a time when some participants in the industry are struggling themselves with much tougher insolvency rules imposed by the FSA. My final thought is purely speculative. The Government think that they have drawn a neat line under the episode, but if they force the industry to fund compensation, we could see a cascade effect that caused far greater damage than the original Equitable Life disaster. That is why the Government must think much more constructively about examining the question of maladministration and the consequences of that.

7.24 pm

Mr. James Plaskitt (Warwick and Leamington) (Lab): I have had quite an interest in the Equitable Life issue for some years, not only as a member of the Treasury Committee, but from my constituency experience. All hon. Members probably have constituents who are affected by this affair. I do not know how many of mine are affected, but about 50 of them have given the details of their cases to me, and I have found that information very helpful in pursuing the matter through my membership of the Treasury Committee.

It is important to bear in mind the individual stories that lie behind what we are discussing. Many of the people involved do not have considerable means, but they invested significant sums in what they thought was a highly reputable company, and they are now in retirement in much reduced circumstances. Those people are closely following not only the Treasury Committee's deliberations, but what we say in the House. Many of them have been waiting for Lord Penrose to report. So we have reached a critical juncture in trying to unearth exactly what happened.

Lord Penrose appeared before the Treasury Committee on 16 March—I think that it was the first time for about 40 years that a judge had appeared before a Select Committee—and he gave us extremely important evidence. Of course we wanted to know whether, in his view, he had been given the right terms of reference, and he told us:

"I was the tool that I was given to do the job."

In other words, he set his own terms within his given remit. He has certainly not indicated to us that he was in any way restricted in undertaking the research and investigation that he was asked to do.

Lord Penrose's report enables us to identify key moments in the history of the Equitable Life saga. He shows us that the company was using "actuarial techniques" to create what he calls "apparent surpluses" in the 1970s, that

"the Society did not again get back to a position of having an excess of assets over the realistic policy values"

in the early 1990s, and that the accumulation of all that, over 20 or 30 years, led the company to have a £3 billion shortfall by the end of 2000.

After the Treasury Committee took evidence from members of Equitable Life when we opened our inquiry two years ago, we concluded:

"Equitable Life's risky decision in 1993 not to build up a reserve to cover the costs of guaranteed annuity rate liabilities was a crucial turning point."

So it is natural to focus on what Lord Penrose tells us in his report about regulatory system failure. When he was before us last week, commenting on his report, we asked him about regulatory systems failure and he said in evidence:

"One has a growing divergence between what the regulatory system required in the way of information in the annual financial statements of life offices and what the life offices themselves were actually doing in the conduct of their business."

He continued:

"There would be no reaction to growing terminal bonus if terminal bonus was not a focus for regulatory attention . . . I think that critically is what went wrong."

In considering the focus of Lord Penrose's report, the additional comments that he has made in summary form in evidence to the Treasury Committee help to clarify the situation as he finds it, and they bear out exactly what he says at paragraph 69 in chapter 20 of the report:

"the thrust of my criticism is that for the most part it was the system that failed to provide the regulation that changing circumstances in the industry required".

When Lord Penrose was before the Treasury Committee last week, we wanted to ask him to expand on the occasions during this story when key opportunities to reform the regulatory system were missed. The evidence increasingly focuses on the period 1990 to 1994, and discussions of the European Union's third life directive. When Lord Penrose appeared before the Treasury Committee, I put it to him that that was probably an important chance to align the regulatory system with developments in the industry. He answered with the simple word "Yes". He also added that the original formula made it an obligation to make proper provision for terminal bonuses.

[Mr. James Plaskitt]

In this debate, it will be interesting to look briefly at the way in which the third life directive evolved. Lord Penrose gives all the evidence in his report. In 1990, when the original regulation was first put before the committees that dealt with it, it stated:

"the valuation method shall take into account, either implicitly or explicitly, future bonuses of all kinds, in a manner consistent with the other assumptions on future bonuses of all kinds, in a manner consistent with the other assumptions on future experience and with the current method of distribution of bonus."

Subsequently, there were four years of argument before the directive finally emerged and took its place. It in interesting to see how the wording changed. This was the wording that finally appeared in the directive in 1994:

"The amount of the technical life-assurance provisions shall be calculated by a sufficiently prudent prospective actuarial valuation, taking account of all future liabilities as determined by the policy conditions for each existing policy".

That represents a very significant watering down of the directive between 1990 and 1994, so one has to ask how it came to be watered down, and why it emerged in that form and not in the form in which it originally entered the negotiations. In the very chapter in which Lord Penrose looks at the evolution of the directive, he reminds us that it was the United Kingdom delegation that led the resistance to the original wording.

That gives us strong evidence to support the view that there was unnecessarily light-touch regulation at that time, and it clearly points the finger towards why, in the 1990s, an important opportunity to bring the regulation into line with what was happening in the industry was missed.

We have heard the suggestion, or accusation, that after 1997 and the change of Government, the Treasury was passive in relation to all these issues. It is hard to find the evidence to back up that suggestion. The ombudsman, from whom the Treasury Committee heard evidence, said that the Treasury was in no sense passive. He reminded us that in 1998, quite a vigorous battle went on between the Treasury and Equitable Life, with the Treasury threatening to close Equitable Life down, and Equitable Life threatening to take the Treasury to judicial review. That does not suggest that there was passivity on the part of the Treasury.

When the Treasury Committee began to look into the matter back in 2001, it heard evidence about what had been happening immediately after 1997. The prudential insurance regulator became concerned about levels of reserves for the guaranteed annuity rate policies in 1997. The Government Actuary's Department subsequently undertook a survey, and it told us in evidence that Equitable Life stood out among all the other life assurance companies. Immediately afterwards, red letters, as they were called, circulated between the Treasury and the company, raising issues about Equitable Life's potential solvency.

Mr. Letwin: The hon. Gentleman has certainly done his homework. Is he really arguing that if his current disquisition leads to a conclusion that all the failures occurred before 1997—he knows that I deny that that is the case, but we shall let that be for a moment—and if it emerges that there was both systemic and operational failure before that time, it would affect in any way the issue at stake—the entitlement of current and lost policyholders to possible compensation if there was maladministration? Why does it matter whether the failure occurred before 1997 or afterwards?

Mr. Plaskitt: What matters is unearthing exactly what happened, and that is what Lord Penrose was asked to do. It is essential to look at the totality of his findings, and he helps us to do so by standing back in the final chapter of the report, having looked in detail at events that took place over many years, and asking what basic conclusion one can draw about the causes of the problem. He says, as we know, that the company was first and foremost the architect of its own misfortune, and regulatory system failure played a secondary role.

Mr. Letwin: Why does it matter when that took place? If the hon. Gentleman is making a serious argument about the possible rights of policyholders, is it not incumbent on him to address the question of whether the failure was partly operational, as the hon. Member for Twickenham (Dr. Cable) and I have amply shown is demonstrated in the report? Why does the date matter to the hon. Member for Warwick and Leamington (Mr. Plaskitt)—other than as a party political point?

Mr. Plaskitt: I am not making a party political point at all. I am trying to extract from the dense, 800 page-plus Penrose report the essence of its findings, because that is what my constituents and the constituents of other right hon. and hon. Members affected by the affair want to know. They want to know what happened and how it happened.

Mr. Harry Barnes (North-East Derbyshire) (Lab): Surely the question to which our constituents, including the 50 who have been in touch with my hon. Friend, want an answer is: what is to be done now? It is important to understand the analysis and accept that the Conservatives and Equitable Life were to blame, but now we must decide what is to be done to get out of the mess that other people have created. There are avenues available to the Government that might assist with that process.

Mr. Plaskitt: My hon. Friend is absolutely right. My constituents, and, I am sure, his constituents and others, want to know what happens now. However, unless we understand fully the history of how things happened, we cannot work out correctly what must happen next. That suggestion was put to Lord Penrose as part of his terms of reference. He was asked to advise on what lessons should be learned, and what action should be taken. Action is under way—the ombudsman is undertaking work and there may be court actions. Lord Penrose himself suggested that the situation would eventually lead to litigation. That will be a lengthy process, but without the facts and the history before us, we could never determine what the next steps should be.

One important step is getting the regulatory system right, and the Financial Services Authority has introduced significant changes. Again, we asked Lord Penrose for his view because, having looked into the matter and unearthed important evidence of regulatory

system failure, he could judge the current regulatory system against previous shortcomings and determine whether things have improved. In his evidence he was clear that they have, and pointed to resource improvements. For example, there are now twice as many regulators working on the regulation of life insurance companies. I reflected on that when Opposition Members intervened on this subject—I wondered whether the bowler-hatted bureaucrats who feature in their party's recent campaign efforts included the additional regulators who were appointed. If they are suggesting that those people should be removed again, we will slide back to the excessively light-touch regulation that contributed to the problem in the first place.

Secondly, Lord Penrose acknowledges that the organisational structure of regulation is now far better. Different skills are working together and are located in the life offices—a complete change from what happened before. Lord Penrose welcomes the regulatory system changes referred to as the "twin peaks" arrangement—traditional paper-based solvency investigation and measures allied to the broader factor. When he looks at the regulatory system in place now, he concludes:

> "My clear impression is that the approach now being adopted is a very considerable improvement on what there was before."

That will reassure constituents who want to know whether the lessons have been learned from the whole tragic affair.

Chris Grayling: The hon. Gentleman should go back and talk to his constituents who have been affected. I have no sense that constituents who have written to me have the slightest concern about the regulatory system. What they want to know is what is being done about their position. The Penrose report specifically states that compensation was not an issue that he considered or was asked to consider. If the hon. Gentleman is arguing that regulatory failure contributed to what happened—he is now explaining why the improvements that he says his Government introduced have made a difference to that—does he not therefore think that a proper investigation into the question of maladministration would now be appropriate?

Mr. Plaskitt: We have had an investigation conducted by Lord Penrose into the regulatory system failure. The other questions are entirely separate. We have rehearsed many times in the course of this discussion how those will be taken forward. The hon. Gentleman is right. Our constituents want to know that, but I do not think he is suggesting that there should be a Government-underwritten compensation scheme. If he is suggesting that, he needs to explain how we will overcome the moral hazard issue that such a scheme would raise.

To conclude, we have a story of manipulation, concealment and misrepresentation by Equitable Life. We have evidence of a domineering and manipulative chief executive, an inert board and institutional laziness and complacency, all underpinned by an inadequate regulatory system that was itself endorsed by policy decisions designed to prevent appropriate regulation coming into place. In the course of reading Lord Penrose's report one comes across a paper written by Mr. Ranson of Equitable Life delighting in the title, "With Profits Without Mystery". From the perspective of Equitable Life's policyholders, it is more a case of "with losses without honesty".

7.43 pm

Chris Grayling (Epsom and Ewell) (Con): Despite the differences of emphasis in the debate tonight, hon. Members in all parts of the House are united in the view that the case of Equitable Life has been a tragic state of affairs that has caused problems not just for those who have lost money as a result of what happened, but for the whole country. The entire financial system on which the pensions of the future and the security of many of our people depend has been challenged and weakened by what happened with Equitable Life.

I agree with the hon. Member for Warwick and Leamington (Mr. Plaskitt) that lessons need to be learned. We need to understand what went wrong and ensure that it cannot happen again. To that extent we may agree, but as for the rest of his comments, and the comments of the Minister and other Labour Members, I find it depressing and disappointing—and I know that my constituents who have suffered in the affair will find it equally depressing and disappointing—that the Government's only real response in the wake of the Penrose report is to try to focus the criticism on the regulatory regime before 1997, and thus on the Conservative Government.

We need to set aside party politics, understand what went wrong and explore still further the questions that remain unanswered. We must provide real responses that our constituents will understand and that will leave them with a sense that their anxieties, questions and complaints are being properly addressed and not, as I fear, left to one side. As I listen to Labour Members, I am left with the sense that my constituents' concerns are being left to one side.

I received a letter just this morning from one of my constituents and it is difficult to argue against the simplicity of what he says. He writes:

> "Equitable Life was at one time highly respected being the oldest mutual life office in the world. The management certainly made mistakes and behaved in an arrogant manner but it is up to the Regulator to protect the Public's interest. It is after all what he is there for!"

It is clear that the regulator, in whatever shape, form or system, did not fulfil that remit. Ultimately, as I said to the Financial Secretary in my intervention, even up to the latter days before the House of Lords judgment, even when discussions were taking place between the Treasury, the FSA and Equitable Life, my constituents and others around the country were still being sold policies that would quickly turn into a disaster for them.

The reality was that, throughout the process, from start to finish, people were let down by the system and the regulation, as well as by the management of the organisation itself. That the Financial Secretary should set her face against the simple question of whether there was maladministration is extraordinary and inexplicable. I cannot for the life of me see how she believes that she will benefit politically. Out there are thousands of people who are waiting upon her decisions, waiting upon the views and decisions of the House, who

[Chris Grayling]

believe that it would be right and appropriate for there to be an investigation into whether there was maladministration, and it is simply not happening.

Lord Penrose is clear in what he says. The Financial Secretary intervened on the hon. Member for Twickenham (Dr. Cable) and quoted the last sentence of paragraph 77 of chapter 20 of the report, but at the beginning of that paragraph Lord Penrose states:

"Many readers of this report will be frustrated that it has not provided answers to two questions: who is at fault for the problems encountered by the Society, and who deserves redress as a consequence? It has been no part of this inquiry to attempt to answer either question."

He goes on to say:

"The first inevitably involves issues of the scope of duty and of breach of duty that I was not asked to consider and that I would have been unwilling to consider as part of an inquisitorial process."

So not only was Lord Penrose not asked to deal with, and did not deal with, those issues, he believed that that aspect of what went on should not have been part of his remit. Surely, if nothing else, he is arguing in support of the requests of my right hon. Friend the Member for West Dorset (Mr. Letwin) and of others inside the House and outside it for a simple process that asks the question: was there maladministration?

There has been debate over the ombudsman's ability to provide a proper assessment of what happened. It has been suggested that the Government Actuary's Department is not within the ombudsman's remit and therefore there is nothing that the ombudsman can do. But as my hon. Friend the Member for Chichester (Mr. Tyrie) has made clear, the reality is that, if the House were united, those changes, adjustments to the system and changes to the remit of the ombudsman, could be pushed through quickly. The disappointing thing, of course, is that that united support does not exist within the House.

I want to press the Financial Secretary on her challenging of the regulatory regime that existed before 1997. I looked back today at the letters that I have received from constituents about their experiences of what went wrong and I have read carefully the sections of the report that walk us through what happened after 1997. It is clear that discussions were taking place within the Treasury when it took over the role of regulator after 1998, and then within the FSA when it took over the job of regulation shortly after that. There were robust debates and serious questions were being asked about the solvency of Equitable Life.

When the Minister made her statement to the House a couple of weeks ago, she referred several times to discussions that took place in the years up to 2000–01. She will remember referring to information about reinsurance being withheld from the regulator, which she said took place in the latter days of the last decade. That happened under the new regime, albeit in its infancy as an alternative system. Such questions as, "Where did the regulatory system fall down?" must, by definition, apply as much to what occurred after 1997 as to what took place before 1997.

I have read various sections of the report, which the Minister will know better than I do. Chapter 17, page 611, specifically refers to

"a meeting called at HMT's request to discuss the Society's approach to the annuity guarantees and the solvency implication of reserving for them."

The Government Actuary's Department addressed the solvency issue shortly afterwards in a document produced in December 1998, saying:

"While this is reassuring it should be realised that publication of such a low solvency position is likely to severely undermine the company's reputation in the market and could threaten its survival as an independent entity."

At that point in 1998, serious discussions were taking place within the Treasury about whether Equitable Life was founded on stone or sand. Yet, when I read the letters from my constituents, I found that a significant number of them began their involvement with Equitable Life at that time. Those people did not take out policies in the 1970s or 1980s but were sold policies right up until the turn of the decade, and even beyond, and they lost money.

Among those letters, I found an example of a constituent who challenged some of Equitable Life's operational practices. He made a number of claims about how policies were sold to him, and, indeed, denied ever signing contracts with Equitable Life. None the less, he was placed under heavy selling pressure by Equitable Life salesmen in 1999 who were trying to persuade him to take up business with them. Some 25 to 30 per cent. of the people who wrote to me to complain took out policies at the end of the 1990s, and I cannot understand how the Minister can turn round to them and say, "There was a dodgy regime in place before we took office. We did something about it, and that is the end of the matter." That is essentially the message that the Government have given to my constituents. I ask the Minister to think again about the sole message that this House is sending to all the people affected in my constituency, her constituency and those of other hon. Members: "The regulatory regime did not work. We have changed it so it will all be fine for the future."

There is also the question whether operational failure led directly to financial loss. I must say that I was surprised by Lord Penrose's comment that there was no direct connection between regulatory failure and financial loss. If that were the case, why, when the Treasury and the FSA were discussing the solvency of Equitable Life, was the society still permitted to go out and sell policies to my constituents, who, within a very few years, suffered substantial financial loss as a result? The Minister may shake her head and smile, but my constituents will not understand why the regulator was not involved in what happened to them. Surely the House has a duty to see the matter through to the end. We have a duty to all those who lost money to look in every corner for what may or may not have happened. They are asking us to send the case back to the ombudsman for a proper investigation into whether there was maladministration. Is there really any reason why the Government should not say yes to that investigation?

I suggest to the Minister that there is a danger that, as she sits in her office in the Treasury considering regulatory issues, she may take her eye off the real ball—

the fact that thousands of pensioners out there have lost money and their retirements will not be the same. We have a duty to them to see this through to the end by granting the investigation to determine whether there was maladministration and whether they have a case for compensation. If she fails to do that, she will let down not only those people, but this whole place and the whole reputation of politics and Government. She must change her mind, she must send them the right message, and she must do it now.

7.55 pm

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): Like every other Member, I have constituents whose pension plans and retirement aspirations are much reduced as a result of the Equitable Life fiasco. I have an interest as a representative of those constituents and a further interest as chair of the all-party group on building societies and financial mutuals.

I join the Minister and other Members in expressing sympathy for those people affected by this fiasco. That was brought home to me today when I had coffee with a distinguished member of the local business community, who confided in me that he was still working only because Equitable Life had not delivered on his pension and, in turn, his retirement plans.

On compensation, the Government's response is consistent with that which took place following other pension fiascos and, on some occasions, scandals. Nobody can argue that the Government cannot underwrite risks, then say that Equitable Life is a special case, given that Penrose himself blames the company, not the regulators. I look back to the Maxwell scandal at the *Daily Mirror*. I appreciate that the pensioners affected by Equitable Life have been badly hit—in some cases, the impact has been devastating—but it was exactly the same for the *Daily Mirror* pensioners. There were huge issues of corporate governance in that case, too, but the Government did not rush in to compensate.

Another such episode, and another sorry legacy of the former Tory Government's regulatory regime, was that of pensions mis-selling. On that occasion, the industry itself had to compensate people who were sold pensions on false pretences. If the Government were to step in on this occasion, I wonder whether the companies that paid out that compensation would come to them to demand that they underwrite the bad management and mis-selling that took place all those years ago.

Mr. Letwin: Of course, everybody recognises that in many cases no question of compensation arises, but does the hon. Gentleman recognise that the distinction lies in the question of whether there was maladministration? That distinction was recognised by Parliament and by the current Chancellor in relation to the Barlow Clowes case, in which compensation was payable because maladministration was ascertained.

Mr. Bailey: Penrose says that there was no maladministration in this case. Frankly, many of the constituents whose perspective Conservative Members have assumed will not understand the subtleties and refinements of whether that is so. The fact is that they took up schemes that, one way or another, did not deliver on their pension aspirations.

My hon. Friend the Member for Edmonton (Mr. Love) made a valuable point about the statement made earlier this month, when he noted that the *Financial Times* expert had said that, even after all the problems, some of Equitable Life's returns were no worse than those of some other companies, so how could we justify compensating those pension holders and not those in other companies that had failed to deliver for totally different reasons? That would be difficult to justify.

I want to deal with my concerns about the mutual sector. It has been pointed out on a number of occasions that the problem at Equitable Life related to management. The quote often given from the Penrose report is that

> "The Society's uniqueness lay in the approach adopted by its management, not in the essential characteristics of its business."

Central to that was the fact that the chief executive officer was also the actuary, and that the company pursued a policy of failing to keep adequate reserves, overpaying bonuses and failing to keep the board informed of the position and the risks involved.

The report also makes it clear that the critical responsibility for valuing liabilities, assessing the liability implications of new products and identifying risk was discharged by a discrete part of the organisation that was not subject to effective scrutiny or challenge. Obviously, monitoring needs to be improved, and improvements are also needed in corporate governance. We must be clear, however, that because this organisation was a mutual, policyholders did not see their obligation as one of scrutiny, as might be the case for a shareholder in a conventional plc. This distinction was pointed out in Penrose. Most policyholders who take out a policy in a mutual see their obligation as simply to pay a premium, but to have no extra responsibility.

Under the articles of Equitable Life, the policyholders were effectively powerless. My hon. Friend the Member for Edmonton made the point about their registration under the provisions of the Companies Act 1989, which provide for a 10 per cent. vote to get a special meeting. That is, of course, impossible if there is no adequate register or access to a register for policyholders. Mutuals have to find a means whereby they can provide for policyholder participation.

I welcome, as do other mutuals, the Treasury initiative set up by Sir Paul Myners to look into corporate governance and policyholder representation in mutual life offices. The Minister has already set out the terms of reference, so I will not go over them again. It is fair to say that the mutual life assurance industry accepts the need to take action to improve representation by policyholders. We must make it clear, however, that the situation at Equitable Life arose not because it was a mutual but because the management policy was bad and, indeed, not even compatible with the basic principles of mutuality.

The initiative raises the challenge to ensure that the corporate governance of mutual life offices provides the necessary checks and balances to ensure that a saga such as this is never repeated. I am sure that there will be a dialogue between Sir Paul Myners and the mutual sector to ensure that steps are taken to prevent any such repetition.

[Mr. Bailey]

I want to conclude by making these particular points. Equitable Life has reached this situation because of poor management, not the structural issue with mutual ownership. That could happen with plcs. Independent Insurance went bust, despite the fact that it was a plc. There is no guarantee, even with a plc, that shareholders will bail it out and there are plenty of examples of shareholders letting a plc collapse.

The mutual life offices recognise the fact that this episode highlights issues of governance and involvement of policyholders, but we must make it clear that it is a one-off. Equitable Life is not representative of the mutual industry as a whole and it is as anxious as anybody to ensure that its rules and procedures prevent any repeat of this with a mutual company.

8.6 pm

Mr. Edward Garnier (Harborough) (Con): If the only pension arrangements people have are with Equitable Life, they are likely to think that it is representative of the mutual system, so I am not at all sure that the perhaps not intentionally but none the less effectively complacent attitude with which the hon. Member for West Bromwich, West (Mr. Bailey) finished provides us with a helpful analysis of where we are.

I want, if I may, to pick up, but not too seriously, a point made by the hon. Member for Warwick and Leamington (Mr. Plaskitt). He thought that Lord Penrose was the first judge to appear before a Select Committee for 40 years. I was on the Home Affairs Committee in 1992–93 and judges regularly appeared before it. Of course, judges chair Select Committees in the House of Lords.

If this were the Court of Appeal, and it is not, and Lord Justice Letwin as opposed to my right hon. Friend the Member for West Dorset (Mr. Letwin) had given judgment as opposed to having made a speech, I could say, "I have heard what Lord Justice Letwin says and I have nothing further to add." However, he has not given judgment. We are in the House of Commons and I am here to represent my constituents and to say what I believe ought to be done in a political sense as a consequence of this fiasco.

I have already declared my interest as the former holder of a number of Equitable Life policies. I continue to hold, I think, one further policy with it, so clearly I have been affected, and may continue to be affected, by what has happened. I have not yet reached the stage at which I am prepared to be as generous as my right hon. Friend in the event of compensation being provided, but I put that to one side.

Many of my constituents, like those of other hon. Members, have been affected by this disaster. Some are members of the Equitable members action group and some are not, but all have been adversely affected. The number runs into the hundreds—we are not talking about just one, two or three isolated individuals.

The dilemma that my constituents face is exacerbated when one considers that those people are not in a position to repair the damage done to them. They are, by and large, at the end of their working life or have finished it, so they do not have the economic ability to get another job to refill their pension pot. I accept that not every injury commands a remedy. Plenty of people suffer accidents, be they financial, commercial or physical. Those do not require compensation, but we are considering rather different circumstances.

I can say on behalf of my constituents that all who have been affected by this disaster welcomed the setting up of the Penrose inquiry and, to a greater or lesser degree, they have welcomed its findings. However, where they, and I on their behalf, complain is in respect of what the public authorities have done and propose to do. What they—my constituents—say about the management of Equitable Life is unprintable. Disquiet is growing, however, about the Government's response, and I regret, as I have huge respect for the Financial Secretary, that that disquiet will be in no degree lessened by her response in her statement on 8 March or in her opening speech today.

The appearance—I can put it no higher than that—which comes not only from the Government but from other agencies, is that all is well, all the mistakes were in the past, and that that is all that needs to be done about it. I note that the Financial Services Authority's press release, which enclosed the letter that the chairman, Mr. McCarthy, wrote to the Financial Secretary on 8 March, says, under "Notes for editors":

> "The FSA regulates the financial services industry and has four objectives under the Financial Services and Markets Act 2000: maintaining market confidence; promoting public understanding of the financial system; the protection of consumers; and fighting financial crime. The FSA aims to maintain efficient, orderly and clean financial markets and help retail consumers achieve a fair deal."

My constituents are entitled to ask whether the FSA, in its handling of this affair, has come up to its remit.

The chairman of the FSA, in his letter to the Financial Secretary, says that Lord Penrose

> "makes clear that the issues on which he comments can be settled definitively only by resolution in the courts or by some other adjudicator."

Some other adjudicator, as was pointed out by my right hon. Friend the shadow Chancellor and the hon. Member for Twickenham (Dr. Cable), could mean a reborn Penrose. He has already found facts, and he is tremendously well placed to be that other adjudicator. I am depressed, however, that the chairman of the FSA thinks it appropriate—as does the Financial Secretary, I fear—to require our constituents to go to court to seek redress.

Mr. Barnes: Does the hon. and learned Gentleman feel that the Government could be involved in a compensation scheme that was in some way based on need? Different people are in different sets of circumstances—I am not sure whether I want to see him compensated, but numbers of his constituents might be much more deserving cases because their pensions and future provision have gone, and they might therefore be reasonably considered by the Government to be on a list for some percentage of compensation.

Mr. Garnier: I was simply making my personal interest clear, and I do not wish to personalise this debate at all. I can see that there is some argument to be

made, and the telling question from the Labour Benches was that asked by the hon. Member for North-East Derbyshire (Mr. Barnes): what are the Government going to do? Were it to involve some form of means-tested compensation scheme, let us look at it. That is an advance from him, however, which we have not yet heard from his right hon. and hon. Friends on the Front Bench. At least he is addressing his mind to the real moral and political questions which this debate throws up, and which I fear that the authorities and the Government are ignoring.

It seems to me that the Government are hiding behind the Penrose report. The Financial Secretary quoted large chunks—she spent about 20 or 30 minutes doing so—of the report at the beginning of her speech. That is not difficult. The more difficult political and moral question is to ask what flows from the findings of fact that Lord Penrose has made. I have heard nothing from the Government other than that my constituents are urged to go to court, but this Government have removed access to legal aid, and therefore access to the courts, for these much-put-upon people. Any court case would take years to prepare, and if not a year, certainly months to reach a conclusion at trial.

We need only look at the current court case involving the BCCI scandal, which took place some years ago, to realise that. It will take the High Court many months to dispose of that case—and given that one party is bound to be dissatisfied with the result, it will go to the Court of Appeal and, no doubt, to the House of Lords. So we are not looking at an easy way out, however easily the words "go to court" trip off the ministerial tongue.

What else did the Minister say? She said "We have set up the Myners review and the Morris review." I should have thought that the House was fed up with hearing the Government talk about reviews. They have had more "reviews" than Raymond. It is time that they started to do something rather than pushing issues over the political horizon.

We are all immensely grateful for what Lord Penrose has done, but what a judge cannot do is provide a Government with political answers. We saw that with the Scott inquiry and the Hutton inquiry, and we are seeing it with the Saville inquiry. We have four judges who have held, or are in the process of holding, well-organised and well-designed inquiries, and they do their job; but they do their job as finders of fact rather than as providers of political and economic answers. It is wrong of the Government to say "Penrose has reported: we need do no more."

I believe that this saga points to a need to do away finally with the compulsory annuity system. The Minister and I debated that at some length last year, and I might remind her that my Retirement Income Reform Bill achieved a Second Reading by a majority of 101—not bad for a private Member's Bill, if I may say so.

What this whole saga demonstrates is that the Government are failing to get a grip on the underlying problems of financial provision for the elderly. I have a number of elderly constituents who will be financially severely embarrassed as a consequence of this disaster. It highlights the need for liberalisation of the way in which people can invest for their retirement. The Government insist that people should be forced to buy annuities with their pension pot at 75. If the public are no longer prepared to trust financial institutions, for goodness' sake let them choose their own means of saving and investing for their retirement—and while they are about it, I urge the Government to listen very carefully indeed to what has been said by my right hon. Friend and the hon. Member for Twickenham. There they may find an escape route, and I urge them to burrow into it.

8.18 pm

Mr. Barry Gardiner (Brent, North) (Lab): I know that others wish to speak, so I shall curtail my remarks.

Rarely does the failure of a company have an impact on so many lives in such a personal way as has the mismanagement at Equitable Life. More than 1 million policyholders have been affected, and the reputation of a whole industry has been tarnished. The constituents of mine who were unlucky enough to be policyholders tell me of the financial difficulties that they suffer as a result of Equitable Life's mismanagement, and the financial insecurity that that brings them. Many had saved solely with Equitable Life because it had a good name and they believed that the Government of the day had put in place an effective regulatory system. In fact, as with many investors, they were wrong. Despite rapid change and evolution in the market, the then Government failed to make substantive changes to the regulatory system.

In his detailed report, Lord Penrose notes that in 1988, nine years before the current Government took office, a Department of Trade and Industry Minister—the right hon. Member for Bromley and Chislehurst (Mr. Forth)—made a conscious decision not to update the regulation of life insurance. It was just one of a catalogue of decisions to continue that Government's light-touch regulatory system, which was in the end to have such a disastrous effect on my constituents and so many others throughout the country.

The 1988 decision was compounded by decisions in the early '90s that saw Conservative Members lobbying against changes that would have made the Equitable fiasco at least remote, if not impossible. The Government of the day lobbied against a Brussels directive that would have placed a statutory responsibility on companies to set aside reserves for terminal bonuses. The then Government viewed that as overly cautious, and suggested that a tougher regulatory system would have created too much red tape. Perhaps Conservative Members could therefore explain to my constituents, who are indeed cautious and save diligently, what would have been over-cautious about offering them protection and asking companies to abide by the most basic process of reserving.

Mr. Barnes: My hon. Friend is correct in pointing to the previous Conservative Government's errors and omissions. However, if the Conservatives were still in office now that Penrose has revealed all these errors, what would have to be done, and would that Government not be obliged to move towards compensation? What difference is there because we have a Labour Government? We have to pick up the mess that the Conservatives left us in.

Mr. Gardiner: My hon. Friend makes his own points, but I would hazard that if it were the case that

[Mr. Gardiner]

Opposition Members were now on the Government Benches, we would never have had a Penrose report, because they would have known full well what it would show.

In some cases, it is possible to say that hindsight makes our vision somewhat clearer, but I do not believe that that was the case in the regulation of the financial services industry.

Mr. Letwin *rose—*

Mr. Gardiner: I shall not give way, because I need to make progress. The right hon. Gentleman has had plenty of time to make his points this evening, and he was not as generous as my hon. Friend the Financial Secretary in taking interventions.

I do not believe that that was the case with the regulation of the financial services industry, because it would be too generous to say that Tory failures properly to regulate the financial services industry could be explained only with hindsight. I say that because other financial services organisations had already realised the need for more effective regulation. By 1986, regulation was already in place to support the wish of the Association of Friendly Societies to offer a voluntary compensation scheme. That scheme, which guaranteed 90 per cent. of a guaranteed policy, was already operating successfully and could have been used as a role model, yet the then Government decided not to move forward with a similar scheme. I am pleased to say that the current Government saw the need for such a scheme and introduced the financial services compensation scheme as part of the Financial Services and Markets Act 2000. That scheme protects consumers if companies become insolvent now.

In 1997, this Government inherited a hotch-potch of a regulatory system from the previous Government, who favoured cutting red tape over protecting consumers. Neither I nor this Government want more red tape, but I do want effective regulation. Conservative Members play a devious game when they portray all regulation as red tape, as they have recently in the Chamber. As someone who spent 10 years running a successful business, I understand the impact that red tape can have on a business and how it can stifle a company's competitive edge, but I also understand that with ineffective regulation it is usually the big firms that benefit, not the small consumers. Large investors can spread their risk and hedge their bets; small investors cannot and do not.

In his report, Lord Penrose concluded:

"Principally, the Society was the author of its own misfortunes."

That was because the regulatory system that the Conservative Government had in place was weak and ineffective. Without an effective regulatory system, the rules were not there for Equitable to break, and there were few mechanisms to alert the authorities to Equitable's failures. The primary problem was not that the regulator did not implement existing regulations properly, but that the regulations that existed were not the proper ones.

The Opposition's position is fundamentally this: they want to parade themselves as the champions of the policyholders, but they do not want to find themselves committed to compensating those policyholders should they ever be in government. That is why they have suggested the device of an inquiry to establish whether there was maladministration and whether compensation is therefore due. That, however, is a specious argument, which does them no credit—and I make my points because of the logic of the shadow Chancellor's own arguments. The Opposition claim not merely that there was an inadequate regulatory system, but that the operation of such a system as there was, was itself inadequate. If they are convinced that operational failure occurred, why do they not follow their own logic and say that there was also maladministration, and that compensation is therefore due? The answer is that it is difficult for them to justify a commitment to spending upwards of £3 billion in compensation to policyholders when they are already committed to cutting £18 billion off the police, defence, housing and education budgets.

8.25 pm

Norman Lamb (North Norfolk) (LD): I should begin by declaring an interest as a former policyholder. I was one of the lucky ones: I did not have all my eggs in one basket, but the hon. Member for North-East Derbyshire (Mr. Barnes) has reminded us today of the many people who suffered great losses as a result of this debacle. As recently as this week, I received an e-mail from a constituent—he is of modest means—reminding me that he had lost 23 per cent. of his pension, with another 10 per cent. still to go.

I want to draw attention to what many consider to be the misleading nature of the Government's response to the Penrose report, and to look at where we go from here. The Financial Secretary said in her statement to Parliament:

"Lord Penrose makes no recommendation for the payment of compensation."

The implication of that is that compensation should not flow from Lord Penrose's findings, but in fact the position is very different: such an outcome was simply beyond his remit. He was not asked to consider it, and he did not consider it. The Financial Secretary then said:

"Nor does he conclude that economic loss was caused to policyholders by the regulatory system."—[*Official Report*, 8 March 2004; Vol. 418, c. 1258.]

She then prayed in aid the report, which states that

"it is not enough in this case, to infer from the coincidence of systems deficiencies and loss that one caused or contributed to the other."

However, when Lord Penrose appeared before the Treasury Select Committee, I said to him,

"but saying you cannot infer one from the other crucially is not the same"

as saying that

"you do not rule it out. It is simply not part of your remit".

Lord Penrose replied:

"That is so."

I then said,

"So you cannot rule out the possibility that compensation does flow from failures of the regulatory system?"

That, of course, is the very issue that we are discussing this evening. Lord Penrose replied:

"I have sought to avoid adjudicating one way or the other."

In other words, the question remains to be asked, considered and determined.

In her statement to Parliament, the Financial Secretary made great play of the fact that the regulatory system failures were secondary factors—an issue that the Conservative spokesman raised during his contribution this evening. The Financial Secretary pointed out the report's conclusion that

"the Society was the author of its own misfortunes."

Indeed, she repeated that point in her evidence to the Select Committee. But as Lord Penrose confirmed to the Committee, it is almost inevitably the case that regulatory failure is secondary. The initial problem is a company that is not behaving properly. It is then for the regulator to sort out that problem, and such action is secondary to the original problem. So to assert that regulatory failure is a secondary factor is merely to state the obvious. The conclusions that the Financial Secretary draws from the Penrose report are therefore not justified.

What does the report tell us? It tells us that there were systemic failures, and it clearly points to a failure to modernise the system of regulation. But it also points in many paragraphs to failures on the part of regulators within a flawed system: in other words, operational failure. Mention has been made of several such examples this evening, and I shall not discuss them given the lack of time, save for one. In talking about the Government Actuary's Department, Penrose says that

"the standards of scrutiny still impress me as complacent, lacking challenge and hesitant in criticism and in following up on any criticism made."

That is a pretty damning criticism of how the Government Actuary's Department operated—a matter to which I shall return later.

What has been the Government's response to the key issue of what should be done for policyholders? The hon. Member for North-East Derbyshire constantly reminded us of the centrality of that issue. The Financial Secretary referred to the financial services ombudsman, whose role is to consider individual claims, but also, crucially, to consider individual complaints of mis-selling. That process is wholly irrelevant to all those who have no specific complaints about mis-selling, but have simply suffered a substantial loss as a result of what has happened over the last few years. The more successful the claims pursued through the financial ombudsman service, the more likely it is that the company will be driven into insolvency.

It seems to me that the Government could be accused of being reckless in standing by and allowing that to happen. Should the company become insolvent, the financial services compensation scheme will come into play, which will result in the rest of the industry—particularly the policyholders of other life companies—bearing the cost of this debacle. Is that any fairer than the taxpayer picking up the tab? It seems to me that the one option is no fairer than the other. The Government's response is a recipe for years of litigation and years of claims being made through the financial ombudsman service, with lawyers and no one else being the beneficiaries. Surely it would be better to find a more ordered way forward than that suggested by the Government's response.

To establish what job is now required, I go back to what Lord Penrose said in his evidence to the Select Committee. He talked about the gates that one has to go through in law to establish compensation flowing from failure. He talked about establishing a duty of care—first establishing that a breach of that duty had taken place, then establishing what should flow from it. That is what now has to happen. We should attempt to determine what, if any, compensation flows from the regulatory failures identified by Lord Penrose. That is the essential next step, so how can we best achieve it?

The Financial Secretary refers only to the courts as the place where those issues should be considered, but that is simply not an option for most policyholders. We can therefore reflect on three other options. First, the parliamentary ombudsman. It is already clear that in many respects the report already published on a narrow time period has been substantially undermined by Lord Penrose's findings. The parliamentary ombudsman should be prepared to recognise that now, and to re-open her inquiry.

It is my belief that the Government Actuary's Department is arbitrarily excluded from the scope of the parliamentary ombudsman. There is no case in logic for its continuing exclusion. The report is riddled with findings of negligent regulatory failure in respect of how the Government Actuary's Department carried out its functions. That should be remedied by the Government without delay. Not to do so is a cynical exercise designed simply to prevent any challenge to the GAD's exercise of its functions.

My hon. Friend the Member for Twickenham (Dr. Cable) referred to the second option of an extended remit for Lord Penrose. That should be seriously considered. Let us face it, he understands the subject, so he is in the best possible position to look again into the problem of compensation on the basis of the findings of fact that he produced.

Finally, there is the proposal from Peter Martin, a former non-executive director of Equitable Life. He has put forward the possibility of a mediation process involving a retired Law Lord or Court of Appeal judge. In respect of the Penrose report, he suggests that that person would conduct an

"'early neutral evaluation' of the legal liability aspects of its findings of fact and expressions of view with the purpose of bringing all parties into discussions to effect an overall disposal of all claims. This would have to be strictly confidential to the parties but all would have to 'buy in'"—

and by that he means policyholders, the Equitable Life Assurance Society, the Treasury, the FSA, Ernst & Young and the former directors.

Surely, that process deserves proper consideration. In the Treasury Committee last week, I asked the Financial Secretary two or three times whether she ruled out such an approach. She did not do so, and I hope that she will consider that option seriously, as it seems to me to be a way of avoiding years of uncertainty. Unless we find an orderly way forward, the impact of the Equitable Life disaster—on its victims, and on confidence in the industry in general—will be very severe.

8.36 pm

Mr. Andrew Tyrie (Chichester) (Con): The only interest that I wish to declare is that I have a large number of constituents who have been deeply affected by this matter. Quite rightly, they remain in close touch with me about it.

Tonight, we should be working out what is to be done for those who have been affected, and how to restore trust in the industry and in Britain's savings culture. We should do that together, and the debate should have been largely non-partisan. However, the problem for the House—and not just for those on the Opposition Front Bench—is that the Government, through their response to the report, have rejected working together to sort the matter out. I very much regret that.

The Financial Secretary is an intelligent and thoughtful woman, and I was very surprised and disappointed by the disingenuity of her statement on 8 March. This evening's debate has restored some balance, and it is worth going through some of the key points that have been raised.

First, there is the question of whether all, or almost all, of the regulatory failure took place before 1997. That is what the Financial Secretary asserted, and in doing so she diminished the Government, and politics, a little. Several annuity holders and policyholders have written or e-mailed me, saying that that is more or less what they expect of politicians. I regret that that is the sort of response that I have had.

Mr. Plaskitt: The hon. Gentleman is dwelling on when the regulatory system failed, but what does he make of Lord Penrose's comment in paragraph 162 of chapter 19? There, he says that, in the 1980s and 1990s, there were

"specific proposals for change that Ministers did not pursue."

Why was that?

Mr. Tyrie: That is probably right. I do not know: I have not looked into enough of the detail in the back papers to be sure. Neither has the hon. Gentleman, as he is only reading Lord Penrose's conclusions. Further on in the report, he will find a litany of regulatory failure that happened after 1997. There are pages and pages of that, and failure at the operational level. The hon. Gentleman is making exactly the sort of partial and partisan remarks that do him and his party no credit. The hundreds of thousands of people who have been affected by the firm's collapse will take note.

Opposition Members do not dispute Lord Penrose's conclusions about the early 1990s. It would be helpful if the Government abandoned their denial of the shortcomings of the regulatory system and of the operational regulatory failure evident after 1997.

Secondly, the Financial Secretary sought to insert into the debate the question of light-touch regulation. She tried to attribute blame for the Equitable Life crisis to the light-touch approach of the previous Conservative Government. That may or may not be true, as the issue is very complicated. What is certainly not true is that the Labour Government abandoned that approach for something different when they came to power. On the contrary, as my right hon. Friend the Member for West Dorset (Mr. Letwin) has said, the right hon. Member for Darlington (Mr. Milburn), when he was Chief Secretary, endorsed light-touch regulation. He did not do so when he arrived at the Treasury and while he worked out what to do: he did so a full two years after Labour came to power. He said, in an even more forceful statement than that cited by my right hon. Friend, that the Financial Services Authority

"will operate according to a philosophy based on light-touch regulation with protection where necessary and fairness throughout. The Bill"—

the Financial Services and Markets Bill—

"will reduce regulation".—[*Official Report*, 28 June 1999; Vol. 334, c. 35.]

That does not sit squarely with the Financial Secretary's earlier portrayal of the Government's approach to regulation.

Mr. Gardiner: Does not the hon. Gentleman appreciate the distinction between a light touch in a system of regulation that is wholly inadequate—as I am sure he would accept the previous system was—and a light touch in a system of regulation that is robust?

Mr. Tyrie: I am afraid that I find that question incomprehensible. I shall look at it in *Hansard* and have another go at it, but for the moment I shall move on.

The remarks by the then Chief Secretary sound like an endorsement of a regulatory system that failed. Indeed, that is exactly what the Financial Secretary appears to say about the regulatory system before 1997. The only problem is that it is a description of the system after 1997. Sleight of hand is everywhere. The Financial Secretary looks puzzled, but puzzlement is probably preferable to the knowing understanding of the issue that she has adopted so far.

Mr. Gardiner: The hon. Gentleman is being partisan.

Mr. Tyrie: We have been forced into making such remarks by the presentation of the Penrose report by the Financial Secretary on 8 March. On the compensation scheme, she told the House that

"the Government have introduced the comprehensive financial services compensation scheme, which is ready, were problems to materialise in a company, to pay out 90 per cent. of guaranteed policy values."

Several policyholders thought that that might help them, but the truth is that it is not a new scheme but an amalgam of two existing schemes. Moreover, it will not help existing Equitable policyholders, as the Financial Secretary well knows, because it underwrites only the guaranteed amount of any policy, not the terminal bonuses that have been lost. She held out false hopes to many people with those remarks. Some of them have written to me and I expect that they will write to her in due course.

The hon. Member for Warwick and Leamington (Mr. Plaskitt) raised the issue of whether Lord Penrose could consider compensation. The Financial Secretary said

"Lord Penrose makes no recommendation for the payment of compensation."—[*Official Report*, 8 March 2004; Vol. 418, c. 1270, 58.]

Of course he did not do so: he was not asked to. Furthermore, he said only last week in Scotland that he did not make any recommendations about policyholder compensation because it formed

"no part of my remit".

Ruth Kelly: How does the hon. Gentleman respond to the comment by Lord Penrose in the foreword to the report that

"There was no mechanism that could have been devised, and put into effect within a time scale that would have had regard to the wider public interest in obtaining the account of the developments of the Society's position, that could have accommodated in parallel the investigation and resolution of disputed contentions of conformity or non-conformity with generally accepted norms of practice in any of the fields that would have been relevant."?

Mr. Tyrie: The Financial Secretary seems to say that the situation is so complicated that we cannot handle it and no scheme could be devised to do so. Of course it could, and Lord Penrose could be asked to consider that. I strongly agree with the hon. Member for Twickenham (Dr. Cable) on that point. Having spent two and a half years considering the issue, Lord Penrose could work up a scheme and a methodology for working out whether compensation should be paid—in other words, to establish liability—and then what that compensation should be. The fact is that Lord Penrose was not asked to do that. The Government did not want the answers, so they did not even ask the questions.

Perhaps the worst misrepresentation involves the ombudsman's role. The Financial Secretary said that the parliamentary ombudsman

"has cleared the Government of all cases of maladministration."

That is like clearing the fox of killing the chickens without bothering to look at the hencoop. The ombudsman has only looked at one case. She has only been allowed to look at 18 months of a 20-year problem. Moreover, she made it clear that she was unable even to inquire into the workings of the key Department—the Government Actuary's Department—where most of the litany of regulatory failure cited in the Penrose report appears to have emanated. So the Government, particularly the Government Actuary's Department, have not been cleared of anything at all, but that has not stopped the Financial Secretary saying:

"There is no issue after 1997 in Lord Penrose's report that has not been considered by the parliamentary ombudsman".—[*Official Report*, 8 March 2004; Vol. 418, c. 1270.]

What an absurd remark. I leave that lying there for the people listening to the debate to judge its plausibility.

At the start of the debate, my right hon. Friend the Member for West Dorset went carefully through each stage of the Financial Secretary's argument. We can now see more clearly why that line of argument has been developed: because it is the Government's best defence for doing nothing to help the policyholders who have been hit. First, she said that the management were to blame. Few hon. Members dispute that. She then said that the regulatory failure was secondary and systemic. Lord Penrose's report shows it to have been significant and operational. She then sought to create the impression that all the regulatory failures took place before 1997, but much of it took place after 1997—not that that distinction should matter to a responsible Government. She was chuckling away at that moment ago.

The Financial Secretary sought to create the impression that light-touch regulation was an exclusively Conservative policy; but, as we know, it was the Government's policy when they framed the Financial Services and Markets Act 2000. Finally and most perniciously, she sought to imply that there was no maladministration. In fact, no systematic effort has been made to look for maladministration. The Government are preventing the ombudsman from looking in the one place where it is most likely to be found: the Government Actuary's Department.

The Financial Secretary and the rest of the Government can do one simple and sensible thing now: they should get on with amending the Parliamentary Commissioner Act 1967, to enable the parliamentary ombudsman to examine the workings of the Government Actuary's Department. Only then will we know whether the litany of regulatory failure identified by Lord Penrose constitutes maladministration, and we can then get clear recommendations on compensation. The Government could make that amendment tomorrow if they chose to do so. They could get on with it right away. The Financial Secretary shakes her head in disagreement. Perhaps she would like to explain why she could not do that tomorrow.

Ruth Kelly: The hon. Gentleman must realise that secondary legislation cannot be used to make retrospective changes of the kind that he advocates.

Mr. Tyrie: If the Financial Secretary looks at the Parliamentary Commissioners Act 1967, she will find a specific section that enables her to do so, and it is absolutely incredible that she should be denying that. I hope that I can find it—oh I can—how convenient. It states:

"A complaint under this Act may be made in respect of matters which arose before the commencement of this Act".

I have been advised that a complaint can therefore be made that relates to matters that occurred before the commencement of an amendment to the Act.

Another crucial passage in the Act says that

"a complaint not made within that period"

may none the less be considered if

"there are special circumstances which make it proper to do so."

So the ombudsman can make her own discretionary judgment on that matter.

Ruth Kelly *rose—*

Mr. Tyrie: I should like the Financial Secretary to answer the point that has been made, instead of trying to interrupt, because hundreds of thousands of people want her to make an intelligent reply.

8.49 pm

Ruth Kelly: We have had an interesting debate with some passionate contributions on each side of the House, including from my hon. Friends the Members for Brent, North (Mr. Gardiner), for Warwick and Leamington (Mr. Plaskitt) and for West Bromwich,

[Ruth Kelly]

West (Mr. Bailey). Before responding to the debate, I should make it clear to the House that I have not presented my findings or the Government's findings, much as some hon. Members have tried to insinuate that that is the case; I have presented Lord Penrose's account. Tonight, I have found that the real position of the Liberal Democrats is that Lord Penrose's report is unsatisfactory, and that the position of the official Opposition is to try to attribute to Lord Penrose a view that he does not hold. I shall shortly deal with each point raised by the right hon. Member for West Dorset (Mr. Letwin).

First, I must dispel some myths that have been raised during the debate. Lord Penrose is absolutely clear that it was not the guaranteed annuity problem that led to the society's financial crisis in 2001. He says that, superficially, a £1.5 billion additional liability

"should not have brought down a society"

with funds of £32 billion. The issues that he identifies are deep-rooted and go back 30 years into the history of the society. He says that, primarily,

"the Society was author of its own misfortunes."

Hon. Members in all parts of the House are agreed with Lord Penrose that, with hindsight, it was

"the system that failed to provide the regulation that changing circumstances . . . required, not that there was failure to implement what was fundamentally a satisfactory system."

Nevertheless, I believe that the House should reflect carefully on the fact that that was the system that Ministers and Parliament had intended.

The difference between the two sides of the House tonight arises on whether there was operational failure that led to economic loss by policyholders. Lord Penrose has not presented in his report evidence of operational failure. I quote:

"The deficiencies are not so obvious as some are inclined (or wish) to believe . . . and it is not enough in this case, to infer from the coincidence of systems deficiencies and loss that one caused or contributed to the other."

He stresses that he examines the regulators with the benefit of hindsight and that they were operating under a system that was different in approach, resources and values from that which applies today. I think that the House should reflect carefully on the fact that it is a question of the laws that Parliament enacted and the context in which Ministers resolved how those laws should be implemented that Lord Penrose criticises, rather than the discrete actions of the regulator.

Let me deal with the points raised by the right hon. Member for West Dorset. First, he tried to insinuate that because the level of skills needed to be upgraded after the FSA was instituted, that was itself a sign of operational failure. However, if he had done his homework and read the report more fully, he would have read Lord Penrose's view of that issue. I quote from chapter 13:

"Ministers resolved . . . that scrutiny would continue to be based on the examination of the regulatory returns, and that action on the basis of policyholders' reasonable expectations would be reactive to what was found in the returns so as to restrict the workload that a less restrained approach would involve."

It was that which led deliberately to the under-resourcing of the DTI. Lord Penrose goes on to make the link by stating that the DTI was

"ill-equipped to participate in the regulatory process. It had inadequate staff, and those involved at line supervisor level in particular were not qualified to make any significant contribution to the process."

Lord Penrose himself is clear that that was not operational failure but a deliberate decision taken by managers, and when he was asked in the Select Committee on the Treasury about systemic failure, he said that those issues were aspects of the same problem. He is absolutely clear about that point.

Mr. Tyrie *rose—*

Ruth Kelly: If the hon. Gentleman listened, he might hear the quotes from the Penrose report. I must put the points on the record before the end of the debate.

The right hon. Member for West Dorset referred to chapter 19 and paragraph 187, which is about subordinated debt. If he read the Penrose report more closely, he would see that Lord Penrose says of that episode:

"The authorisation was within the scope of the relevant regulations and guidance. I do not criticise any of the formal steps taken or the propriety of the order granted."

The right hon. Gentleman went on to refer to paragraph 117, which is about the failure to appreciate a change of valuation assumptions in the regulatory returns. The practice adopted between 1990 and 1997 by Equitable Life of using different interest rates for valuing its assets and liabilities was within the regulations of the time. As they were within the regulations, regulators had no grounds to challenge the decision—again, there was no evidence of operational failure.

Mr. Tyrie: Will the hon. Lady give way?

Ruth Kelly: No, I must make my points before the end of the debate.

The right hon. Member for West Dorset cited paragraphs 240 and 228 of chapter 19 about the general failure by regulators to follow up issues and the ineffectiveness of challenge. Again, we can trace Lord Penrose's comments back to under-resourcing—a decision was deliberately taken by Ministers in the DTI to restrict the work load that a less restrained approach would involve. As Lord Penrose says, individual regulators

"operated in good faith and to the best of their abilities within the system as they found it".

The right hon. Gentleman also cited paragraph 209 of chapter 19 about the information obtained, which was not used to form a realistic appraisal of the society's financial position. Had he looked back a couple of paragraphs he would have found that Lord Penrose deliberately makes a link to the Government's success in watering down the third life directive and the fact that a paper-based approach remained in place. He said that that approach had "other consequences" and made a link to the episode. Again, it was a policy decision, not an operational failure.

Many hon. Members have raised the question of the ombudsman's remit and her inquiry. You will know, Mr. Deputy Speaker, as will hon. Members, that the parliamentary ombudsman is an Officer of the House, who reports to it and is independent of the Executive and Government. That is an important principle that all hon. Members should abide by. In her initial investigations, the ombudsman chose to examine the FSA's period of stewardship. She could have chosen to examine a different period, but did not. She chose to look at one lead case. She could have chosen a different case, but did not do so. She concluded that there was no case for the Government to answer, and that there was no maladministration that led to loss. The fact that hon. Members do not agree with her conclusion does not mean that they should reject it.

Mr. Letwin: Will the hon. Lady give way?

Ruth Kelly: No, I have two minutes left, and the right hon. Gentleman must let me make my point.

We are determined to protect policyholders. Lord Penrose says that the FSA reforms

"represent a major comprehensive re-assessment of the requirements of an efficient regulatory system".

We are determined not to be complacent. There will be a programme of comprehensive reviews—a review of corporate governance of life mutuals will be led by Sir Derek Morris; a review of actuarial standards of performance will be led by Paul Myners; and a review of accounting standards will be led by the independent Accounting Standards Board. That work, alongside the FSA reforms welcomed by Lord Penrose, will develop the architecture of the life assurance industry for present and future policyholders, and will help to ensure that the regulatory system remains up to date.

We have also pledged to consult shortly on legislation that will protect policyholders from unlimited liability—an issue raised in the Penrose report that we are determined to address. I have also spoken to the financial ombudsman to see whether he needs any additional resources or help from the Government to deal with any consequential claims that may, or may not, arise from Lord Penrose's report. We have learned the lessons—

It being Three hours after the commencement of proceedings, the motion for the Adjournment of the House lapsed, without Question put, pursuant to Order [17 March].

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

FEES AND CHARGES

That the draft Police Act 1997 (Criminal Records) (Fees) Order 2004, which was laid before this House on 23rd February, be approved.—*[Margaret Moran.]*

Question agreed to.

PUBLIC ACCOUNTS

Ordered,

That Mrs Cheryl Gillan be discharged from the Committee of Public Accounts and Mrs Angela Browning be added.—*[Margaret Moran.]*

PETITION

Quiggins, Liverpool

8.59 pm

Mrs. Claire Curtis-Thomas (Crosby) (Lab): If you have never had the opportunity to visit Liverpool, Mr. Deputy Speaker, I suggest you try and get to see us as soon as possible. Liverpool is a great city of kind-hearted, spirited people. We have marvellous museums, theatres and buildings that rival anything in the UK. After years of underinvestment, since 1997 Labour Government money has been helping to transform our city. In 2002 our glorious city received the ultimate accolade when it was awarded the status of European city of culture 2008.

What a wonderful array of goodies we have to offer our visitors, including Quiggins, a marvellous retail mix with something for everyone. Motorbikes, antique furniture and the best 60s clothes on the planet are all available in this retail unit. But Quiggins is facing compulsory purchase as the mega Grosvenor empire seeks to close one of the best shopping experiences that Liverpool offers.

I present to the House tonight a petition signed by 50,000 people, which includes the names of thousands of my constituents who are both customers and retailers of that lovely emporium. I ask the House to urge the Deputy Prime Minister to consider carefully the recommendations placed before him by the planning inspectorate, to support the retention of a great Liverpool institution and to support Quiggins.

To lie upon the Table.

Participation in Elections

Motion made, and Question proposed, That this House do now adjourn.—*[Margaret Moran.]*

9.1 pm

Mark Tami (Alyn and Deeside): In the 2001 general election, voter turnout dropped to its lowest level since the advent of universal suffrage: just over half of those eligible to vote did so. There has been much discussion about low turnout and declining participation in elections. I am sure it is an issue that concerns us all. We speak and seek to govern for the majority, but we are fast approaching a situation in which the majority may not bother to vote at all.

The last general election saw a turnout of some 59.4 per cent.—a new record low, surpassing the previous low of 71.3 per cent. achieved in 1997. In local elections, particularly in local by-elections, we can only dream of such turnouts, as actual turnouts often average less than 40 per cent. In local authority by-elections, participation levels that were once unheard of, between 10 and 15 per cent., are pretty much run of the mill. The predictions for the future are that this trend of decline is set to continue, with pitiful turnouts predicted for the forthcoming European elections, which might be saved only by the fact that they are being held on the same day as the local elections, and probably a new low in the next general election.

We may well look back to the 1997 election, when 30 per cent. of the electorate did not vote, as some kind of golden age. That is a sad indictment of our current system, as we seem content that such a large proportion of our electorate did not take part in the process. We also seem content that a large and growing number of people do not even register in the first place. No doubt many hon. Members have looked at the electoral registers, as I have done, and seen examples of properties that we know are occupied, but which do not appear on the register. Some colleagues have seen quite sizeable drops in their electorate.

We require individuals by law to fill out registration forms and give correct information, yet we appear to do nothing about it if they do not. Arguably, we have never recovered from the effects of the poll tax and the huge numbers of people, particularly younger people, who left the register in an attempt to avoid the tax. A cynic might argue that that was one of the main aims of that Conservative policy.

What are we doing to encourage registration? Not a lot, I would say. Yes, the Electoral Commission has had poster campaigns and some councils are more diligent than others, but the reality is that we are only scratching the surface. Furthermore, when I asked the Department for Constitutional Affairs for an estimate of the extent of the problems that we face and what is being done about them, I was told that in the main, it does not keep such information. Why not? Unless we know the extent of the problem, we will never tackle it effectively.

Our last experience of elections in Wales was the Assembly elections last year. My party and I were pleased with the result, but I do not think that anyone could, or indeed should, find the turnout acceptable. My own seat held the unenviable record of the lowest turnout in Wales, of some 24.9 per cent.—less than a quarter of the electorate.

Why was the turnout so poor? I am sure that we could all find reasons to explain away the lack of participation. In areas such as the north-east and the south-east of Wales, which voted against devolution in the first place, turnout was certainly lower than in the pro-devolution areas. Anglesey, Ynys Môn, had the highest turnout of just over 50 per cent., but still hardly a level that we can be pleased with.

The Assembly has an uphill battle to convince many people in the north that it is not just a Cardiff-based institution, and without doubt there is still a lack of understanding among the electorate as to exactly what its powers and responsibilities are. The method of election did not help, either, with a bizarre system of proportional representation that in many cases gave the losing candidates in the constituency election a seat in the Assembly through a back-door method of selection via the regional list.

In addition, there was the ludicrous situation of Clwyd, West, where the only candidate who stood a chance of not getting elected to the Assembly was the sitting Labour Member, as the Tory, Liberal Democrat and Plaid Cymru candidates were all No. 1 on their party lists, and barring some miracle were certain to be elected. Despite rejecting those three candidates at the ballot box, the voters of Clwyd, West—and, indeed, the rest of north Wales—find themselves supposedly represented by those individuals in the Assembly. Furthermore, despite the fact that people voted by a clear majority for Labour on the party list in north Wales, not a single Labour list member was elected. Apparently, that is democracy in action, but I think that most people find it rather difficult to understand—or, more to the point, to justify.

There are lessons that we can learn from the Assembly elections, but we would be making a grave mistake if we believed that simply addressing those factors would make a meaningful difference to turnout. The problem is that we look to explain away poor turnouts on an election-by-election basis, and do not look at the long-term trend, which is getting worse. We are in denial, and like anybody in denial we look for excuses rather than addressing the problem.

In the 1997 general election, turnout was apparently low because Tory voters stayed at home. In 2001 they apparently did it again, and many Labour voters thought it was a foregone conclusion, so they did not vote either. That may or may not be true, but it does nothing to address the problem that we face. Likewise, we find further comfort in blaming the press and the media for encouraging cynicism and complacency among the electorate.

We have all become used to the accusations—"They're all the same. It doesn't matter which lot get elected, because they won't change anything. It's hardly worth bothering. They're not interested in ordinary people. They can't relate to you, particularly if you're young, and they don't care about the old. They're only in it for themselves." Oh, and by the way, we all spend at least 95 per cent. of our time on holiday, as Nicky Campbell never tires of telling us on Radio 5. Again, with the press that we have, I cannot see that changing in the foreseeable future. We will not return to the reverence with which the media used to treat politicians in the 1950s, and we should not do so. We must live with that situation; we must get on with it.

We face a simple choice: either we accept the growing disengagement with the political process or we do something about it. The situation will not change by itself, and all the evidence points to its getting worse in the future. As individual politicians, we can only do so much. We can make ourselves more accessible, hold more surgeries, knock on more doors, consult more and listen more, but that does not necessarily mean that we can improve matters on our own. Because of their hard work and public standing, some hon. Members may be able to count on higher levels of personal support than others, which may enable them to hold their seats in difficult times and difficult elections for their parties. However, there is little evidence that individual politicians have any real impact on turnout itself—at least in a positive way.

Our attempts to improve turnout have therefore focused on changes to the mechanism of voting itself. Experiments with postal voting have, without doubt, proved successful, and I welcome the changes that have made postal voting easier. Where we have had all-out postal voting in local elections, there have been sharp increases in turnout, and I personally regret that we will not have postal votes in Wales this year. However, it will be some time before we can judge whether that is a short-term change in voting patterns or a significant breakthrough.

With postal voting, there is also concern among us, as politicians, that we will somehow lose control of the election process and that our traditional forms of campaigning must change. We would no doubt all have sleepless nights at the thought of voters filling out ballot papers and sending them off before we have had a chance to canvass them. However, would that not be a price worth paying if we could significantly improve participation in our elections?

I am further encouraged and drawn to postal voting by the opposition of the Conservative party—there must be something in it, if the Conservative party is against it. It therefore comes as little surprise that Conservatives in the other place are doing their best to derail our proposals.

Some would argue that all we must do is change the method of election from first past the post to some form of proportional representation, and suddenly large numbers of people would flock to polling stations and take part in the democratic process. Our experience in Wales, and indeed in Scotland, demonstrates that that is unlikely to be the case.

Arguments over voting systems have always tended to be carried out among academics rather than among people. I have never come across a dedicated non-voter who quotes the electoral system as their reason for not voting. Equally, reform of the other place, and some of our other hobby-horses in this House, are low down on their lists too. Ultimately, we must decide whether we are serious about increasing voter participation. If we are not, we must carry on as we are—perhaps we can tinker a bit here and there, with voting on Sundays, using the internet, voting at supermarkets and votes at 16, but we are still likely to see decline.

If we are serious about making a change, we must consider compulsion. To some, that would be an acceptance that we have failed in all other means of voter re-engagement—perhaps it would—and no doubt it will upset the liberal elite. However, are we really comfortable with a situation in which turnouts for future general elections may be less than 50 per cent, and perhaps in the long term even less than 40 per cent.? Are we really saying that it is too much to expect and require the citizens of this country to go out and vote once every four or five years to take part in the political process? Even if they choose ultimately to vote for "none of the above" and spoil their vote, is it such a great infringement of civil liberties? I think not.

Experience from around the world shows us that compulsory voting works, and is accepted by the citizens of countries where it operates. Voting is regarded not only as a right, but as a civic duty. For example, Australia has had compulsory voting for many years. There is a small fine for those who do not take part without a valid reason, but the numbers are not great. Nobody would argue that Australia is anything other than an open and democratic country, yet over the past 30 years it has consistently achieved turnouts of around 95 per cent. of the electorate. Australia's lowest turnout since 1972 was 94.2 per cent.—a level that we have never achieved, and will never achieve, unless we are prepared to change our present system.

America, on the other hand, illustrates the dangers of the direction in which we may be heading. Turnout in the congressional elections in 2002 was just 52 per cent. of the registered electorate; but when one looks at the percentage of voting age population—an estimate of those eligible to register to vote—the percentage drops to a staggering 36.5 per cent.

Requiring people to take part in the democratic process is not the thin end of the wedge of a totalitarian society—on the contrary, it engages people who would otherwise not take part in, and be ignored by, the political process. Importantly, it makes politicians and political parties seek to engage with the electorate as a whole, rather than only with those who vote. We need only look to America, where in certain states whole sections of the population are effectively disfranchised and ignored by the political parties. After all, why appeal, or have policies that appeal, to people who are not on the register and do not vote?

Even in this country, the employed are twice as likely to vote as the unemployed, the old more likely than the young, and the middle class more likely than the working class. There is a real danger that we in Britain could go down that road. We need seriously to explore and study the options surrounding compulsory voting, including incentive-based and penalty-based systems. The international evidence is there. We must find a reliable and workable solution to this long-term problem.

The Government rightly talk about the rights and responsibilities of our citizens. It is a right—a precious right—to be able to vote. In many countries, people are still fighting and dying in the pursuit of that right, yet many in this country simply cast it aside. With rights come responsibilities, and the time is now right for us to enshrine that responsibility in law.

9.17 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): I congratulate my hon. Friend the Member for Alyn and

[Mr. Christopher Leslie]

Deeside (Mark Tami) on securing this opportunity to debate a vital issue that is essential to this Parliament—namely, the degree to which we secure participation in our democratic system and in our elections. All hon. Members accept as a top priority the fact that if we do not have good levels of participation, that reflects ill on the nature of our society. A civilised society is one that has active citizenship and where, if elected representatives are to act with a strong mandate and to be held accountable for their actions, as many citizens as possible must be active and participating.

As my hon. Friend notes, turnout and participation varies enormously in many different ways. It varies from area to area and in terms of ethnicity, social class, educational background, occupational background and age. No matter which way one cuts the cake, there are different lessons to learn about the extent to which people are willing to participate. Of course, we as politicians have a key role—perhaps it is a burden on us all—in stimulating debate, making politics more interesting and presenting a real choice to the electorate. When we near general election periods, we naturally find that there is more interest among the population as they feel that their choice is more obvious. We do not do too badly in Britain in that respect.

By coincidence—or perhaps not, if my hon. Friend has timed his request for this Adjournment debate very well—the Electoral Commission and the Hansard Society launched a joint audit of political engagement today in Portcullis House. In it, they looked at a whole series of influences among the general population. A survey was undertaken, and my hon. Friend will be delighted to learn that the audit demonstrated that, for example, people who have recently had contact with their local Member of Parliament are much more likely to be satisfied with their performance than those who have not—62 per cent. were satisfied, as against 38 per cent. who were not. That is a nice thing to note. In fact, the audit report comments that

"familiarity with politicians... breeds favourability, not contempt."

That is something of which we can all be proud.

Among the good things in the audit was the finding that 41 per cent. of people were satisfied with their own Member of Parliament, while just 13 per cent. were dissatisfied. It also found that people view individual Members of Parliament more favourably than MPs as a collective, and that 74 per cent. agree that voting is a duty, while 75 per cent. said that they wanted to have a say in how the country was run. There were, however, less good aspects to the findings. Only 50 per cent. of people said that they were interested in politics, and less than half the public say that they are well informed about politics, in terms of both their perceived and assessed knowledge. So the audit presents a mixed picture. I pay tribute to the Hansard Society and the Electoral Commission for their work on it.

I think that my hon. Friend would be the first to acknowledge that first-time voters are especially important in ensuring that we maintain the momentum in democratic participation. Research has shown that those who vote at the first opportunity tend to continue to participate on later occasions. Conversely, those who do not bother see no reason to change that habit, and tend to stay away from the ballot box on a more permanent basis.

Our approach has therefore been to attack this issue in a number of different ways, not least through schools. Citizenship education is just one of the mechanisms for raising awareness and educating people about how decisions are made, who makes them, why decision makers make their decisions and how they can be influenced. In England, we already have a good level of compulsory citizenship education for 11 to 14-year-olds. That has been the case since Sept 2002. There is no statutory curriculum in Scotland, but I understand that the Scottish Executive have produced guidance to ensure that the breadth of the curriculum includes social and democratic responsibilities. In Wales, my hon. Friend will know that citizenship education forms part of the personal and social education framework that was implemented in September 2000. In regard to Northern Ireland, I understand that our ministerial colleagues are considering their own proposals for citizenship education.

Other useful initiatives have taken place in recent years. The creation of the Electoral Commission has been useful, as it has helped to lead and innovate in participatory democracy policy. It was set up in November 2000, and its remit includes voter education as well as keeping electoral law and processes under review. It also develops publicity and awareness materials, and there have been television advertisements to encourage registration in elections. The commission's innovations are constantly being proposed, and it is quite prodigious in producing reports, to which we are keen to respond as best we can.

There are other ways in which we can improve participation. Technically and administratively, through the mechanics of the electoral system, we can remove barriers to participation and we are trying to take action in many different ways in that regard. My hon. Friend mentioned the electoral registration process, and we have had a great deal more accuracy recently in that regard, although when certain population changes have come into play, they have made it appear as though the registers have shrunk in some areas. Obviously, such changes will always have an effect on the quantum of the register, but we now have increasingly accurate electoral registers. They are locally administered, and rightly so.

We also have new help for voters with disabilities. We are piloting electronic voting, and telephone voting has been piloted in local elections. There has also been postal voting on demand in the ordinary run of elections. Earlier today we debated yet again our attempt to achieve piloting of all-postal voting, which we know for a fact has a positive effect on turnout in general—there tends to be a considerable increase. Depending on the passage of that legislation, we hope that as many regions as possible of the four that we have identified can benefit from that.

My hon. Friend referred specifically to the experience in his locality of the 2003 Welsh Assembly elections. I know that the turnout, which was only 38 per cent., disappointed him and other colleagues. That is obviously a challenge, predominantly for the Welsh Assembly, and many of the remedies rest in its own hands. However, the Electoral Commission usefully

published an official report commenting on turnout. While it says that this is not wholly a Welsh issue, it highlights specific areas in which it may be able to undertake extra activity. For example, it feels that there was an information deficit on the nature of the Welsh Assembly. Clearly, that is a matter for the Assembly to address.

The Electoral Commission feels that voters had particular views on the Welsh Assembly that did not necessarily encourage them to turn out and vote. However, the Government support the current devolution settlement and we do not think that there is any particular evidence that changing the settlement at that level would affect public engagement. The Electoral Commission also says that the election campaign was too low key. All the political parties have a role to play in ensuring that we pep things up a little to make the campaign more interesting for all concerned.

As usual, enthusiasm among younger voters was at a relatively low level, but the citizenship efforts being undertaken by the Welsh Assembly Government will help with that. In Wales, particularly for the Assembly elections, there may also be a need for more convenient voting methods. I assure my hon. Friend that we will discuss with the Welsh Assembly Government whether any powers are needed to enable innovation in voting mechanisms for Welsh Assembly elections. I hope that he will monitor that and keep a close eye on developments.

My hon. Friend also concludes that it is perhaps time that we started to consider the age-old question of compulsion—compulsory voting and whether the attraction of being able to remove at a stroke worries about turnout should come upon us. I see aspects of the attraction, but, as he knows—I read the Fabian Society pamphlet he wrote some time ago with a colleague of ours—there are disadvantages. I would worry about the sense of the voting process being criminalised. If people did not attend the polling station, would they be behaving in a criminal manner? That would be a big step for us to take in our civilised society. There are serious issues that need considering.

Turnout, of course, involves more than attendance at the polling station. Political disengagement is the deeper problem and failure to turn out is merely a symptom of it. As one of my officials helpfully pointed out when we were talking about the debate, "You can force school children to do cross-country running, but you cannot make them enjoy it." I do not think that compulsory voting would necessarily force everybody to engage with the political process. It is not wholly a solution. Of course, enforcing the process of compulsory voting would also be a mammoth task, and perhaps disproportionate to the nature of the offence. Therefore, while I hear what my hon. Friend says, some potential disadvantages would need to be overcome.

Nevertheless, I do not want to rain on my hon. Friend's parade completely. In 1998, the Home Affairs Committee reported that while compulsory voting might not be desirable, there should be a public debate on it. I gather that the Electoral Commission has said subsequently that it wants to examine the issue in more detail, and it may well be researching some of the wider international experience. He should therefore watch that space. In the meantime, however, I am afraid that the Government have no plans to pursue the possibility of compulsory voting.

Parliament is sensitive to the need to act to improve participation in the electoral process, however. As a Government, we have taken significant steps forward, and are working hard to take further steps. The more fundamental question is how we as politicians can enthuse the public and engage their interest further to make that political process work, but I at least congratulate my hon. Friend on raising the subject today.

Question put and agreed to.

Adjourned accordingly at half-past Nine o'clock.

Deferred Division

Fisheries: Catch Quotas and Effort Limitation 2004

That this House takes note of European Union Document No. 15388/03, draft Regulation fixing for 2004 the fishing opportunities and associated conditions for certain fish stocks and groups of fish stocks, applicable in Community waters and, for Community vessels, in waters where catch limitations are required; and notes that the Government was successful in negotiating Total Allowance Catches which take full account of scientific advice while securing the best possible fishing opportunities for United Kingdom fishermen.

The House divided: Ayes 255, Noes 149.

Division No. 106]

AYES

Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Benton, Joe *(Bootle)*
Berry, Roger
Blackman, Liz
Blizzard, Bob
Blunkett, rh David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, Russell *(Dumfries)*
Browne, Desmond
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clark, Mrs Helen *(Peterborough)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Coleman, Iain
Colman, Tony
Connarty, Michael
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Darling, rh Alistair
David, Wayne
Davidson, Ian
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
Gerrard, Neil
Gibson, Dr. Ian
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hanson, David
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jamieson, David
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Keeble, Ms Sally
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCartney, rh Ian
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Hara, Edward
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Roche, Mrs Barbara
Ross, Ernie *(Dundee W)*
Ruane, Chris
Ryan, Joan *(Enfield N)*
Salter, Martin
Savidge, Malcolm
Sawford, Phil
Sheridan, Jim
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Soley, Clive
Squire, Rachel
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woolas, Phil

Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Cable, Dr. Vincent
Calton, Mrs Patsy
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Chapman, Sir Sydney *(Chipping Barnet)*
Clifton-Brown, Geoffrey
Collins, Tim
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Davey, Edward *(Kingston)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Duncan, Alan *(Rutland)*
Evans, Nigel
Ewing, Annabelle
Field, Mark *(Cities of London & Westminster)*
Foster, Don *(Bath)*
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Gummer, rh John
Hague, rh William
Hammond, Philip
Harris, Dr. Evan *(Oxford W & Abingdon)*
Hawkins, Nick
Heath, David
Heathcoat-Amory, rh David
Hermon, Lady
Hoban, Mark *(Fareham)*
Hughes, Simon *(Southwark N)*
Jones, Nigel *(Cheltenham)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Laws, David *(Yeovil)*
Liddell-Grainger, Ian
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
Marsden, Paul *(Shrewsbury & Atcham)*
Maude, rh Francis
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Pugh, Dr. John
Randall, John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Skinner, Dennis
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Tonge, Dr. Jenny
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Younger-Ross, Richard

Question accordingly agreed to.

House of Commons

Thursday 25 March 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TRADE AND INDUSTRY

The Secretary of State was asked—

Broadband

1. **Mr. David Cameron** (Witney) (Con): What steps are being taken to increase the take-up rates of broadband in the UK. [163433]

7. **Mr. Jonathan Djanogly** (Huntingdon) (Con): What steps she is taking to increase the availability of broadband in rural areas. [163439]

The Minister for Industry and the Regions (Jacqui Smith): We are making good progress towards ensuring that the UK has the most extensive and competitive broadband market in the G7 by 2005. Work across Government through the regional development agencies, local authorities, industry and community groups means that broadband is now available to more than 85 per cent. of homes and businesses, and use by small and medium-sized enterprises has doubled in the past 12 months. The joint Department of Trade and Industry/Department for Environment, Food and Rural Affairs rural broadband unit is working to ensure a specific focus on the needs of rural areas.

Mr. Cameron: Does the Minister agree that access to broadband is vital for our rural communities? Will she join me in congratulating British Telecom on setting trigger levels for all areas throughout Oxfordshire; and more to the point, will she congratulate local campaigners—heroes and heroines in our communities—who have campaigned to meet those trigger levels? Does the Minister accept, though, that in rural areas like mine, there are still many farms, businesses and sometimes whole hamlets that will not get broadband because they are too far from the exchange? Will she work with the development agencies and others to learn from the best practice round the country, and make sure that the Government lead the process of finding good solutions to make broadband available to all who currently cannot get it?

Jacqui Smith: I very much agree with the hon. Gentleman. Of course it is important that we maximise the number of exchanges that are enabled, but BT's ADSL technology is not the only solution, particularly—as the hon. Gentleman points out—for communities that want broadband services and are more remote from those exchanges. That is why I commend, for example, the activity of the Oxford rural broadband project funded with a grant from the South East England Development Agency and from Europe. That provides a good example in the hon. Gentleman's constituency of how community organisations can take the lead in partnership with RDAs, local authorities and, in this case, the co-operative movement, to make sure the benefits are shared more broadly. I know that he has also welcomed that initiative.

Mr. Djanogly: By the end of this summer all the exchanges in my constituency should be enabled, which is good news. As my hon. Friend the Member for Witney (Mr. Cameron) described, people who live more than 6 km away from an exchange will probably not be able to receive a broadband service. The Minister gave an example of a community getting together in rural Oxfordshire. However, I shall be interested to hear what the Government intend to do to ensure that access is available to people living in remoter rural areas, such as my constituency. Have the Government ascertained the extent of the problem in terms of numbers?

Jacqui Smith: It was Government investment in the regional development agencies that enabled the action in the constituency of the hon. Member for Witney (Mr. Cameron), and through the East of England Development Agency in the hon. Gentleman's constituency as well—a £30 million investment that has led, for example, to a £3.8 million connecting communities project which impacts on the hon. Gentleman's constituency, an awareness campaign, confirmation from BT that the take-up of broadband services in the eastern region is the highest in the UK, and funding for technology trials so that, for example, the interestingly named Rabbit project across rural parts of the region is ensuring that those which previously had no hope of broadband connection by any other means are having the technology trialled. This is, of course, funding from the Government through regional development agencies—funding and agencies that Conservative Members opposed.

John Robertson (Glasgow, Anniesland) (Lab): The Government should be commended for the work they have done on broadband, and it would be churlish to blame them for the fact that the technology has not yet reached remoter areas. However, in the rural areas of Scotland—the highlands and islands—there is a genuine problem of access to the service for businesses. Will my right hon. Friend look into that and consider subsidies for such areas for broadband and telecommunications in general?

Jacqui Smith: My hon. Friend makes an important point. As I outlined, it is the considerable additional investment being made available through the devolved Administrations as well as the development agencies that is enabling other technology—wireless technology and the development of other means of connecting businesses and homes to broadband—which allows us to make such progress. I share my hon. Friend's

concern. As my hon. Friend the Minister for Energy, E-Commerce and Postal Services has outlined, we will do all we can in Government to ensure that we meet the target of having the most extensive and competitive broadband market, and of access in every community to the benefits that broadband can bring to households, communities and businesses.

Mr. Stephen O'Brien (Eddisbury) (Con): The Minister knows that the UN-affiliated International Telecommunication Union ranks the UK only 25th in digital take-up. Will she accept that that is because, even where broadband is available, the digital speeds offered by some so-called broadband packages are so slow that they have disappointed users, particularly businesses seeking to improve their productivity? The Government's definition of "broadband" is deliberately wider than it should be. Will the Minister adopt the ITU definition of broadband, or is she a victim of the Government's habit of relying on a looser, easier definition to try to meet their self-proclaimed targets—she used the word "target" earlier?

Jacqui Smith: I am sorry that the hon. Gentleman feels it necessary to talk down the considerable progress in developing both availability and take-up of broadband, which has been achieved in partnership with regional development agencies, local authorities and devolved Administrations. Take-up has more than tripled because of Government action, and although the hon. Gentleman can bicker about definitions, the progress is obvious. The progress would be undermined by Opposition policies not only to cut investment, but to do away with RDAs, which have contributed so much.

Doha Trade Round

2. **Hugh Bayley** (City of York) (Lab): What recent discussions she has had with other countries' Trade Ministers about the Doha trade round. [163434]

The Secretary of State for Trade and Industry (Ms Patricia Hewitt): Since the ministerial meeting in Cancun last September, I have met or spoken to a wide variety of Trade Ministers about how we can more forward on the Doha round, including Commissioner Lamy, colleagues in other European Union member states, Minister Amorim from Brazil, Minister Erwin from South Africa, Minister Jaitley from India and Minister Zhang from China.

Hugh Bayley: Does my right hon. Friend agree that one way to restart the stalled World Trade Organisation negotiations on trade and agriculture would be to revive the proposal to eliminate export subsidies? Our Government have made that proposal on many occasions, and even President Chirac of France floated it when he held his Africa summit one year ago. Might that not provide a way to put energy back into the talks and get people moving towards agreement once again?

Ms Hewitt: My hon. Friend is absolutely right. The point is enormously important because part of the European Commission's negotiating mandate, which we helped to construct, is an offer to end export subsidies on all products of interest to developing countries, which have not started negotiations. I have recently written to Trade Ministers in a number of developing countries, and reinforced the point in discussion, to say that the offer is not a negotiating trick from the European Commission. If those developing countries produce a list of products on which they want an end to export subsidies, it will be negotiated. I am delighted that Agriculture Commissioner Fischler said in public on Monday that it is up to developing countries to say which products they are interested in, and that if they say "all products", we must discuss that too. That is how to abolish those appalling export subsidies, which are so damaging to developing countries.

Tony Baldry (Banbury) (Con): In their response to the Select Committee report on Cancun, the Government said:

> "We agree the EU needs to work harder to explain to many countries the longer term impact of the CAP reforms agreed last year".

Is it the Secretary of State's view that the European Union has done enough on agriculture and common agricultural policy reform, and that it is simply a matter for others—notably, the United States—to reform; or do the Government take the view that there is more work to be done in the EU on CAP reform if we are to have a successful development round?

Ms Hewitt: Much has been done since December, when the European Union agreed its position post-Cancun. I welcome the fact that Commissioner Lamy has gone to so many countries and talked to so many Trade Ministers around the world to set out in detail the implications of the CAP reform package that we agreed last year, and the offer on export subsidies to which I have just referred. There is, however, more to do. I know that the hon. Gentleman takes a close interest in those issues, and he will know that we are already engaged in discussions within the Agriculture Council on further reforms on cotton and, in particular, sugar, which are crucial to developing countries and which must form part not only of Europe's reform programme, but of a successful conclusion to the Doha round.

Mr. Martin O'Neill (Ochil) (Lab): Is my right hon. Friend aware that the stalling of the Doha agenda has led not only to problems for developing countries, but to a number of countries entering into free trade agreements, almost as an expression of frustration? Last week, when I was in south-east Asia with my colleagues on the Select Committee on Trade and Industry, we visited Malaysia, Thailand and Singapore, which have entered into such agreements. There is a worry that the EU's trade agenda is being lost in respect of such countries. Moreover, there is a danger that the bigger Europe created by the accession process will have a "fortress Europe" tendency that ignores certain countries that are not developing countries, but mature economies from which we could benefit a great deal through improved trade relations.

Ms Hewitt: My hon. Friend makes a series of extremely important points. I pay tribute to his work on this issue as Chairman of the Select Committee. I told the House in the wake of Cancun that there was a real

danger of bilateral agreements taking the place of making the right efforts on the Doha round. That has happened to some extent, although not as much as many of us feared. In reality, it is only through the World Trade Organisation that we can deal with some of the most difficult issues, including agriculture, which was exempted from the recent free trade agreement between the United States and Australia because they simply could not reach agreement on it.

I welcome the fact that Commissioner Lamy is focusing his efforts on reviving the Doha round. That will be difficult, but I share the view expressed by Commissioner Lamy, Ambassador Zoellick and several Ministers in developing countries—that we can move the talks forward and agree by July the framework that we should ideally have reached at Cancun last September.

Malcolm Bruce (Gordon) (LD): I congratulate the Secretary of State on her recent robust Mansion House speech in which she warned of the dangers of US protectionism.In the spirit of her remarks about the Doha round, will she do more to end the intransigence over cotton that is having such severe consequences in west Africa? Will she press for greater flexibility on, or indeed the abandonment of, the Singapore conditions, which are causing great concern among G77 countries? On agriculture, will she insist that, in ensuring that the United States and Europe have viable farming economies, we do not do so at the expense of destroying the livelihoods of subsistence farmers in developing countries through unfair and devastating export subsidies?

Ms Hewitt: I agree with the hon. Gentleman and thank him for his opening comments. On cotton, we are in the process of negotiating with our European partners a significant decoupling of income support to farmers from production subsidies. That will make a great difference. However, I share the hon. Gentleman's view that the real challenge is to the United States, which has enormous cotton subsidies. More generally, if the European Union is to deliver its share of the phasing out of export subsidies, the United States, too, must deal with the food aid and export credits that fulfil the same damaging purpose.

I made it plain last year that the Singapore conditions were not UK priorities, but I welcome the fact that the European Commission wants to decouple the four issues. There is general agreement that we should proceed with discussions on trade facilitation, and some, but a little less, agreement on transparency in Government procurement, investment and competition. My view is that those matters should be put to one side for the moment while we get on with the really important issues in this round.

Ms Julia Drown (South Swindon) (Lab): I have received letters from constituents who are worried that one result of the trade talks will be that developing countries have to privatise water services. The Government deny that, but non-governmental organisations keep campaigning on it. Can my right hon. Friend tell the House whether informal pressure on developing countries is making them privatise water to the detriment of poor people? Will she support any developing country that is under pressure to do that but does not want to?

Ms Hewitt: I have repeatedly tried to make it clear in this House, and in correspondence with my hon. Friend and other hon. Members, that there is nothing whatever in the general agreement on trade in services—GATS—that would require any country to privatise its water industry or anything else. The same non-governmental organisations that make that accusation also say that GATS would require the privatisation of the national health service, which is also nonsense. When we speak to Ministers in developing countries, we hear that they welcome the opportunity that GATS gives, because it gives them the power to decide which sectors to open up and which not to open up.

The reality is that in some developing countries, it is the judgment of their Government that the only way to get the massive investment that they need to provide clean, affordable water and decent sanitation is to bring in private capital. That is a judgment for those countries to make, not for us and, frankly, not for the NGOs. Our advice to developing countries, however, is that if they seek to open up water industries in that way, they need a strong framework of regulation to make sure that they protect affordable water for their poorest communities. We stand ready to assist with that process, particularly through the Department for International Development.

Mr. James Arbuthnot (North-East Hampshire) (Con): Does the Secretary of State agree that there is nothing more important for lifting poorer countries out of poverty than a successful conclusion of the Doha round? Does she agree that it is not just the elimination of export subsidies in the developed world that is important for that, but the elimination of domestic subsidies, and that while free trade is important for rich countries, it is often a matter of life and death for poorer countries? What prospect does she see of completing the development round, a very important round indeed, by the target date of 1 January next year?

Ms Hewitt: I welcome the right hon. Gentleman's support for all our efforts to get the round and the negotiations back on track. The potential gains for developing countries are enormous. An ambitious round could boost the incomes of developing countries alone by some £150 billion, dwarfing the amount that they receive in aid and bringing hundreds of millions of people out of abject poverty. The prize is enormous.

This of course requires progress not only on agriculture but on market opening and the tariff escalation that prevents developing countries from moving into much higher value-added production. It also requires the larger developing countries to open their markets to the smaller developing countries—in the way, to be fair, the European Union has done for the least developed countries with the "Everything but Arms" agreement. The timetable has clearly slipped, and the crucial issue now is to agree, I hope by July—before the United States moves into its election campaign—a framework for the round so that we can make the necessary progress to move forward to completion next year. Our Government, holding both

the presidency of the G8 and the presidency of the European Union next year, will make that a very high priority.

North Sea Drilling

3. **Miss Anne Begg** (Aberdeen, South) (Lab): If she will make a statement on her Department's initiatives to stimulate levels of North sea exploration drilling. [163435]

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): We have taken a number of important steps to help, including introducing new types of licence to increase exploration levels, and increasing the data available to the industry. Through PILOT, the Government/industry oil and gas forum, we have been working to ensure activity in previously fallow areas, and we are making good progress on that. In addition, my right hon. Friend the Chancellor of the Exchequer is introducing an exploration expenditure supplement to stimulate exploration by new entrants to the North sea.

Miss Begg: I welcome the announcement in last week's Budget on encouraging exploration, but I am sure that my hon. Friend is well aware that there is nervousness in the North sea area that there is not enough exploration. If exploration does not happen, either on known reserves or to find new reserves, the future of the oil and gas industry in the North sea will not be as rosy as we all hope. Will my hon. Friend make sure that the Government, either through the Treasury or through his Department, do everything that they can to ensure that extra exploration is encouraged, whether through the exchanging of licences or changing the nature of licences, to make sure that new entrants and existing operators have the chance to explore as much as they can?

Mr. Timms: I certainly agree with my hon. Friend, and as she knows, there could easily still be as much oil and gas in the North sea as we have extracted in the past few decades. It is essential that we fully exploit those resources not only to benefit her constituents, but to benefit the economy as a whole. We are working very hard in that regard and there are some very encouraging signs. However, I am aware of the concerns that exist in the industry, and I met the United Kingdom Offshore Operators Association recently to discuss them.

My hon. Friend may have seen this morning's report by 3i, which shows sharply increased asset disposals from the big oil companies that create major new opportunities for drilling. That is expected to make a very important contribution over the next few years. Moreover, my Department's latest survey of drilling intentions, which was also published today, shows that drilling expectations for the coming year are 30 per cent. higher than a year ago. So there are encouraging signs, but I agree with my hon. Friend that we need to work very hard with the industry to make sure that those positive signs become full grown.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Do the figures for drilling intentions relate to development drilling—the expanding of existing reserves—or to the new frontier exploration that will unlock the other half of the oil reserves that the Minister says we have yet to extract? There is real nervousness in the north-east of Scotland because, despite a long and sustained run of high oil prices, we are still not seeing the activity that we would expect. We urge the Government to look again at how to incentivise the exploration that would unlock the key to those reserves.

Mr. Timms: Again, I agree that this issue is important, and the figures that I gave cover drilling of all kinds. The hon. Gentleman will doubtless have heard the announcement concerning the frontier licence in the current 22nd offshore round, which will encourage drilling in areas west of Shetland in particular. It is a long time since there has been much exploration in those areas, and we certainly want to see more.

On fiscal incentives, I should point out to the hon. Gentleman that the Treasury works very closely with us through PILOT, the oil and gas industry taskforce, and that there have been big improvements, such as the abolition of royalties and the ending of petroleum revenue tax on new third-party tariff business relating to pipelines and other infrastructure. However, all these matters will be kept closely under review.

Spin-out Companies

4. **Mrs. Anne Campbell** (Cambridge) (Lab): How many jobs have been created by spin-out companies from universities in the last five years. [163436]

The Secretary of State for Trade and Industry (Ms Patricia Hewitt): The Government have overseen a huge cultural change in the attitude of our universities towards business in the past five years. In 2001–02 alone, 213 spin-out companies from universities created a total of more than 12,000 jobs, compared with an average of 70 a year in the first half of the 1990s. The steps that we have taken to encourage universities to commercialise good ideas have contributed directly to this record.

Mrs. Campbell: There are many successful spin-out companies in Cambridge, such as Astex Technology, which is involved in discovering novel cancer drugs, so it is not just jobs that are being created but real opportunities. But how does my right hon. Friend intend to ensure that Government investment in the UK's science and research base will be maintained in the long term and not fall prey to short-termism?

Ms Hewitt: I certainly congratulate Astex Technology and all the other companies in my hon. Friend's constituency that are doing such extraordinary work, particularly in the field of new medicines and bioscience. Through the 10-year framework for science and innovation that my right hon. Friend the Chancellor and I announced before last week's Budget, we will ensure that there is a stable and strong funding foundation for the basic science in which our country is a world leader, but which was so appallingly neglected—if I may say so—during the years in which the Conservatives were in power. We will couple that investment with a continuing increase in investment in

innovation, to ensure that businesses exploit the wealth of ideas and technology coming from our wonderful universities.

Mr. George Osborne (Tatton) (Con): How many jobs and spin-out companies have been created by the Cambridge-MIT Institute, the joint venture of Cambridge university and the Massachusetts Institute of Technology which is costing the taxpayer £65 million? Will the right hon. Lady confirm the National Audit Office's finding that the money was allocated in breach of the Treasury's own rules? And will she further confirm that up to half that money—British taxpayers' money—is being given to MIT, which is an extremely well endowed American institution?

Ms Hewitt: The Cambridge-MIT partnership is a wonderful partnership between two world-class institutions, which we secured against a great deal of competition from universities all over the world that wanted the partnership for their countries. We won it not just for Cambridge, but for Britain, and that partnership is delivering benefits to universities and businesses throughout our country. The NAO report was generally favourable and positive about the partnership, and on the 29th there will be a hearing of the Public Accounts Committee on the subject. I do not have the figures to hand, but I will write to the hon. Gentleman about them.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my right hon. Friend agree that we have made some steady progress, but that we cannot afford to rest on our laurels? We need an evaluation of how well each of our 123 universities is doing annually, to establish where the strengths and weaknesses lie and how we can spread best practice. Will the Secretary of State talk to people such as Professor Boucher, the vice-chancellor of the university of Sheffield, who is very concerned about what the Treasury did in last year's Finance Act, which is inhibiting spin-out companies and interesting innovative partnerships?

Ms Hewitt: My hon. Friend makes an important point about the need to maintain progress and ensure that all universities, whether research intensive or not, are contributing to improving the economic performance of the regions and the country as a whole. I am aware of concerns about schedule 22 of the Finance Act 2003, and I am happy to be able to tell my hon. Friend that the universities and the Inland Revenue have discussed the problem; and that the Inland Revenue has been able to agree on a model for a standard spin-out company that will provide the certainty about the tax position that the universities are quite properly looking for.

Mr. Julian Brazier (Canterbury) (Con): Will the right hon. Lady join me in commending the remarkable work carried out at the university of Kent in the bio-sciences and medicine—in respect of both spin-out companies and established majors such as Pfizer's? Indeed, two young scientists were at the display exhibited in the House a fortnight ago. Does the Secretary of State agree that her Cabinet colleagues should reflect carefully on that before they decide on whether to grant Canterbury university's application for a medical school, currently under consideration?

Ms Hewitt: I am sure that the university and the companies to which the hon. Gentleman refers are doing wonderful work, and I shall certainly draw his point to the attention of my right hon. Friend the Secretary of State for Health. I hope that the hon. Gentleman will join me in welcoming the recent announcement in the Budget that the Department of Health will in future ensure that its significant R and D budget for health developments will be used in a way that not only maximises the benefits to patients of new medicines, but increases the chances of getting new innovative and successful companies here in Britain to produce those new medicines.

Fair Trade (Belize)

5. **Mr. Tam Dalyell** (Linlithgow) (Lab): What action her Department is taking in relation to the objectives of the Fairtrade movement, with particular reference to Belize. [163437]

The Minister for Trade and Investment (Mr. Mike O'Brien): The Government are committed to supporting the objectives of the Fairtrade movement. Fairtrade fortnight was a great success. Some 6,000 events took place across the UK raising awareness of the issue. In broader terms, the Government have provided £500,000 to assist the Fairtrade objectives.

As to Belize, the Government have provided £225,000 to support cocoa farmers from the Toledo region, one of the poorest areas of the country. It has enabled the Toledo cocoa growers association to expand the production of its cocoa products and increase its exports overseas.

Mr. Dalyell: Deeply impressed as I have been by inaugural meetings of small groups such as the one in the Linlithgow borough or larger groups such as the one at the university of Edinburgh, I still want to ask what the Department of Trade and Industry can do to enlarge the Fairtrade market. I am grateful to the Minister for what he said about Belize.

Mr. O'Brien: Fairtrade is an enormously important way of enabling disadvantaged producer groups in developing countries to receive a minimum price above that offered by mainstream markets. The price includes a premium to be used for community development projects. We have been trying to work with the Fairtrade movement to increase awareness of the benefits that that brings. Stimulating awareness of the wider problems is also important.

We can welcome the fact that Fairtrade coffee producers have about 8 per cent. of the market; but frankly, if we really want to resolve the trading problems of developing countries, the Doha development agenda is crucial. Fairtrade is an important initiative: we strongly support it and have invested some resources in it, but the most effective way of helping developing countries must be through the World Trade Organisation and proper international agreements.

Dr. Vincent Cable (Twickenham) (LD): Is Belize one of the countries covered by the extraordinary suggestion by the European Trade Commissioner that import controls should be imposed on countries that he says have different cultural values? When such nonsensical protectionist stuff comes out of the European Commission, why do the Government not condemn it?

Mr. O'Brien: We have always made it clear that we want markets to be open and fair. Throughout the WTO process and the Doha development agenda, Pascal Lamy has always made it clear that the aim is to achieve an agreement that progressively opens markets, encourages trade and lifts people out poverty. Both he and the British Government have made it very clear that we will promote those open markets.

Mr. Peter Pike (Burnley) (Lab): My hon. Friend will know that there is widespread public support for the Government's policy in respect of Doha, but he will recognise also that Belize and many other countries benefit from fair trade. Should we not congratulate the co-operative movement, which has played such a key part in this country in promoting Fairtrade products?

Mr. O'Brien: I entirely agree. We welcome the Co-op's recently announced initiative to double the size of its range of Fairtrade products by the end of 2004. That is a great initiative, and the Co-op is leading the way. We hope that other supermarket chains and businesses will follow suit.

Renewable Energy

6. **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): If she will make a statement on the level of transmission access charges levied on renewable energy providers in the north of Scotland. [163438]

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): Scottish and Southern Energy currently levies charges for all generators to access the transmission system, through its subsidiary Scottish Hydro-Electricity Transmission Ltd. The new BETTA arrangements in the Energy Bill will create a Great Britain-wide market, in which transmission charges will be the responsibility of the National Grid Company.

Mr. Carmichael: I thank the Minister for that answer, and commend him for some of the Government amendments to the Energy Bill in the other place. They will clip Ofgem's wings in respect of charging for transmission and access, and that is very welcome. What assessment has he made of the proposals by many members of the Scottish renewables forum that access charges should be capped instead of being subject to a rebate system? Does he agree that that would have the benefit of being much simpler and much less bureaucratic?

Mr. Timms: I agree that there is huge opportunity for renewable energy in the north of Scotland and the highlands and islands, and I have also been very impressed by the very strong public support for it. Our clear view is that we should not put that potential at risk with a charging scheme that would make electricity generation uneconomic, or which would threaten it. That is why we have tabled the amendments to the Energy Bill to which the hon. Gentleman referred. The scheme sets a threshold, above which we will be able to apply a discount. That leaves open the possibility that a cap could be imposed if there is a 100 per cent. discount on the portion above the threshold. However, that will depend on the analysis that we will carry out to determine what is needed to ensure that we retain and realise the potential offered by the north of Scotland.

Dr. Ashok Kumar (Middlesbrough, South and Cleveland, East) (Lab): Given the importance that the Government attach to renewable energy, does my hon. Friend agree that we need to spend a lot more on research and development to meet our targets in the future? Recently, Sir David King has floated the idea of establishing a UK research centre to demonstrate our strong commitment to renewables in the future. Does he agree with that?

Mr. Timms: I agree very much with my hon. Friend about the importance of R and D in achieving our targets. We aim to get 10 per cent. of our electricity from renewable sources by 2010, and we want to double that by 2020. I am sure that my hon. Friend was encouraged, as was I, by what my right hon. Friend the Chancellor said in the Budget about the 10-year strategy and about public support for the centrality of science and innovation in the nation's economic strategy. I shall certainly be very keen to talk to Sir David King about his proposals, and my Department works very closely with the Government's chief scientist. However, there is no doubt that publicly supported R and D is one of the major keys to bringing about the changes that we need.

Miss Anne McIntosh (Vale of York) (Con): The Minister said that there were huge opportunities for renewable energy in the north of Scotland. Can he justify the Government's complete obsession with wind farms? They are a danger not only to birds, but to human health and the environment generally. Will he confirm that there is an estimated cost of £2 billion for each wind farm to enter into the grid and that the electricity cannot enter the grid and be transmitted without ghastly, dangerous, overhead lines?

Mr. Timms: The hon. Lady is wrong on a number of points. Certainly wind is currently the most cost effective of the renewable energy technologies available, so the current renewables obligation mechanism is bringing forward a welcome increase in wind energy capacity. However, we are also supporting the development of other technologies. It is important that every proposal should be put through a proper planning process, as each of them is. The hon. Lady will know that there is a serious threat to birds and wildlife generally from the development of climate change. We need to ensure that we change our energy economy to address that. That is why the World Wildlife Fund recently called on the Government to increase their targets for renewable energy.

Wind Turbine Farms

8. **Dr. Alan Whitehead** (Southampton, Test) (Lab): What discussions she has held with other Government Departments concerning the allocation of sites for the development of offshore wind turbine farms. [163440]

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): The recent award of site leases for offshore wind farms was made by the Crown Estate working with the Department for Trade and Industry. The lease awards exercise closely involved other Departments, including the Department for the Environment, Food and Rural Affairs and the Department for Transport.

Dr. Whitehead: I am sure that my hon. Friend will agree about the importance of the development of offshore wind farms in ensuring that our renewable targets are achieved. Has he entered into a dialogue with the Ministry of Defence about its concerns about radar and wind turbines at sea? If so, is he willing to ask the Ministry of Defence for an open exchange of information so that those issues can be resolved, rather than the guessing game which appears to be going on now concerning whether MOD radar is a problem for offshore wind farms? Is he willing to resolve those issues speedily so that the developments can proceed?

Mr. Timms: I agree with my hon. Friend and welcome his strong support in this House and elsewhere for the development of renewable energy. I certainly am in dialogue with the MOD about its concerns, which I understand and which are proper. I agree that it is important that those concerns should be addressed and I am confident that they can be. This morning the MOD laid some objections to the offshore wind farms in round two. We shall certainly work closely with it to resolve those issues. I agree also with my hon. Friend's point about the need for openness so that everyone can see the way forward.

Mr. Stephen O'Brien (Eddisbury) (Con): Against the background of the increasing resistance, of which I know the Minister is aware, by local communities, environmentalists, animal and bird welfare organisations and our armed forces to wind farms in some of our most treasured natural environments, both onshore and offshore where the Chamber of Shipping continues to raise serious concerns; and given the intermittent nature of wind-derived energy, however desirable as a renewable source but which will only ever be a relatively small contributory element to the United Kingdom's overall energy supplies, will the Minister who carries the ultimate responsibility for keeping the lights on now give an undertaking to the House that his Government's taxpayer-subsidised push for wind is not at the expense of the UK's medium to long-term safe, secure, competitively affordable mix of energy supplies from gas, oil and coal, or as the Minister has said, at the expense of ruling out new nuclear power?

Mr. Timms: The development of a substantial renewable energy generating sector will make an important contribution to security of supply. A diverse range of sources is needed and renewable electricity can only help.

Mr. Kevin Hughes (Doncaster, North) (Lab): When the Minister considers the many offshore sites, will he encourage the applicants at Tween bridges in my constituency to move to an offshore site so that Thorne moors, a site of special scientific interest, will be not blighted by huge, ugly structures that work only 30 per cent. of the time?

Mr. Timms: I am aware of the concerns in my hon. Friend's area, which will be fully considered in the planning process. Development of onshore and offshore wind energy generating capacity is needed and there is clear evidence across the country of overwhelming public support for moving in that direction. We cannot go on burning more coal and oil; renewable energy is required as well.

Mr. Nigel Evans (Ribble Valley) (Con): The Minister must recognise that not everybody loves those wretched, inefficient wind turbines. I prefer them offshore to onshore but when they are close to the coast, will the Minister ensure that discussions are held with local residents about the impact on tourism and water sports—and on birdlife? A Californian experiment showed that a considerable number of birds, including rare breeds, were dying. If a small part of the subsidy for wind energy were spent on energy conservation, more energy would be saved than is produced by the wretched wind turbines.

Mr. Timms: As I have said, there is strong public support throughout the country for the development of renewable energy. The recent round two offshore wind energy announcement included a coastal exclusion zone from 8 km to 13 km—particularly to protect birds, inshore fishing and other interests. A careful assessment will be made of every project's impact. I am sure that the hon. Gentleman will recognise that wind power will make an important and substantial contribution to meeting the demand for electricity—not least in addressing the terrible problems and threats posed by climate change.

Coal Industry

9. **Paddy Tipping** (Sherwood) (Lab): What steps she is taking to aid the United Kingdom coal industry. [163441]

The Parliamentary Under-Secretary of State for Trade and Industry (Nigel Griffiths): Since 2000, the Government have provided £165 million under the coal operating scheme and a further £54 million is available under the coal investment scheme, to access coal reserves and help safeguard and create jobs in mining areas. I thank my hon. Friend and other right hon. and hon. Members for helping the Government to compensate 366,000 sick miners, their widows and families. At a cost of £1.9 billion, that is probably the largest public compensation scheme in the world.

Paddy Tipping: The investment in compensation for former coal miners is extremely welcome—as is the £54 million of investment aid. Will the Minister act carefully when implementing the large combustion plant directive? A national plan approach could lead not to the coal industry's long-term sustainability but to its early demise.

Nigel Griffiths: The Government are working hard to ensure that decisions are in the best long-term interests of the economy. British collieries are among the most efficient in the world. I am aware of the concerns voiced by my hon. Friend and I know that the Minister for Energy, E-Commerce and Postal Services, my hon. Friend the Member for East Ham (Mr. Timms), is meeting a number of colleagues and will listen carefully to their views.

Mr. Laurence Robertson (Tewkesbury) (Con): As the son of a former miner and someone who has lived in coal areas, I am concerned about the industry's future. The emissions trading scheme plans to reduce carbon dioxide but—as was said by the hon. Member for Sherwood (Paddy Tipping)—the directive threatens not only the coal industry but coal-fired power stations. Does the Minister think that power stations can be helped to install flue gas desulphurisation, which will be needed for clean coal technology, or will coal have to be imported to survive in future? Or does the Minister see no future for the British coal industry?

Nigel Griffiths: Far from it. It is nice to hear words of sympathy for the coal industry from the Opposition, but I can tell the hon. Gentleman—I am sure that the House will know—that Drax, one of the largest and most efficient plants in Europe, is already utilising flue gas desulphurisation. So we have a proven track record in that area and my hon. Friend the Minister for Energy, E-Commerce and Postal Services will this afternoon tell colleagues with genuine concerns on the issue about the steps that he intends to take to make further progress.

MINISTER FOR WOMEN AND EQUALITY

The Minister for Women and Equality was asked—

Pregnant Women (Discrimination)

21. **Julie Morgan** (Cardiff, North) (Lab): What plans she has to reduce discrimination against pregnant women in employment. [163453]

The Deputy Minister for Women and Equality (Jacqui Smith): Employers who discriminate against pregnant women are breaking the law and could be liable to pay compensation. Furthermore, they are harming their own businesses by excluding talented women from the work force. The Government welcome new research in that area and, in particular, look forward to the results of the Equal Opportunities Commission's investigation.

Julie Morgan: I thank my right hon. Friend for that response and I am pleased that she is aware of the EOC research. Is she aware that the initial findings show that more than 1,000 women a year bring cases of pregnancy discrimination in the workplace and that the compensation they receive is £2,000 lower than for non-pregnancy discrimination dismissals? Will she take seriously the results of the EOC research and consider acting on them?

Jacqui Smith: My hon. Friend is absolutely right. Although the final results of the EOC's investigation will not be available until 2005, we have already seen some important early information from its research. I am pleased that the investigation is focusing on the extent of the problem—how many women are affected by pregnancy discrimination—on the impact on their lives and families and on what can be done to make pregnancy a positive experience in the workplace. The EOC is also working with employers, many of whom have good practice in relation to pregnant women, so that we can learn from them what more we need to do to get rid of the few bad employers who discriminate against pregnant women, to the detriment of those women and their businesses.

Mrs. Eleanor Laing (Epping Forest) (Con): I am sure that the Minister will agree that the voters of Epping Forest deserve to be commended for showing no discrimination against pregnant women when they re-elected me at the last general election with an increased majority exactly one week before the birth of my son. The Minister will therefore be in no doubt that I entirely share her aim, that of the hon. Member for Cardiff, North (Julie Morgan) and that of the EOC. However, I urge her to try to achieve that aim by changing attitudes so that it is generally recognised that a pregnant woman in employment is doing two important jobs. After all, the production of the next generation is just as important as the production of goods and services. However, I encourage the Minister not to introduce further regulation, because the more regulation we have, the more employers are likely to be dissuaded from employing and promoting good women who might bear children.

Jacqui Smith: I welcome the hon. Lady to her new position on the Front Bench. I strongly agree with her that women can be both pregnant and extremely productive, as I also know from recent experience. However, I disagree with her recommended approach. Helping women to work more flexibly, and increasing statutory maternity pay and leave, will benefit women and enable them to combine the crucial job of producing children with remaining productive in their workplace. The hon. Lady cannot will the ends unless she is able to will the means. The changes introduced by the Government will improve the position of all women, and men, in sharing responsibilities in relation to the work-life balance. I hope that she will not take the approach—

Mr. Speaker: Order.

Vera Baird (Redcar) (Lab): Does my right hon. Friend agree that the worst employers use manifold legal devices to try to oust pregnant women? Despite the case in 1988, it is still frequently disguised as redundancy when a woman is, in fact, being sacked because she is pregnant. When the EOC finally reports, will my right

hon. Friend look carefully into all the implications to see whether there is a need to tighten up the law to give better protection for pregnant women? Will she also look into increasing the compensation, which, nowadays, is too low?

Jacqui Smith: My hon. and learned Friend points to some important issues, and I am pleased that the EOC will be considering them. It is clear that case law and our current legislation make it illegal to discriminate against pregnant women, but the problem still exists, which is why we need to consider it through the investigation. We shall most certainly look at the recommendations and take action based on them. We need to ensure not only that the law is in place, but that employers—from the best to the worst—act according to both its letter and its spirit to protect and promote pregnant women.

Sandra Gidley (Romsey) (LD): The hon. Member for Cardiff, North (Julie Morgan) has already highlighted the fact that compensation for pregnant women is, on average, under £2,000 less; but is not the reality that for most employers the penalty for getting rid of a pregnant woman is only a fraction of her annual salary, so it is a quick and easy option? The fact that 21 per cent. of people know somebody who has experienced problems due to pregnancy shows that the problem is real and it should not be minimised by the Minister saying that only a minority of employers discriminate.

Jacqui Smith: I am sorry if the hon. Lady thinks that I was minimising the problem. Actually, I started with the extremely strong statement that employers who discriminate against pregnant women are breaking the law and that they could be, and should be, liable to pay compensation. I also said that we support the Equal Opportunities Commission. The hon. Lady made a point about compensation in tribunals, but there is another important argument that we need to get over to employers: to replace a leaver, an employer will spend, on average, £4,000, so not only is it wrong to get rid of women because they are pregnant, it costs the business money, too. That is why we shall continue to take legal and other action to ensure that pregnancy discrimination is outlawed.

Muslim Women (Working Practices)

22. **Mr. Gordon Prentice** (Pendle) (Lab): What steps she is taking to encourage more Muslim women to enter the labour market. [163454]

The Minister for Women and Equality (Ms Patricia Hewitt): We are helping all women, including women in Muslim communities, to enter and remain in employment—whether part-time or full-time. Increased maternity rights, new rights for working parents, better child care, the working tax credit and the new deals for lone parents and partners, together with our economic policy, have all helped to ensure that we have more women, as well as more men, in employment than ever before.

Mr. Prentice: But does my right hon. Friend share my concern that only 17 per cent. of British Bangladeshi women aged between 16 and 59 are in the labour market and that only 24 per cent. of British Pakistani women are in employment, compared with 71 per cent. of white women? When shall we see a narrowing of the gap, so that there is the same participation among parts of our ethnic minority communities as in the white community?

Ms Hewitt: My hon. Friend makes an extremely important point and I share his concern about the many factors, which include, in some cases, cultural attitudes and in other cases language difficulties, that keep so many Pakistani and Bangladeshi women out of employment when they would like to be in employment—society as a whole would benefit from that. I have recently discussed that issue with a group of women from Muslim communities whom I meet regularly, and I am glad that the Women's National Commission will be holding its first meeting next week with women leaders from different Muslim communities to discuss those and other difficulties that face those groups.

Pay Differentials

23. **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): What steps the Government are taking to reduce pay differences between men and women. [163455]

The Deputy Minister for Women and Equality (Jacqui Smith): Since 1997, the difference in median hourly pay has fallen from 16.2 percentage points to 12.9 percentage points. That reflects, in part, increases in women's opportunities in the labour market due to increased flexible working, greater maternity pay and leave, and the help that we, together with the EOC, have provided employees with to tackle unequal pay where it exists. Last week, we launched plans to streamline equal value tribunal procedures in another step to improve the way that the Equal Pay Act 1970 works in practice.

Mr. Carmichael: I thank the Minister for that answer. She may be aware that figures from the Office for National Statistics show that workers in part-time jobs are seven times more likely to be paid less than the minimum wage than workers in full-time jobs. As women form a higher proportion of the part-time work force, does she agree that dealing with that difference between part-time and full-time workers would do a lot to address the gender pay gap and that, in fact, a lot could be done by increasing awareness among women of their rights in relation to the minimum wage?

Jacqui Smith: The hon. Gentleman is absolutely right about the national minimum wage, which has had the largest impact on low-paid women's pay since the Equal Pay Act 1970, and he is also right that we need to do everything that we can to ensure that those rights are made clear to women. Of course we also need to pursue our target to ensure that large companies carry out equal pay reviews, where the factors that cause pay differentials are often identified and action can then be taken. That is why, for example, we have again supported the Equal Opportunities Commission to produce guidance for companies and special guidance for small companies to carry out those equal pay reviews and to take the action that will help to ensure that people are fairly rewarded at work.

Business of the House

12.31 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): Will the Leader of the House please give us the business for next week?

The Leader of the House of Commons (Mr. Peter Hain): The business for next will be as follows:

MONDAY 29 MARCH—If necessary, consideration of Lords message followed by remaining stages of the Employment Relations Bill.

TUESDAY 30 MARCH—Opposition day [8th allotted day]. There will be a debate entitled "The Need for a Referendum on the Proposed EU Constitution" followed by a debate entitled "Failure of the Government to Prepare for Changes in Doctors' hours in the NHS". Both debates arise on an Opposition motion, followed by, if necessary, consideration of Lords message.

WEDNESDAY 31 MARCH—Remaining stages of the Higher Education Bill.

THURSDAY 1 APRIL—Motion on the Easter recess Adjournment.

The provisional business for the week after the Easter recess will be:

MONDAY 19 APRIL—Consideration of Lords amendments to the Planning and Compulsory Purchase Bill.

TUESDAY 20 APRIL—Second Reading of the Finance Bill.

WEDNESDAY 21 APRIL—Opposition day [9th allotted day]. There will be a debate on an Opposition motion, subject to be announced.

THURSDAY 22 APRIL—A motion to approve the first joint report of the Accommodation and Works Committee and the Administration Committee on visitor facilities: access to Parliament.

FRIDAY 23 APRIL—Private Members' Bills.

Mr. Heald: I thank the Leader of the House for the business. Has he any idea of when we will debate the aviation White Paper? He will know that I have raised that issue on other occasions, but it is of importance to hon. Members on both sides of the House and, indeed, to the country.

With final council tax figures out today, does the right hon. Gentleman agree that the 6 per cent. increase is three times the rate of inflation and well above low single figures? Does he realise that council tax has gone up a whopping 70 per cent. under Labour? Does he realise how unpopular that is? Is not the reason for it the fact that the Government have laden councils with extra duties without providing adequate funding? As that is the Government's fault, will he assure the House that there will be a full debate in the Chamber before any capping takes place? Does it not all show that the old adage is true: dogs bark, cats miaow and Labour Governments put up taxes? *[Interruption.]*. I am glad that you enjoyed that, Mr. Speaker.

Can we have a statement from the Prime Minister about his Spanish discussions on the European constitution? His spokesman said yesterday that the Prime Minister would continue to insist

"that anything essential for our"

criminal

"court system cannot be changed".

Does that mean in reality that we will be able to veto only in a narrow area and that everything else will simply be decided by the European Union?

In his discussions with the Libyan leader, Colonel Gaddafi, will the Prime Minister press for full information about the arms that have been sold to the IRA? Clearly, that would be helpful to the decommissioning process. Will he also ask the Libyan leader to use his special relationship with Robert Mugabe to improve the disgraceful civil rights situation in Zimbabwe? May we have a statement from the Prime Minister on both those issues, and can the Leader of the House tell us when the promised debate on Zimbabwe on the Floor of the House will take place?

Finally, will the Leader of the House join me in congratulating the England cricket team on their triumphant tour of the West Indies? Can he tell us what plans the Prime Minister has to welcome the team back? Has he already booked the reception at No. 10?

Mr. Hain: I know of no plans to book receptions, but I know that the English cricket team's performance has been magnificent. I am delighted to join the hon. Gentleman in congratulating the England team on those two brilliant victories.

On the aviation White Paper, I cannot give the hon. Gentleman any further information than I have been able to give before.

The council tax increases are very low by comparison not just with what they have been in recent years, but with what they were under the Conservative Government who introduced the council tax in the first place. I understand that, on average, Conservative local authorities have had higher council tax increases in this settlement than Labour ones. That is because they are not applying themselves to their work in the way that they should. As the hon. Gentleman well knows, the truth is that local government has had real-terms increases in funding of more than 25 per cent. since the Government came to power compared with what happened under the Conservatives—the party that he supports and is a member of—when there were often cuts or at least freezes in real terms in spending. That is the background against which we are operating.

On tax, the hon. Gentleman knows full well that, in 1997–98, under the last Conservative Government, the tax burden was 36 per cent. of gross domestic product. This year, it is 35.7 per cent., so the overall tax burden is, in fact, lower than that applied by the Conservatives.

On the European Union constitution, we have made it clear that we intend to stick by the negotiating red lines set out in the White Paper by the Foreign Secretary, including on key issues of criminal justice and law. It is interesting that, on tackling asylum problems and international terrorism and international crime, we have co-operated and been willing to introduce qualified majority voting—in other words, to give up the veto. We did that because back markers among other member states have dragged down our security. In the case of asylum, that led to asylum shopping where they have

passed the buck to us. The new arrangements will stop that happening and provide much better protection for Britain's interests, which is what is at stake on this matter.

I notice that the hon. Gentleman did not criticise the Prime Minister's visit to Libya. I welcome that, particularly because on 19 December the deputy leader of the parliamentary Conservative party welcomed the rapprochement with Libya. It is important and in the interests of Britain and the international community that countries such as Libya—which in the past have been rogue states and sponsored terrorism including, as the hon. Gentleman said, dealing with the IRA—renounce that tradition, as Libya has, and come into compliance with the international community, including on the issue of nuclear weapons. That has been an enormous benefit of the negotiation that the British Government, led by the Foreign Secretary and with the support of the Prime Minister, have been responsible for carrying out. The visit is important for taking that forward.

Robert Mugabe is certainly one of the issues that has arisen in the negotiations that have taken place and in the relationship that is now developing. It may well be—we shall have to see—that the kind of support that Libya has so shamefully given to Mugabe over recent years in particular will come to an end. I hope so, because the hon. Gentleman and I share the view that the sooner Mugabe's despotic rule in Zimbabwe ends, the better not just for the people of Zimbabwe but for the international community.

On when there might be a debate on Zimbabwe, the hon. Gentleman knows that the Foreign Secretary has promised one. When I am in a position to tell him when it will be, I will do so.

Mr. Paul Tyler (North Cornwall) (LD): When does the Leader of the House intend to make a statement on security in and around this building? Can he tell us how many parliamentary security passes go missing each year? My hon. Friend the Member for Winchester (Mr. Oaten) extracted figures from Government Departments that show that 6,795 security passes have been lost from Government Departments in the past 12 months. Shockingly, the Ministry of Defence seems to have lost 3,007 passes in just 12 months. It scarcely gives us confidence in its response to terrorism.

Will the Leader of the House make it clear that that is much more important than the problem that could be identified as people climbing over the railings into this building? Will he lay to rest once and for all the suggestion that appeared yesterday that we are to have a concrete prison wall around these buildings with razor wire along the top? Will he explain to the public as well as to Members of Parliament that it is important that we retain this place as a monument of open democracy, rather than creating a symbol of terrorist success?

I think that the Leader of the House was here when the Solicitor-General made her statement in the House yesterday. Does he accept that there is a real problem about the contempt issue and that, if a constituent comes to our advice surgery and tells us about, say, a family court case in which they are involved, they may well be in contempt of court? In listening to them talk about that, we too could be in contempt of court. We could refer to the matter in the House but not in the media. Will he undertake to examine the issue and look again at the recommendations of the Joint Committee on Parliamentary Privilege, on which I serve, which have still not been properly debated in the House?

Mr. Hain: On the last matter, I realise the hon. Gentleman's concern, which I think that we all share. The Solicitor-General is looking into that matter, especially the position of Members of Parliament and constituents, who make contact with all of us every week, if not every day. Obviously, it is an important issue and we will monitor it closely. I will keep an eye on it on behalf of the House.

On passes, I remind the hon. Gentleman and the House that it is a serious matter that must be dealt with. It is a problem principally for Government Departments, as he, to be fair to him, identified, but it is something that we must all be careful of. I hope that permanent secretaries and heads of security in Departments will take immediate action to ensure that the number of passes lost is kept to an absolute minimum and that proper procedures are in place to ensure that.

On the wider question of Parliament security and access for constituents, I share the hon. Gentleman's view that there must be openness and accessibility for all our voters and citizens because this is their Parliament, not ours. We are Members of it. It is a privilege to be voted here by them. It is important to maintain that openness and accessibility, but a balance must be struck with the security of the Palace of Westminster.

We are in a new era of threats from terrorists, including al-Qaeda and others, and we must take the proper security measures. That is what Mr. Speaker and I have been discussing with House officials and with others, including representatives of the Security Service and the Metropolitan Police Commissioner, to ensure that we achieve proper security and better security than we have now. It is an evolving matter. It changed after 11 September with the armed police around the building. Those security measures must be taken forward and we must ensure that Parliament is protected.

To summarise, we need a proper balance between—

Mr. Tyler: What about the wall?

Mr. Hain: I have read in recent days the most amazing press reports, including some on the wall, which I know nothing about and by which I would be very surprised. Mr. Speaker asked, with my support and that of members of the House of Commons Commission, for a proper independent review by the security services and the Metropolitan Police Commissioner. We await that review. Mr. Speaker took that initiative, which I very much support, to ensure that proper security measures are recommended and put in place; but, specifically on the wall, I cannot confirm that, in common with a lot of the other reports this week, and I would be very surprised if we went down that road.

Colin Burgon (Elmet) (Lab): Will the Leader of the House make sure his diary is free next Tuesday afternoon so that he can meet the Prospect trade union

[Colin Burgon]

members who are lobbying the House to oppose the Government's proposal to privatise the Forensic Science Service? Does he agree that although we have a good Government, that is an absolutely barmy policy?

Mr. Hain: I do not agree with my hon. Friend, except on the fact that we have a very good Government—I am glad that he acknowledges that. On the Forensic Science Service, he will have the opportunity to make representations to the Home Secretary—he may well have done so already—and to question Ministers during Home Office questions.

Sir Nicholas Winterton (Macclesfield) (Con): The Leader of the House spoke earlier about the impact of the European Union on the United Kingdom. Is he aware that European employment directive 2000/78/EC could outlaw companies' long-service awards to their long-serving employees? Is not that a ludicrous intrusion into the sovereign domestic policy of this country? Will he arrange for the appropriate Minister to come to the Dispatch Box and make statement on the matter? Does he agree with me—I am sure that most Members do—that long-service awards are a wonderful traditional way of recognising long, loyal service by an individual to a company or firm?

Mr. Hain: I agree absolutely that long-service awards are a vital part of our culture and tradition of recognising long service. I would be astonished if that were the impact of the directive, about which I know nothing. If it were, it would be ludicrous. As for the wider picture, the hon. Gentleman knows that that is one of the reasons why I have undertaken—I know that I will have his support on the Modernisation Committee—

Mr. Eric Forth (Bromley and Chislehurst) (Con): Oh!

Mr. Hain: Aside from the former shadow Leader of the House. Whenever I say "Modernisation Committee", he falls into rage and general—

Mr. Forth: Despair.

Mr. Hain: Despair—well, there we go. The right hon. Gentleman is a perfectly preserved antiquated Member of Parliament, and I think that he should be kept that way—and given an award for his long service in that capacity.

To return to the question asked by the hon. Member for Macclesfield (Sir Nicholas Winterton), he illustrates one of the reasons why we want European scrutiny to be shared more widely, rather than to remain confined—albeit effectively and admirably—in the European Scrutiny Committee. That Committee does a great job, but Members at large ought to be more involved.

Jim Knight (South Dorset) (Lab): Low pay is an issue in my constituency, especially among young people working in industries such as tourism and catering. When can we have a debate on low pay among young people, so that we can clarify the strategy to deal with it, and make sure that both sides of the House are committed in the long term to resolving the problem of the exploitation of young people?

Mr. Hain: I would very much like a debate on those lines. Perhaps the Opposition will do the House a great courtesy by calling such a debate, so that we can see what their policy is on low pay. The Government's policy is clear: we have just announced an increase in the minimum wage, including for the first time the minimum wage for young people—16 and 17-year-olds—after a recommendation from the Low Pay Commission. Low pay has been a curse of the British economy for far too long. It survived under the Conservatives, whose leader said that the introduction of the minimum wage would lead to 1 million job losses. In fact, there has been an increase of about 1.8 million jobs. We can have high pay standards, competitiveness and economic success—they should march together.

Mr. Andrew Mackay (Bracknell) (Con): Further to the significant questions on security asked by the hon. Member for North Cornwall (Mr. Tyler), although the issue is sensitive, may we have an undertaking from the Leader of the House that before, for example, a screen is installed in the Strangers Gallery or a perimeter wall is erected, there will be a debate and a vote here in the Commons?

Mr. Hain: I have made clear what would happen, as did Mr. Speaker in his letter to us all and his announcement after the February recess. After Easter, there will be a debate on security. I am grateful for the way in which the right hon. Gentleman prefaced his remarks: he understands that these are sensitive issues. The last thing that we want to do is alert potential terrorists or others to exactly what procedures we are introducing and the way in which we are coping with additional threats. He will want to join me in making sure that the House and the Chamber are free of threats from terrorists and others while preserving all the traditions and, indeed, the openness for which our democracy is renowned throughout the world.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): I am grateful to my right hon. Friend for that reply. The reality is that Parliament is a reflection of the electorate, so it is important that he give an undertaking that major security changes that can be openly debated are debated. Will he assure us that no decisions will be taken in the Easter recess without Parliament being offered an opportunity to express an opinion?

Mr. Hain: We have already confirmed—indeed, Mr. Speaker's letter did so—that any permanent changes will be subject to decision by Parliament. I have a responsibility, as does the Speaker. Indeed, you have the primary responsibility, Mr. Speaker, along with the House authorities, the House of Commons Commission and the relevant Committees of the House, for ensuring that security arrangements are secure. We are in an entirely different era, and I do not think that my hon. Friend wants or expects us to debate every security change in the open before we decide whether to proceed with it. That would be virtually opening the door to the attacks or threats that would undoubtedly follow. Let us

approach this on the basis of consensus, but also with seriousness. I do not think that my hon. Friend or the House would want me as Leader of the House or those who are actually responsible for security—I myself am not—to take a casual attitude to this extremely important issue. The House has been under attack before from terrorists, and we want to make sure that it is not again.

Pete Wishart (North Tayside) (SNP): Will the Leader of the House confirm that, when the Finance Bill reaches the Committee of the whole House, we will have an opportunity to discuss the Chancellor's job-destroying and fraud-prone suggestions for strip stamps on bottles of Scotch whisky? Does he, like me, look forward to Scottish Labour Members, some of whom have large whisky interests in their constituencies, explaining why they voted for this damaging measure?

Mr. Hain: These matters were debated in the Budget debate, and the Budget's approach was overwhelmingly endorsed in a vote earlier this week. It is a travesty to say that those measures are job-destroying. I like a drop of malt whisky—no doubt the hon. Gentleman does too—but the Chancellor's measures are designed to stop fraud. The whisky industry, the economy and the Exchequer are the victims of widespread fraud at present. The measure is designed to stop that and protect the Scottish whisky industry in particular, so I would expect the hon. Gentleman to welcome it.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): When does the Leader of the House expect to find time to allow us to debate the appointment of the United Kingdom Commissioner to the European Union? Does he agree that that appointment is not a long-service award and that it is essential that whoever is appointed has the credibility that comes from the support of the House of Commons as a whole?

Mr. Hain: That sounds like a job application to me.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Has the Leader of the House heard the outrageous suggestion that the House should no longer sit on Fridays, thus depriving it of a valuable part of its activities? Is he also aware of the even more ridiculous suggestion that if the House did not sit on Fridays, it would somehow improve security? If that were the case, is not the logical extension of the argument that the House should not sit at all?

Mr. Hain: That suggestion appeared in reports either this morning or yesterday, and was one of the many press reports swirling around, very few of which have any connection with reality. The House has already decided to sit on 13 of the 36 days available, so we do not sit every Friday, as the right hon. Gentleman knows. He is nodding in agreement, so I assume that he approves.

Mr. Forth: No.

Mr. Hain: The right hon. Gentleman wants us to sit on Friday every week.

Mr. Forth: Yes.

Mr. Hain: I suggest that the right hon. Gentleman put that to a vote and see how many of his Conservative colleagues support him. Fridays are often important days for constituency business, and allow us another day in addition to the weekend to be in our constituencies to meet and serve our constituents. He may be able to get back to Bromley on a Friday afternoon, but it is not possible for those of us who live far from London to get to our constituencies. I have seen an early-day motion to the effect that the House should not sit on Fridays, but it is only one of the many options that will no doubt be submitted to the Modernisation Committee after the review of the hours of the House conducted by the Procedure Committee.

David Winnick (Walsall, North) (Lab): On security, does my right hon. Friend agree, especially in view of some newspaper reports, that it is not simply a matter of protecting Members of Parliament but the hundreds of people who work in the Commons and the Lords, who are as entitled to protection and security as ourselves? If certain measures are considered necessary in view of the acute terrorist threat, we should keep that very much in mind and not simply think about ourselves.

Mr. Hain: I could not agree more with my hon. Friend. As he said, the matter affects the security not just of Members in the Chamber and elsewhere but the many staff who serve us so well and diligently. As he will recall, the assistant of the hon. Member for Cheltenham (Mr. Jones) was attacked and killed in his surgery. Such incidents cannot be dealt with by protection in the House, but we must be alert to the security threat to everyone who works in the House, not just Members.

Mrs. Patsy Calton (Cheadle) (LD): What advice can the Leader of the House give to Members in whose areas post office closures have gone ahead without proper consultation or provision of information? What can we do, and is the only alternative to seek judicial review?

Mr. Hain: Clearly, there have been instances of such closures. In my capacity as Secretary of State for Wales, I am aware of cases in which there has been a lack of proper consultation and proper involvement by local Members of Parliament, which is regrettable and deplorable. However, the hon. Lady will know that there was a debate on the subject yesterday, and she herself secured an Adjournment debate on it. The Government are well aware of people's concerns, as are senior managers in the Post Office.

Tom Levitt (High Peak) (Lab): Next Wednesday, the House will have an opportunity further to improve the Higher Education Bill. Will my right hon. Friend do whatever he can to try to ensure that the principle of variability remains in the Bill, as it is important both for universities such as the university of Derby, with a fine tradition of encouraging young people from non-traditional backgrounds into higher education, and for universities wishing to attract additional students to minority courses? Does he also agree that the principles in the Bill of deferred fees, payment later in life and much more generous grants should be applied across the board and extended to further education where they will offer just as much, if not more, help as they will in higher education?

Mr. Hain: I strongly agree with my hon. Friend that the principle of variability allows flexibility to, for

[Mr. Hain]

example, charge no fee for a physics course. We are short of physicists, chemists, electrical engineers and others, as there has been a long-term slide in the number of students doing such courses. An incentive through the fee structure for students to take such courses would be a big boost to the country and the economy. It is therefore imperative that the Bill go through unamended, and I hope that right hon. and hon. Members will bear that in mind. As the Secretary of State for Education and Skills made clear, any amendments could effectively kill the Bill and it is important that what the House voted for in Committee and on Second Reading goes through so that students, especially those from a low-income background, can be properly supported with new grants and other assistance, and so that universities can get the finance that they need to become world-class universities, which is essential to the future of the British economy.

Sir George Young (North-West Hampshire) (Con): When can we have a debate on the report of the Procedure Committee on Sessional Orders so the House can decide what it wants to do about the unsightly cacophony on Parliament square? The Leader of the House may remember that I asked last year for a debate on the matter, and he said it was important and that the debate should take place sooner rather than later. A fortnight ago he was asked about it, and he said that he hoped to be able to give some welcome news in the not-too-distant future. We have not had any. What is going on?

Mr. Hain: I understand the right hon. Gentleman's concern. We are all concerned about the matter. The Home Secretary has been examining it, and when he is ready to present proposals, we will have a way forward to put to the House. The position remains that we will have a debate and a decision as soon as I am able to arrange it. I know, Mr. Speaker, that you are equally concerned about the matter, because you told me so. Members on both sides of the Chamber are concerned, but we need to proceed in the proper fashion.

Mr. Speaker: The Leader of the House gives me an opportunity to say that I want the matter dealt with as quickly as possible.

Jim Sheridan (West Renfrewshire) (Lab): My right hon. Friend will be aware of successful police raids this morning on unscrupulous gangmasters of the sort who operate throughout the United Kingdom. Will he congratulate the police on those successful raids? Does he agree that the police need the tools to do their job if they are to deal with the problem throughout the UK? For that, they need effective legislation. My right hon. Friend knows that a private Member's Bill is going through the House dealing with the licensing of gangmasters. Will he give the Bill not just a fair wind, but his full support by giving appropriate parliamentary time and resources so that it can become effective legislation, giving the police the tools to deal with unscrupulous gangmasters?

Mr. Hain: My hon. Friend has done the country a service by introducing his Bill. The Government are fully supportive of it. I understand that the Committee stage is lined up for next week, and my hon. Friend should then be in pole position for Report and Third Reading on one of the remaining Fridays—14 May, 21 May, 18 June or 16 July. He can be assured that we will give the Bill what support we can. I welcome the fact that there have been some 40 arrests this morning, including some senior figures in the gangmasters operation. I know that the House will also welcome that.

Huw Irranca-Davies (Ogmore) (Lab): May I first add my congratulations to the England cricket team, not least to Jones the bowler—a good Welshman?

A week last Monday, I attended a celebration of the new deal in Pontypridd at one of the foremost schemes in the country, combining Jobcentre Plus activities with manpower services. Will my right hon. Friend find time for a debate on the new deal so that we can celebrate the successes of the staff and individuals involved and consider ways in which we can continue to improve it, to reach those parts and those people that other programmes have failed to reach?

Mr. Hain: I join my hon. Friend in congratulating Simon Jones, or Jones the bowler, as he called him. That reminds the House that it is, in fact, an England and Wales cricket team and that there have been many brilliant Welsh bowlers and cricketers over the generations. We want that to continue. Simon Jones was the spearhead of the attack that destroyed the West Indies' defences. That shows what talent is coming out of Wales.

On the new deal, my hon. Friend is right. It has done fantastic work in former coalmining communities such as those that he and I represent. In trial pilots that are going on in his area, it is tackling the problem of people who have been in a state of long-term economic inactivity and on incapacity benefit. That is one of the many reasons why it is imperative that the new deal stay in place. I see that the Liberal Democrats are joining the Tories in an extreme right-wing measure that would abolish the new deal, thereby barring many thousands of people across Britain, including those with disabilities, from getting the support and the personal advice that would enable them to get into the jobs market, which everyone should welcome.

Mr. Nigel Evans (Ribble Valley) (Con): Is it possible to arrange for the Secretary of State for Health to make a statement to the House next week about the guidelines that his Department gives to national health service trusts about the suspension of members of staff? About 1,000 members of NHS staff are currently suspended, costing millions of pounds and no doubt resulting in operations being delayed. The issue was highlighted clearly and starkly by the absurd suspension of Dr. Hope, who, I understand, has now got his job back, but who is a neurosurgeon whose suspension delayed operations simply because he wanted more croutons in

his soup. That is ridiculous. There must be sufficiently sane guidelines in place to ensure that such insanity does not happen in the future.

Mr. Hain: If those reports were true, I agree that that was pretty insane. I know that my right hon. Friend the Secretary of State for Health and his Ministers will have taken careful note of the hon. Gentleman's points.

Tony Lloyd (Manchester, Central) (Lab): Will my right hon. Friend reflect on the fact that one of the strengths of the ITV network in the past has been the regional system of broadcasting so that the English regions, Scotland and Wales have had proper reporting of events in their local areas. That has come under threat with the Carlton-Granada merger. There was a lobby of Parliament this week by the National Union of Journalists and BECTU, and concerns have been expressed that rationalisation taking place in the midlands presages future centralisation among the ITV companies. Will my right hon. Friend take on board the fact that when the Government passed the Communications Act 2003 they placed on Ofcom a duty to examine the regional distribution of broadcasting? Will he draw that to Ofcom's attention and call for more action from it?

Mr. Hain: Ministers in the Department for Culture, Media and Sport will note my hon. Friend's comments and take careful steps to ensure that the points he has made are looked into. I agree that it is imperative that regional and—in the case of Scotland and Wales—national broadcasting through the ITV network retains its distinctive flavour and makes sure that news, especially, and culture are reflected in its content and programming, and that the necessary resources are available. After the chaotic near-destruction of the ITV network under the Government of Margaret Thatcher, I hope we will see an ITV that is effectively a unified service providing quality national programming and allowing regional and national broadcasts to take place in the way that I described. But BECTU's concerns must be addressed as they are clearly important.

Dr. Jenny Tonge (Richmond Park) (LD): Does the Leader of the House agree that events during the past week in the middle east have made it more important for us to consider the subject, and that an hour-and-a-half debate in Westminster Hall—even if I managed to catch the Speaker's eye, or whatever the term is for gaining debates in Westminster Hall—would not be adequate to cover it? Will the right hon. Gentleman consider holding a full debate in the Chamber on the situation in the middle east as soon as possible, or do the Government just have nothing to say on the matter?

Mr. Hain: The hon. Lady spoiled an important and effective point by that last comment, and I ask her to withdraw it or reflect on it. She, I, the Government and, I expect, the entire House take the same position on the matter and deplore the assassination of Sheikh Yassin. The Government work tirelessly to try to secure peace in the middle east, including on an independent Palestinian state, security for the state of Israel and recognition by surrounding Arab states that Israel's future must be secure. That is what we should work towards. If the hon. Lady is successful in securing an hour-and-a-half debate on the subject, it would enable everybody to say pretty much the same thing—that we share in the condemnation of such attacks, and of suicide bombings, and that we want to work together to find the best way to solve an intractable problem.

Lawrie Quinn (Scarborough and Whitby) (Lab): Does my right hon. Friend agree that the report by the Prime Minister's strategy unit about the future of the sea-fishing industry, published this morning, is deeply significant for coastal communities across the United Kingdom? The industry is vital for some of the most remote communities in the country. Will my right hon. Friend find time for a debate as soon as possible after Easter so that all right hon. and hon. Members who have an interest in the issue, which is a matter of life and death for those communities, can discuss it and the prospects for a sustainable future for many of our constituents?

Mr. Hain: I shall certainly consider that request, because, as the Fisheries Minister has made clear, the Government share my hon. Friend's concerns and his support for the report, which points the way towards sustainable fishing. Sustainable fishing is at the heart of the issue because our seas have been depleted and fish stocks are being eradicated at an alarming rate. We must work towards a more sustainable future for fishing, because there will be no jobs if fish stocks are exhausted, and the report points the way towards achieving that future.

Mr. Andrew Robathan (Blaby) (Con): Will the Leader of the House make time for a debate on ethical foreign policy, which we do not hear much about these days? Such a debate would give us an opportunity to discuss Gaddafi's support for terrorism, and human rights, democracy and good governance—or otherwise—in Libya, and, in particular, overall responsibility for the murder of Yvonne Fletcher and for the mass murder of people at Lockerbie. Some of us fear that ethical foreign policy is being replaced by a culture of impunity for a dictator who may or may not bear overall responsibility for mass murder.

Mr. Hain: It is not clear from the hon. Gentleman's question whether he supports the Government's initiative.

Mr. Robathan: I asked for a debate.

Mr. Hain: Indeed, but does the hon. Gentleman support the Government's policy of bringing Libya into the international community rather than its sitting outside as a rogue state? I should have thought that everybody would support the policy, and the Prime Minister's visit has been welcomed by the families of victims of the Lockerbie disaster and, indeed, by the family of WPC Fletcher. The problem goes back over many years, and my right hon. Friend the Member for Livingston (Mr. Cook) began to resolve it, a process that the Foreign Secretary has taken forward. The Prime Minister's visit symbolises the beginning of a new process by which Libya complies fully with international standards.

[Mr. Hain]

As for ethical foreign policy, the truth is that the Government, through an arms exports policy that bans the export of arms that could be used for internal repression or external aggression, have adopted a policy based on the highest possible standards and ethics, which stands scrutiny anywhere in the world. In many other respects, we promote human rights across the world.

Mr. Robathan *indicated dissent.*

Mr. Hain: The hon. Gentleman shakes his head, but the Conservative Government had a shabby record on arms exports and human rights. The Labour Government have established a good reputation as a result of the high standards that we have introduced.

Mr. Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Yesterday was an Opposition half day, and, once again, the subject matter was not revealed to the rest of the House until the morning of the debate. I understand why the official Opposition take some time to dream up a subject on which they can attack the Government, but whether that is a matter of tactics or incompetence, does my right hon. Friend agree that it is not right or fair to the rest of the House for the subject matter of Opposition debates to be brought up at the last minute, which happens frequently? Will he consider introducing a system whereby, if fair notice of the subject matter for Opposition day debates is not given, the time will be forfeit and awarded either to the other Opposition parties or, indeed, to the Government to focus on the consequences of Tory policies, if the Conservative party were elected.

Hon. Members: Hear, hear.

Mr. Hain: My hon. Friends shout, "Good idea" and, "Hear, hear" at that suggestion. My hon. Friend the Member for Edinburgh, North and Leith (Mr. Lazarowicz) makes an important point, which I have raised with the shadow Leader of the House on a number of occasions, although, to be fair, I know that advance notice has been given of next week's Opposition topics, for which I am grateful. None the less, my hon. Friend cannot intervene in a debate on, for example, post offices, if he can only find out the topic on the morning of the debate, and that prevents hon. Members from organising their business. Advance notice is courteous to the House and is part of good procedure and process. I hope that the Opposition will bear that in mind, as they have done for next week.

Dr. Andrew Murrison (Westbury) (Con): This week, the National Institute for Clinical Excellence took the unusual step of recommending the withdrawal of disposable tonsillectomy instruments following a number of unfortunate post-operative haemorrhages and an audit by the university of Birmingham. Does the Leader of the House agree that the Secretary of State for Health should come to the House to explain why his Department advised the use of those instruments in the first place? Does he agree with the parents of deceased toddler Crawford Roney that an urgent investigation is needed into exactly what went wrong in Richmond house three or four years ago?

Mr. Hain: That incident is obviously serious, which is why the Secretary of State has put in place stringent standards and inspection arrangements. I know that the Secretary of State for Health will take careful note of the hon. Gentleman's points and make sure that the appropriate procedures and policies are implemented.

Dr. Alan Whitehead (Southampton, Test) (Lab): In the light of the publication of final council tax levels from local authorities, will my right hon. Friend find time for a debate about the future of local taxation, so that we can compare and contrast various proposals, particularly local income tax? We could also consider the effect of the £100 to help pensioners with their council tax that the Chancellor recently announced.

Mr. Hain: My hon. Friend's suggestion is welcome, and business managers and the Deputy Prime Minister will want to examine it. The House would do well to reflect on the different solutions to the problems with council tax, which we inherited from the previous Government and have continued to operate. On the one hand, the Government are committed to low council tax increases, as evidenced by the general level of settlement this time; on the other hand, the shadow Chancellor has announced that a future Conservative Government would cut local government budgets by £2.4 billion in their first two years, which would result in sky-high council tax increases. That is the choice: it is between a Labour Government who continue to invest in high standards of public service and provide local government with the resources that it needs, or a Conservative Government committed to cutting local government budgets, which would put council tax increases through the roof.

Kevin Brennan (Cardiff, West) (Lab): May we have a debate on the music industry, which the National Music Council reports as contributing £3.6 billion per year to the UK economy? Does my right hon. Friend acknowledge that protecting copyright is important to the health of the industry, which loses £241 million a year through internet downloads? The key is to educate people about the importance of copyright protection, and can we therefore debate today's announcement by the British Phonographic Industry, which is launching a scheme to warn significant illegal uploaders of music on to the internet that they are breaching the law?

Mr. Hain: My hon. Friend is an accomplished guitarist, and he therefore takes a personal interest in the matter. All music lovers want to know that our music industry is properly protected, and that the sort of practices to which he referred are not allowed to continue without restriction. I know that the Secretaries of State for Trade and Industry and for Culture, Media and Sport will study his remarks closely, and they are alive to the problem, which they are working on solving.

Mr. David Amess (Southend, West) (Con): Will the Leader of the House find time for a debate on human rights and fair trials abroad following the sentencing of my constituent, Majid Narwaz, to five years in prison in Cairo? He has already been detained there for two years. His trial was a disgrace, and the charges were entirely trumped up. When the Leader of the House arranges such a debate, will he ask the Prime Minister to attend and to explain to the House why he has refused to get involved in that case?

Mr. Hain: Such cases are sensitive. The hon. Gentleman has properly raised the case of his constituent on the Floor of the House, and the Foreign Secretary will want to study his remarks closely. However, there have been serious problems with terrorism in Egypt, and the Egyptian authorities have repeatedly made representations to us about British citizens whom they allege are involved. I do not know whether that is true, but the hon. Gentleman takes one view of that particular case, and the Foreign Office will want to study what he said closely.

Hugh Robertson (Faversham and Mid-Kent) (Con): I fully realise the sensitivities of this issue, but is the Leader of the House in a position to confirm that he has taken security advice on the type and scope of demonstrations in Parliament square? It clearly makes very little sense at the moment to allow the erection of a series of banners that form a barrier directly outside the main entrance to Parliament, restricting the field of view and the ability of the armed police to operate.

Mr. Hain: I understand the hon. Gentleman's point. There is a balance to be struck between the right to protest, which is an ancient and honourable part of our democracy—the hon. Gentleman is nodding in agreement—and proper security for the House of Commons in an era of terrorism and threats from al-Qaeda directed specifically at Britain and at important institutions of the British state, including Westminster.

Points of Order

1.20 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): On a point of order, Mr. Speaker. In light of the remarks of the hon. Member for Edinburgh, North and Leith (Mr. Lazarowicz), it might be helpful if I indicate that the Opposition generally provide the topics for their Opposition days if they fall on a Monday or a Tuesday, but in the interests of topicality we do not do that in respect of Wednesdays and Thursdays.

Mr. Speaker: That sounds more like putting the matter on the record than a point of order.

Mr. Patrick McLoughlin (West Derbyshire) (Con): On a point of order, Mr. Speaker. I caught the tail end of the comments of the Leader of the House on council tax, when he talked about the policy of Her Majesty's Opposition. Will you confirm that it is still a rule of the House that Ministers are present to account for the actions of the Government? They are here to account for what they said in their manifesto, such as:

"We will not introduce top-up fees and have legislated to prevent them";

or saying, "We will reform the House of Lords." They are here to account for what the Government are doing, or not doing, not for what the Opposition may do in future.

Mr. Speaker: I have repeated time and again that at Question Time, including during business questions, Ministers should not indulge in speaking about the policies of the Opposition or of the Liberal Democrats while attempting to answer the question—they should be accountable for their own portfolio. I make it clear that it is different in a debate on the Floor of the House, when everything is open to criticism, including the policies of Her Majesty's Opposition.

Employment Relations Bill (Programme) (No. 3)

1.22 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I beg to move,

That the Programme Order of 14th January 2004 in relation to the Employment Relations Bill (as amended by the Order of 9th February 2004 (Employment Relations Bill (Programme) (No. 2)) be varied as follows—

Consideration and Third Reading

1. Paragraphs 4 and 5 of the Order of 14th January 2004 shall be omitted.

2. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion three hours after those proceedings are commenced.

3. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion four hours after the commencement of proceedings on consideration.

The motion will allow full debate on the Government new clauses on intimidation during statutory recognition ballots and remaining important topics such as workplace bullying, information and consultation, and the union modernisation fund. The Bill has made good progress and I hope that this will be a short debate.

1.23 pm

Mr. Henry Bellingham (North-West Norfolk) (Con): I listened carefully to what the Minister said. I gather that we will have three hours on Report and one hour on Third Reading. In normal circumstances, that might well have been perfectly adequate. Now, though, the Bill is substantially longer than it was when it went into Committee—it now runs to 49 pages, 50 clauses and two schedules. The Government have already added two important new clauses in Committee: new clause 28 on exclusion and expulsion from trade unions, and new clause 46, the union modernisation clause—the bung or bribe to trade unions, which we debated at some length. The problem is that when new clauses are tabled in Committee, we can debate them but not amend them. That is why we will need some time to discuss them on Report.

The Bill is the product of an exercise involving discussions with several parties, including the TUC, the CBI, the Engineering Employers Federation, the Institute of Directors and British Chambers of Commerce. There was widespread consensus. Nevertheless, my hon. Friend the Member for Eddisbury (Mr. O'Brien) said on Second Reading that he feared that the Bill would be used by the Government as a sort of Christmas tree on which to hang other clauses, or so-called baubles. As I said, we have already debated two new clauses in Committee, including that on the modernisation fund for trade unions—an unlimited amount of money that is to be made available to trade unions for modernisation, which as we have said on several occasions, is simply a bung to the trade unions.

When we complained on Second Reading that the Bill might be used as a Christmas tree for further new clauses, the Minister said, "You're scaremongering", "Calm down", "Relax", "Take it easy", "Don't get carried away." He said, "This Bill is the product of a consensus-building exercise and we're going to stick very much to the original format." Imagine my amazement and disbelief when I heard yesterday that the Government have tabled not one new clause, but four, in addition to the one that they had already tabled. We have new clause 5,

"Additional duties on employers informed of ballots";

new clause 6,

"Unfair practices in relation to recognition ballots";

new clause 7,

"Unfair practices in relation to derecognition ballots";

and new clause 8,

"Unfair practices: power to make provision about periods before notice of ballot".

Those may be excellent new clauses—I am sure that they are—but they were tabled only yesterday. We have two working days when the House is sitting to digest, analyse and try to understand them, yet they are highly complicated, and I put it to the Minister that each will require a great deal of time for discussion. For example, new clause 5 runs to nearly four pages and contains a lot of highly technical material. The Minister will have to explain to the House exactly what the "additional duties on employers" will be; what employers can and cannot do; what "inducing" means; and what "relevant meetings" are. Surely, he will require at least 10 minutes on each new clause, while Opposition Front Benchers will require five or six minutes, and many other hon. Members will have a few words to say.

The Government are trying to rush through the Report stage. I am disappointed about that, because it will be difficult for us to get our heads around all the new clauses and other amendments in such a limited time. My hon. Friends and I have tabled two fairly simple new clauses on intimidation and on appeals, as well as an amendment on the information and consultation directive; and the Liberal Democrats have tabled a couple of amendments and a new clause.

The key factor is that the Government have said all along that the Bill was the product of a consensus-building exercise involving the main employer and employee organisations, but they have departed from that script by using it to add to the Christmas tree a number of new clauses and additional measures. They have departed from the spirit that was the background to the Bill. I do not know how much time the Minister has spent talking to the trade unions, but has he spoken to the CBI, the Institute of Directors or the Engineering Employers Federation about the four new clauses? We have been given two working days to deal with them; how will they have a chance to analyse them, report back and explain the situation to interested members?

Mr. Greg Knight (East Yorkshire) (Con): Has the Minister sought to reach an agreement with my hon. Friend on the extra time that might be necessary to discuss the Government new clauses? If the Minister is really interested in consensus, one would have thought that he would start out by trying to achieve it on this business matter.

Mr. Bellingham: I thank my right hon. Friend. The Minister and I have got on very well recently. He has

taken me to one side to discuss the matter on several occasions. I have made it quite clear to him that, although we appreciate that type of discussion and liaison, we need more time. He has invited me and some other colleagues to the Department of Trade and Industry for a drink next week, but by then it will be far too late.

Mr. Patrick McLoughlin (West Derbyshire) (Con): What explanation has been forthcoming from the Government about why so many new clauses are necessary at this late stage? If the Bill is well thought out, why were those new clauses not tabled some time ago, to enable consultation with the Opposition and employer organisations? It is not acceptable to table a huge chunk of new clauses without having time to consult the various interested bodies that will have to implement the regulations.

Mr. Bellingham: I am grateful for that intervention, because on Second Reading the Secretary of State made great play of the fact that she had gone out of her way to talk to everyone and had achieved broad agreement on the Bill. She made it clear that the Bill was based on the information and consultation directive, which is an EU directive that we would normally expect to be introduced as a statutory instrument. In fact, it has come before us as a clause in primary legislation.

The Secretary of State also made it clear that the Government had to respond to the Wilson and Palmer case and the Friction Dynamics case, and she said that she had had far-reaching discussions with all the organisations, particularly the employer organisations. She mentioned a close relationship with the IOD, the CBI, the EEF, the BCC and other organisations. I should think that they are staggered, flabbergasted and dismayed at this raft of new clauses, which are complicated and highly technical. How on earth can those organisations go through the new clauses, and provide proper briefings for their members and for Members of Parliament in such a limited amount of time?

My party is very disappointed at the way in which the Government have behaved. I pay tribute to the Minister for keeping me in the loop, keeping me informed and being open, but we cannot get away from the fact that the Government have departed from their agreement with all parties in business and industry, and with the House, not to add a whole lot of highly technical, complicated new clauses to the Bill. They should have introduced the clauses well in advance, because the Bill has been around for a long time. The Conservatives are not happy campers, which is why we will ask the House—

Mr. Greg Knight: I have to say that the more I listen to what my hon. Friend has to say, the more I feel that this whole situation is highly unsatisfactory. Has he suggested to the Minister that he consider withdrawing the motion and perhaps inviting us all round for a drink, to see whether that might produce an acceptable way forward?

Mr. Bellingham: I am grateful to my right hon. Friend. The Minister has invited us—one or two select colleagues—to the DTI for a drink, although perhaps I should not mention that in public because I might destroy his reputation. It is possibly a little premature to go to the DTI to celebrate the completion of consideration of the Bill when we have not even agreed the programme motion. The motion will curtail debate, which is why we are very unhappy with it. I urge the House to vote against it.

1.33 pm

Malcolm Bruce (Gordon) (LD): For personal reasons, I have not been able to be in the House this week until today, which might be why I have not received any notice of or been consulted on the programme motion—or received an invitation to a drink. The serious point is that although we support the Bill, as the Minister well knows, and have not moved from that principle, I concur with the hon. Member for North-West Norfolk (Mr. Bellingham) that it is not entirely adequate to allow what is in effect a half day to complete consideration of the Bill, given that it has been changed and there are various Opposition issues to be debated. It is not a question of wanting x or y hours, but we want enough time to ensure that the Government new clauses and amendments are properly discussed, and that Opposition concerns are properly addressed. For example, we had a heated debate on the money resolution for additional union funding, about which both main Opposition parties expressed concern. The House might want a fuller debate on that, on the basis of what we have heard.

As the Government have said, the anti-discrimination clauses were difficult to draft. There is more or less universal support for them in principle, but some examination of how they will work in practice will clearly be relevant. As the hon. Member for North-West Norfolk pointed out, my hon. Friends and I have tabled amendments on issues that we continue to regard as important. I do not wish to detain the House by arguing in detail now which issues we think need to be expanded on, but I am a little surprised, given that the Bill has changed and there are important issues to resolve, that the Government feel justified in imposing such a tight timetable. On that basis, I concur with the hon. Gentleman in opposing the programme motion.

1.35 pm

Mr. Sutcliffe: I am shocked, saddened and surprised by this afternoon's events, although we know that Opposition Members often oppose programme motions. To answer the points made by the hon. Member for North-West Norfolk (Mr. Bellingham), the Government have not deviated in any way from their consultation process, which is why we are in this situation. There is a full consultation process, which involves talking to the employer organisations and trade unions, and we have not deviated from that. The Bill's progress has been excellent, and there have been good, meaningful debates on many issues. I am sure that we can have more of those debates on Monday within the time allotted.

This afternoon's debate has been about the Opposition's problems with programme motions. We have heard about bungs and baubles, and about shock and amazement. There are serious issues to discuss, but there is adequate time for that. I hope that the House

[Mr. Sutcliffe]

supports the work that has been going on through the usual channels, and that hon. Members will support the programme motion.

Question put:—

The House divided: Ayes 234, Noes 128.

Division No. 110] **[1:36 pm**

AYES

Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Benton, Joe *(Bootle)*
Berry, Roger
Blackman, Liz
Blizzard, Bob
Brennan, Kevin
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Casale, Roger
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, Geraint *(Croydon C)*
Davis, rh Terry *(B'ham Hodge H)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Grogan, John
Hain, rh Peter
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hopkins, Kelvin
Howells, Dr. Kim
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Ingram, rh Adam
Jackson, Glenda *(Hampstead & Highgate)*
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Gerald
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Khabra, Piara S.
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDougall, John
McFall, John
McGrady, Eddie
McIsaac, Shona
Mackinlay, Andrew
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallaber, Judy
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Moffatt, Laura
Moran, Margaret
Morgan, Julie
Mountford, Kali
Munn, Ms Meg
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Primarolo, rh Dawn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Ross, Ernie *(Dundee W)*
Ruane, Chris
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Singh, Marsha
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, John *(Glamorgan)*
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Jack
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Tipping, Paddy
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Ward, Claire
Wareing, Robert N.
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Winnick, David
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Charlotte Atkins and Paul Clark

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Beresford, Sir Paul
Blunt, Crispin
Bottomley, Peter *(Worthing W)*
Brady, Graham
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burnett, John
Burns, Simon
Burstow, Paul
Butterfill, Sir John
Calton, Mrs Patsy
Cameron, David

Carmichael, Alistair
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cotter, Brian
Djanogly, Jonathan
Duncan, Alan *(Rutland)*
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Fox, Dr. Liam
Francois, Mark
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Hague, rh William
Hammond, Philip
Harris, Dr. Evan *(Oxford W & Abingdon)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Holmes, Paul
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Letwin, rh Oliver
Liddell-Grainger, Ian
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
May, Mrs Theresa
Murrison, Dr. Andrew
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Pickles, Eric
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Selous, Andrew
Shepherd, Richard
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spring, Richard
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Taylor, Ian *(Esher)*
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Trend, Michael
Trimble, rh David
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Weir, Michael
Whittingdale, John
Wilkinson, John
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Wishart, Pete
Young, rh Sir George

Tellers for the Noes:
Mr. John Randall and
Mr. Hugo Swire

Question accordingly agreed to.

Defence Policy

[Relevant documents: Delivering Security in a Changing World: Defence White Paper (Cm6041–I); Delivering Security in a Changing World: Supporting Essays (Cm6041–II); Uncorrected Oral Evidence taken before the Defence Committee on 24th March 2004, from General Sir Michael Walker GCB CMG CBE ADC Gen, Chief of Defence Staff, Admiral Sir Alan West GCB DSC ADC, First Sea Lord and Chief of the Naval Staff, General Sir Mike Jackson KCB CBE DSO ADC Gen, Chief of the General Staff and Air Chief Marshal Sir Jock Stirrup KCB AFC ADC, Chief of the Air Staff, on the Defence White Paper (HC465–i)]

Motion made, and Question proposed, That this House do now adjourn.—*[Jim Fitzpatrick.]*

1.50 pm

The Secretary of State for Defence (Mr. Geoffrey Hoon): At the start of the debate, may I extend my condolences to the family of Brigadier Lord Vivian, who died recently? I had the privilege of meeting him on several occasions, and he was both knowledgeable and thoughtful, certainly when discussing defence issues.

The publication last December of the Defence White Paper, "Delivering Security in a Changing World", generated significant interest, so I welcome this opportunity for the House to debate the issues with which it dealt.

First of all, however, I would like to take this opportunity to condemn the appalling terrorist attacks in Madrid two weeks ago. I am sure that the House will join me in extending our sympathies to those who have lost loved ones—and, indeed, to the Spanish people. The appalling scale of those co-ordinated attacks, using devices deliberately set to detonate simultaneously on crowded trains at the height of rush hour, once again demonstrates the callous and barbarous nature of international terrorists. The attack was calculated to take as many innocent lives as possible. It was the latest in a series of such atrocities, going back well before 11 September to the bombings of the United States embassies in Kenya and Tanzania in 1998. The fanatics who are responsible will stop at nothing to cause death and destruction on a massive scale.

It is therefore inevitable that there is increased anxiety about the prospect of similar attacks occurring here. I want to emphasise to the House that the threat of attack has been recognised across government. Since 11 September, in particular, a huge amount of work has been undertaken to prepare contingency plans. In the UK the civil authorities are responsible for crisis and consequence management, with the Home Office taking the lead for counter-terrorism policy at home. The Civil Contingencies Bill will provide an important and necessary enhancement to the civil authorities' ability to respond to emergencies and rightly places emphasis on civil resilience.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Does the Secretary of State share the view of the head of the Metropolitan police, Sir John Stevens, that an attack on London is inevitable?

Mr. Hoon: I regret that, given the evidence that we have seen from elsewhere, the Government have consistently had to take that view and we obviously have to prepare and plan for it.

[Mr. Hoon]

I was outlining where the civil responsibilities lie, but the armed forces clearly have the skills, training, command and control to provide valuable assistance to civilian capabilities when necessary. They will frequently have a role to play. Most recently, they were deployed to Heathrow airport in support of the police to act as a deterrent when intelligence warned of a potential attack.

Following the strategic defence review new chapter, the Ministry of Defence introduced a number of measures to enhance our ability to respond to a crisis at home. Those measures include the development of command and control arrangements, the establishment of a network of joint regional liaison officers, and the introduction of communications equipment compatible with that used by the police.

Across the country, we have also established 14 civil contingency reaction forces, which are now fully operational. They provide a pool of volunteer reserves available to deploy at short notice to assist the civil authorities at the scene of an incident—whether it is a terrorist attack, accident or natural disaster. But while we must be prepared to support the civil authorities here in the United Kingdom, it is vital that we address the threats to us before they even reach our shores.

The White Paper sets out the requirement for this country to be ready, willing and able to deploy overseas to act against terrorists and the states that harbour them. It also sets out the threat posed by the proliferation of weapons of mass destruction and the consequence of failed and failing states. The proliferation of weapons of mass destruction is perhaps at its most chilling when it coincides with the desire of international terrorist groups to acquire and to use them. The law and order vacuum in failed states provides opportunities for those groups to flourish and a safe haven from which to operate.

In addition, where possible, we will work together with the Foreign Office and the Department for International Development to tackle the root causes of terrorism. The Government's conflict prevention pool is made available to provide funding for measures such as security sector reform and post-conflict recovery, which help to tackle the underlying causes of instability in many of the world's potential flashpoints. In recent years, the armed forces have made a significant contribution to peace and support operations in Bosnia, Kosovo, Sierra Leone, East Timor and the Democratic Republic of the Congo. More widely, the Ministry of Defence has undertaken defence diplomacy activities to encourage the responsible development of military capabilities. Those commitments have been crucial in support of stability in numerous countries.

Mr. Henry Bellingham (North-West Norfolk) (Con): The Secretary of State mentioned various operations around the world. The last theatre of conflict was a very large operation, namely our contribution to the invasion of Iraq, which Conservative Members supported. If we had to launch another such large-scale operation—perhaps next year or the following year—would we be able to do so?

Mr. Hoon: As the Chief of the Defence Staff made clear in his evidence to the Defence Committee yesterday, it will take a number of years to recover properly in respect of exercises and the sort of training that is required. Obviously, however, if there were an immediate national reason for conducting a large-scale operation in a much shorter time scale, I know from my knowledge and experience of our armed forces that they would be able to mount it. It would necessarily mean that some of our existing commitments would have to be qualified in order to achieve that, but such operations would be undertaken, not least if this country were threatened.

Bob Russell (Colchester) (LD): The Secretary of State for Defence has rightly drawn attention to the excellent peacekeeping work that members of Her Majesty's armed forces are undertaking in various parts of the world—including in southern Iraq, where 500 troops from the Colchester garrison are based. Will he accept, however, that continued overseas commitments are putting a strain on our Army, and that the armed forces are still under strength? Although recruitment is going well, does he accept that there is a need for greater emphasis on retention; otherwise, the overstretch will become unbearable?

Mr. Hoon: In fact, both recruitment and retention rates are extremely good at present, but I accept the hon. Gentleman's observation that we need to continue to augment the size of our armed forces and, indeed, to develop particular skills—a matter that I shall deal with in more detail later. It is clear that there are some strains on particular people in the armed forces—those in support and enabling positions, for example. That is inevitable if, as is the case, we are engaged in several different operations simultaneously.

Mr. Crispin Blunt (Reigate) (Con): I was very surprised to hear the Chief of the Defence Staff say yesterday that it would be another four years before we would be capable of carrying out a large-scale operation again. That seems an extremely long time, so could the Secretary of State offer the House some guidance about the precise thinking of the Chief of the Defence Staff in reaching that judgment about the four years that it would take for a large operation to be mounted again?

Mr. Hoon: I am not sure that the hon. Gentleman's use of the term "capable" is fair in respect of what the Chief of the Defence Staff actually said. I have already answered the point in detail, but I am perfectly willing to repeat it: to prepare for a large-scale operation, it would be necessary to train, exercise and develop the necessary skills in the time frame set out by the Chief of the Defence Staff, but our forces would be "capable" of conducting a large operation before that, if it were necessary. As the Chief of the Defence Staff explained, however, that would necessarily have some implications for our existing commitments. The Minister of State has explained that position on previous occasions. I know from the hon. Gentleman's knowledge of the Department that none of that will come as a great surprise to him.

Ms Dari Taylor (Stockton, South) (Lab): I would like some reassurance from my right hon. Friend. When I visited our troops in Bosnia in 1998, I was astounded by

the fact that they had to use mobile phones to ensure effective communication between each other. Mobile phones are, of course, easy to track and to listen into. Can my right hon. Friend assure me that that arrangement is not still the case today?

Mr. Hoon: It is not the case today. I shall set out in greater detail the significant advances that have been made, and are about to be made, in the provision of enhanced communications equipment. That has been an absolute priority for the Government. I recognise the difficulties in delivering such programmes that previous Governments have encountered over a long period of time. However, the Bowman programme is on the verge of success. I welcome the efforts that have been made.

I was outlining the commitments made by UK armed forces around the world. Only last week, in response to escalating levels of tension and violence between ethnic Albanians and Serbs in Kosovo, additional UK troops were deployed in support of KFOR. The Ready Battalion of NATO's operational reserve force and the 1st Battalion, the Royal Gloucestershire, Berkshire and Wiltshire Regiment had been earmarked precisely for such a rapid deployment. Their role, which I anticipate will be short term, is to assist KFOR in restoring calm to the province and preventing unrest from spreading to areas outside Kosovo. It is an example of the kind of rapid deployment capability that we will increasingly need to be able to call on.

Clare Short (Birmingham, Ladywood) (Lab): I am worried that, if we cannot settle Kosovo's final status, its economy will remain dreadful. Unemployment is enormous, which means that the atmosphere is tense and likely to be disorderly. The military situation will not be resolved unless we get political progress.

Mr. Hoon: I agree. The events before last weekend illustrate the continuing difficulties between the two communities. A number of Serb families were forced to leave their homes, and Serb churches were burned. That suggests that the presence of our troops is still necessary, but it also shows that we must make progress on a constitutional and political settlement to avoid our military responsibility going on indefinitely.

Mrs. Alice Mahon (Halifax) (Lab): Does the Secretary of State agree with the NATO Secretary-General and one of the senior members of UNMIK, who said that the unrest was almost certainly organised by Albanian separatists? Will he confirm that at least 3,000 Serbs and members of other ethnic minorities have lost their homes?

Mr. Hoon: I have looked carefully at the evidence, and I am not sure that any of it points to an especially sophisticated organisation. As I said in response to my right hon. Friend the Member for Birmingham, Ladywood (Clare Short), there are such simmering tensions between the two communities that any incident—whether true or not—can set off the sort of violent and dangerous reaction that we have seen. Clearly, that has real implications for the presence there of troops from the UK and other countries.

Mike Gapes (Ilford, South) (Lab/Co-op): The Secretary of State will know that members of the Select Committee on Defence were in Kosovo a few weeks ago and what we heard made all of us worried about what was happening there. Although it is important to resolve the status of Kosovo, will he assure the House that there will not be a final status agreement without guarantees about human rights and the rule of law? Also, does he agree that we must clamp down on the criminal, mafia society in Kosovo, and the leading Albanian politicians there who are behind it?

Mr. Hoon: I certainly give that undertaking in respect of human rights. That was one of the reasons we went into Kosovo, and our other aim was to preserve a multi-ethnic society. We were right to go and protect the Albanian community against the appalling treatment by Milosevic's regime, but the recent events in Kosovo suggest that Albanians are perpetrating behaviour that is similar to what the Serb minority did. That is of great concern to us.

The threats that we now face are ever more fluid, and less predictable than the monolithic Warsaw pact that dominated our defence planning and posture for two generations or more. However, they are no less real, and no less dangerous. Our armed forces have to adapt as a result.

The strategic defence review set us in the right direction, with its emphasis on expeditionary force. The defence White Paper builds on this work to present the case for still more flexible forces, structured and equipped to perform a wide range of tasks, often concurrently, in simultaneous operations in different parts of the world. The success of the operations that we undertake will be measured more by our ability to exploit fleeting opportunities to engage an elusive enemy, and in deterring and disrupting future terrorist activity, than in any decisive pitched battle.

The rebalancing of our armed forces is therefore required, with flexibility being the key. Experience has shown us that we should plan on structuring, equipping and supporting our armed forces to deploy rapidly on concurrent small and medium scale operations. That pattern has become the norm in recent years, and it is likely to remain the trend for the foreseeable future.

Mr. John Smith (Vale of Glamorgan) (Lab): My right hon. Friend speaks of supporting our armed forces in this changed environment, so after yesterday's announcement by the Ministry of Defence, will he assure me that the MOD remains committed to the success of the Red Dragon project at RAF St. Athan?

Mr. Hoon: I assure my hon. Friend that we remain absolutely committed to that project. We believe that the people engaged in it have a significant role to play in the future.

Obviously, we need to ensure that our armed forces retain the ability to adapt themselves at longer notice for the much less frequent, but more demanding, large-scale operations. We must continue to keep up to date our approach to standing tasks and commitments. The White Paper seeks to strike the right balance.

Where military action is used, it is clear that it is most effective when brought to bear through multinational coalitions and alliances. The ability to operate

[Mr. Hoon]

seamlessly alongside other nations, particularly with our NATO and European Union allies and partners, is therefore at a premium.

We plan to maintain a broad spectrum of capabilities to ensure that we are able to conduct national operations, or be the lead or framework nation for coalition operations, at small to medium scale. However, we do not envisage needing to generate large-scale capabilities across the same spectrum as, in the most demanding operations, it is highly unlikely that the US will not be involved, either leading a coalition or as part of NATO. For large-scale operations, our focus nationally must be on the retention and development of capabilities that ensure a seat at the political and military decision-making table, securing for the UK an appropriate level of influence in the planning and prosecution of operations. Therefore, the armed forces must be able to interoperate with US command and control structures, match their operational tempo, and provide credible and significant capabilities that provide the greatest impact.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): I am grateful to the Secretary of State for giving way. He is making an excellent speech and I am sure that he will be a first-class European Commissioner in due course. I am interested in the process of determining capacity in respect of building ships and aircraft carriers. Obviously, we want to obtain value for money in the order for aircraft carriers, but does he agree that it is also essential to take account of the totality of shipbuilding procurement? Would we not be able to secure much better value for money if the MARS—military afloat reach and sustainability—initiative orders and the orders for aircraft carriers and frigates were all taken together? In that way, the peaks and troughs in demand that would otherwise impact on the shipbuilding industry could be smoothed out.

Mr. Hoon: I have always appreciated my hon. Friend's compliments, but I am somewhat disappointed that he is so anxious to get rid of me.

Bob Russell: It is friendly fire.

Mr. Hoon: I agree with my hon. Friend the Member for Glasgow, Pollok (Mr. Davidson) to the extent that it is necessary for the MOD to assist the shipbuilding industry in securing civil orders as well as military orders. The MOD has a tremendous order book for warships at the moment, but that will not sustain shipbuilding indefinitely. The MOD can make a significant contribution to shipbuilding, but the industry should not assume that those orders will keep it going indefinitely. My hon. Friend talks about smoothing out supply and demand, but that has to come from the civil orders. They supplement the military orders, and will provide a long-term future for UK shipbuilding.

I was talking about the necessity of interoperating with the US. However, I emphasise that we are simply focusing on niche capabilities that the US is short of. We should not want to confine ourselves to only a supporting role in military operations. In order to meet our own security objectives, we will need to continue to be at the forefront of operations. The changes that the White Paper sets out will enhance the UK's ability to conduct expeditionary operations, both nationally and, as is most likely to be the case, as part of a coalition of allies.

Mr. Barry Gardiner (Brent, North) (Lab): I am grateful to my right hon. Friend, who has been most generous in allowing interventions. On co-operation with the United States, does he agree with Robert Maggi, the head of defence trade controls at the US State Department, that in looking towards conflict prevention and the illicit transfer of conventional weapons to non-state actors, the ability to apply effective controls to such transfers, including extra-territorial controls, is critical?

Mr. Hoon: We have certainly looked at that. By way of qualification, I should say that if we introduce such controls, it is important that they be introduced multilaterally. It is necessary that new nations should also be subject to the existing code of conduct, which could be reformed to take account of such particular illicit transfers, or to other international agreements. I would be concerned if the UK moved too far ahead of other countries that might then be tempted simply to step in and fill the trade void that we had left.

Mr. Tam Dalyell (Linlithgow) (Lab): Before we leave the subject of expeditions, may I add, as chairman of the all-party Latin American group, that we, the European delegates, were warmly welcomed by Vicente Fox? May I ask about the strange business of the servicemen who are caving in Mexico? What are we to make of it? Surely it would have been courteous and tactful to tell the Mexicans that servicemen were going there.

Mr. Hoon: I am always impressed by the range of my hon. Friend's interests and concerns and he has just added a new one to the long list with which I am familiar. I was referring to Latin America, not caving, but I am sure that my right hon. Friend the Minister will have noted those wise observations.

NATO of course remains the cornerstone of our security policy. Lord Robertson, in his capacity as Secretary-General of NATO, worked tirelessly to adapt NATO to the challenges that it is likely to face. His successor, whose appointment I welcome, has promised to continue this work. As technology develops, it will become even more important that we and our NATO partners invest in the capabilities that enable us to operate at the same tempo as the United States. We are actively encouraging this approach through the Allied Command Transformation and the development of the NATO response force, with its emphasis on flexible, deployable and technologically advanced and interoperable forces.

The Prague capabilities commitment is making progress. Our allies have committed themselves to improvements in key areas such as nuclear, biological and chemical capabilities, secure communications, strategic lift and air-to-air refuelling. Looking forward to this year's Istanbul NATO summit, we will try to ensure that our allies deliver these capability improvements. NATO needs to be leaner, more

responsive and fit for new challenges. We therefore support a broad review of NATO structures, processes and decision making.

Where NATO as a whole chooses not to engage, it is likely that we will work with our European allies. Improving the military effectiveness of European nations therefore remains a key priority. Hence our proposal that EU member states should develop rapid response capabilities through the battle group initiative. Building on the progress towards achieving the Helsinki headline goal, member states, individually or on a multinational basis, will provide deployable and sustainable battle groups of around 1,500 troops, drawn from existing national forces. Having high readiness forces available will improve the ability of the European Union to respond effectively to emerging crises, particularly in support of the United Nations. We will ensure that this initiative is developed in a way that also strengthens NATO and the NATO response force.

There is no conflict between aspiring to strengthen both NATO and European defence and security policy. We will not agree to ESDP developing in a way that impairs the security guarantee established through NATO. The security architecture that we have constructed over the past six years allows for flexible approaches to crises either through a NATO operation or the EU using NATO assets under Berlin-plus arrangements, or indeed through an autonomous EU operation.

The EU and NATO have established a strategic partnership in crisis management that we want to see strengthened. The arrangements for EU-NATO consultation agreed last December were a significant step forward. Regular dialogue between the EU and NATO would be stepped up during a crisis. That ensures that the relationship between the two organisations is transparent and mutually reinforcing.

In directing our finite resources at those capabilities that are best able to deliver the range of military effects that we require, we will inevitably have to make important choices. As we indicated in the White Paper, we will look to create the headroom for highest priority investments in network enabled capabilities and medium weight forces.

Central to our thinking on network-enabled capabilities is the need to improve the collection of information on the battle space and enable those in charge of ships, tanks, aircraft and other combat systems to be able to share that information more quickly. The Watchkeeper unmanned aerial vehicle, for example, will provide a substantial increase in surveillance capability over the Phoenix system currently in service. The Bowman secure tactical voice and data communications system will markedly improve our ability to share information. Such improvements in equipment capability will enable those involved to understand the battle space more quickly, so that they can speed up the decision-making process.

Mr. Gerald Howarth (Aldershot) (Con): On the Bowman issue, it has been put to me that there has been some difficulty in communicating across hilly terrain. I understand that in those circumstances a high frequency channel will be used. This is a technical question and the Secretary of State may not have the answer at his fingertips, but, broadly speaking, is he satisfied that Bowman will deliver what he imagined it would?

Mr. Hoon: Recently I had an update on the arrangements for Bowman. The progress on introducing the system is extremely good and I am confident that we will resolve any technical difficulties as they arise. I am confident that this will be an extremely successful operation for UK armed forces.

To return to improvements provided by network-enabled capabilities, we need to match improved sensor performance and information exchange with a more decisive delivery of effect. During the Kosovo campaign, as recently as 1999, around 25 per cent. of munitions that the RAF used were precision-guided. Barely four years later, during Operation Telic, 85 per cent. of munitions used by the RAF were precision-guided. By taking advantage of such significant progress in the use of high technology, we will be better placed to ensure that our platforms are used to greatest effect and that the coherence of our military capabilities is enhanced.

If we are to have truly expeditionary forces, able to deploy quickly to deliver effect at significant distance from the United Kingdom, we need to rebalance our force structures. We must ensure that we can move our armed forces quickly to where they are needed with equipment that enables them to carry out the tasks we expect of them. The introduction of the future rapid effects system group of vehicles will provide our armed forces with battle-winning equipment that can be moved quickly by strategic airlift. As part of this rebalancing process, we have already been able to announce plans for a new light brigade, and the reduction of one armoured brigade—from three to two. This will enhance our existing light forces by offering a third choice in addition to 3 Commando and 16 Air Assault Brigade. Whenever such advances have been made in modernising defence equipment or capability it has always been necessary to make adjustments in the number of older platforms. It is right that we do this to ensure that our armed forces are properly equipped to meet the challenges of the future.

Mr. Blunt: In announcing the changes that will follow from, one hopes, the extra money that the Chancellor may make available in the comprehensive spending review and the extremely challenging long-term costings process or work strands process that is going on in the Department now, which appears to be on twice the scale of "Front Line First" of 10 years ago, there will plainly be some significant changes to follow the brigade changes that the Secretary of State has already indicated. How does he propose to announce the changes?

Mr. Hoon: I was about to deal with that point in my speech. In my statement on the publication of the White Paper last December, I set out to the House that I had asked the Ministry of Defence to undertake a significant examination of our capabilities and overheads. I anticipate that we will be in a position to make some announcement on the results of this work in the summer through the usual channels.

[Mr. Hoon]

The Government are committing significant extra financial resources to support changes envisaged in the White Paper. The 2002 spending review delivered the largest sustained increase in planned defence expenditure for more than 20 years—adding more than £3 billion over three years. Last week, my right hon. Friend the Chancellor of the Exchequer confirmed a further real-terms increase in the 2004 spending review. That does not mean we can afford to relax our efforts to use that money efficiently. In the challenging defence environment, we need to make every pound count.

Labour's record contrasts markedly with that of the Conservatives. During 18 years of government, the Tories imposed swingeing cuts in defence without any long-term strategic rationale. Spending was cut by nearly one third in real terms during the Tories' last 10 years in government.

There are always financial pressures on major Departments, especially during a demanding period. It is clear that the Conservative plan for a two-year freeze on defence spending would mean a £1.5 billion real terms cut in the unlikely event that the Tories returned to office. Members of the Opposition Front Bench need to come clean about how they plan to make that £1.5 billion cut. Will they withdraw British armed forces currently doing vital work in Iraq and Afghanistan? What part of the equipment programme would the Conservatives scrap—and what impact would that have on Britain's future defence capabilities and British industry?

Does the hon. Member for Mid-Sussex (Mr. Soames) stand by his comments on the Radio 4 programme "Today" on 6 January, when he said:

"You can't do defence on the cheap"?

If so, why has the hon. Gentleman failed to explain that to his shadow Chancellor?

Mr. Michael Jack (Fylde) (Con): I am always suspicious when Ministers attack the Opposition. The Secretary of State said that the Chancellor had promised a real-terms increase. The right hon. Gentleman seeks specific answers from my hon. Friend, so will he tell the House what extra money the Chancellor has confirmed to him will be available?

Mr. Hoon: That announcement will be made in due course, as the spending totals for all Departments are made known. That process will take some months but that is not unusual. The right hon. Member for Fylde (Mr. Jack) keenly questions spending on fast jets, for example. Conservatives talk about cuts in defence spending, while at the same time complaining about a series of projects that they want delivered. I challenge the right hon. Gentleman to ask those same searching questions of members of his own Front Bench. Recognising the difficulties that face all Departments in meeting their budgetary commitments, how is that Conservative spokesmen believe that they can cut £1.5 billion from defence?

Mr. Nicholas Soames (Mid-Sussex) (Con): Before the Secretary of State becomes more confused and tied up as he goes around in circles, I will clarify for the record that no one in the Conservative Opposition—including myself and the shadow Chancellor—has ever said that there will be a cut in defence spending.

Mr. Hoon: I do not believe everything that I read in the newspapers, but I read that the hon. Member for Mid-Sussex was less than enthusiastic about the shadow Chancellor's commitment. I will read out the words of the right hon. Member for West Dorset (Mr. Letwin), just in case he has not told his hon. Friend the Opposition's spending plans. He said:

"I have agreed with my Shadow Cabinet colleagues that the baseline for spending across all of these departmental budgets will be 0 per cent growth for the first two years, followed by 2 per cent growth per year for the remaining four years of the period covered by the strategy."

Everyone knows that zero per cent. growth is a cut in real terms of £1.5 billion—even before the extra money for defence committed by my right hon. Friend the Chancellor at the time of the Budget is taken into account. The Conservatives plan a real-terms cut in the existing defence budget and an even bigger cut in our planned defence spending.

Mr. Paul Keetch (Hereford) (LD): Given General Sir Michael Walker's comment yesterday that it might be several years before Britain could undertake a major war operation, will the Secretary of State speculate by how much that period would be extended if the Ministry's budget was frozen in real terms during the first two years of a hypothetical Conservative Government?

Mr. Hoon: I look forward to the right hon. Member for Fylde asking that question of the shadow Cabinet spokesman for defence. We want to know where those cuts will be made. Will there be cuts in capability or in equipment? That is for the hon. Member for Mid-Sussex to explain.

Mr. Kevan Jones (North Durham) (Lab): Does my right hon. Friend agree that the problems facing our armed forces today originate in decisions taken in 1992, 1993 and 1994 by the last Conservative Government? Does my right hon. Friend further agree with the comments of the First Sea Lord to the Defence Select Committee yesterday, who said that stopping recruitment had been a dreadful mistake and had led to a black hole—particularly in respect of leading hands. Does he agree that we are having to pick up those mistakes now?

Mr. Hoon: The previous Government's lack of spending on public services had a dramatic effect on hospitals and schools. The dramatic effect on defence was not always appreciated. We had to make good many of the cuts and shortfalls that we inherited. Year by year, we are doing that by spending more on defence—so it is right to highlight the cuts proposed in the unlikely event of the Conservatives again achieving power.

Mr. Jack: Given events at the time in eastern Europe, the Soviet Union and beyond, was it irresponsible of the last Conservative Government to react to the rapidly

changing defence scenario and to adjust Britain's defence capabilities to new threats and scenarios—as the Secretary of State is doing in the world of today?

Mr. Hoon: Would the right hon. Gentleman say that it was irresponsible of members of his own Front Bench to announce a cut in defence expenditure at precisely the time more needs to be spent, to provide security against threats? I look forward to the right hon. Gentleman questioning his own Front Benchers about their commitments. The right hon. Gentleman regularly urges the Government to spend more on fast jets and military equipment. There ought to be some consistency. I would be delighted to know the right hon. Gentleman's position.

Mr. Jack: I come to the House to ask the Secretary of State, on behalf of my constituents working in the aerospace industry, to honour the commitments and budgets that he has promised to programmes such as the Eurofighter and joint strike fighter.

Mr. Hoon: I am delighted that in the context of the extra spending that we have promised, a range of successful military equipment will be available to support Britain's armed forces. I want to know the kinds of cuts and the equipment that the Conservatives will cancel in the event of the right hon. Gentleman supporting his own Front Benchers' efforts to reduce defence expenditure.

Mr. John Smith: Will my right hon. Friend give way?

Mr. Hoon: I had better carry on. There is a limit to how much fun one can have in one day.

The campaign in Iraq began just over one year ago. It showed our armed forces and the Ministry of Defence at their best and demonstrated how far we have come in achieving truly expeditionary forces able to deliver a range of military attacks over long distances. I have acknowledged that there were some deficiencies, but I welcome the thorough investigations by the National Audit Office and the Defence Select Committee, which have helped to illuminate the issues.

I have no doubt that Britain's intervention in Iraq has been and will continue to be beneficial to the Iraqi people. Earlier this month, members of Iraq's governing council signed a transitional administrative law for Iraq. That signing was a significant milestone.

Given the uncertainties of the modern world, standing still on defence policy is not an option. We must not fail our armed forces. We must ensure that they are structured and equipped to carry out the tasks and challenges that we expect them to face. The White Paper provides the policy basis on which we will rebalance our armed forces, to ensure that they are best placed to meet the security challenges of the first part of the 21st century. The White Paper recognises that to be an effective and influential player in a changing world, the United Kingdom must be committed to working in partnership with our international friends and allies and be prepared to take action when needed. By doing so, we shall together confront the threats presented by international terrorism, weapons of mass destruction and the challenges posed by failed and failing states.

The White Paper recognises also that we cannot predict precisely where and when we will next have to deploy significant numbers of UK armed forces in support of our foreign policy and security aim. We must modernise our force structures and harness technology and information networks to enable the UK to act quickly, accurately and decisively anywhere in the world.

2.29 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): I wish first to apologise to the House, as I have already done to the Secretary of State and the Minister of State, because I will be unable to be present for the winding-up speeches. I have an important speaking engagement, and I apologise for my absence.

I also thank the Secretary of State for his generous and warm tribute to my noble and gallant Friend Lord Vivian, who played such a distinguished part in defence debates in the other place for many years. He was extremely knowledgeable and very popular on both sides of the House. He was highly regarded and respected for his knowledge. We will miss his advice and considerable experience as a serving soldier—at the rank of Brigadier when he retired—and we extend our deepest sympathy to his wife and family.

I also wish to pay a warm tribute to the men and women of the three armed services for the wonderful way in which they have carried out their duties in the past onerous year, and for the patience and fortitude of their families—qualities that are often over-tested at present. I also pay warm tribute to our reserve forces, which have played a distinguished and remarkable role in operations in the recent past, and continue to do so. We salute their efforts and are grateful to them, their families and their employers for their understanding. Finally, I pay warm tribute to the civilian staff of the Ministry of Defence, wherever they work, for the remarkable and important work that they do to support our armed forces.

Even allowing for the Secretary of State for Defence having a bit of fun at my expense—which was entirely legitimate—it defies belief, as my right hon. Friend the Member for Fylde (Mr. Jack) pointed out, that the Secretary of State should think that the end of the cold war required no strategic reduction in the posture and shape of our armed forces: it was one of the biggest changes in military affairs for generations. However, it is a matter of common consent throughout the world that the peace dividend taken in many countries at the end of the cold war was probably overdone. It did represent a significant change from positional defence to the evolving policies that have found catharsis, in many ways, in the White Paper, including the creation of highly deployable forces, which was started in the last years of the Conservative Government and in which the present Government have made substantial and welcome investment.

We generally accept the White Paper's assessment of the strategic environment and the difficulties that flow from it. Indeed, it is clear that we have come to a decisive moment in history, when a new and diverse constellation of threats have appeared that are not nearly as obvious as their relatively certain predecessors. Today, we are confronted by an extra-national,

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religiously self-defined entity with something ominously like a nation's power to wage war. Terrorist outrages in New York, Riyadh, Istanbul and Madrid—I join the Secretary of State in extending our condolences to the people of Spain following that dreadful atrocity—are a horrific reminder of the new challenges we face, and the clear duty that the Government have to ensure that we are fully prepared to cope with such a disaster.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley) (Lab/Co-op): The hon. Gentleman deals with the issue in a statesmanlike way, but does he not think that it was opportunistic of the shadow Foreign Secretary to criticise the Prime Minister for meeting Colonel Gaddafi in an attempt to reduce the threat to which refers? That is particularly true given that my right hon. Friend's intention in that regard was announced last December and welcomed by the Leader of the Opposition and the shadow Secretary of State for Defence. Was not that condemnation ridiculous political opportunism by the shadow Foreign Secretary?

Mr. Soames: From one statesman to another, I must say that, unusually, I am in deep but respectful disagreement with the right hon. Gentleman. All of us welcome the developments taking place in Libya, but the meeting may turn out to be premature. We welcome those developments and it is right that recognition should be given to Libya for the steps that have been taken. However, as so often, some of the language is overdone and the visit may be premature. That was the point that my right hon. and learned Friend the Member for Devizes (Mr. Ancram) was trying to make.

While that uniquely threatening form of terrorism must be effectively engaged, we must also address the deeper and abiding reasons for its very existence. That will be a major duty for the Government in years to come. In the new strategic environment, as the Secretary of State said, homeland defence is of the first importance. Traditionally, our armed forces focused on deterrence, stability, and war-fighting missions in overseas theatres. The home front was regarded as a rear area, not a front line, and the job of securing it was primarily a task for civilian agencies, with the exception of Northern Ireland. However, the new strategic environment reaffirms the role of the Government as protector of the country against foreign aggression, and so defence of our homeland represents one of the primary tasks of the MOD and must receive the level of attention and co-ordination that it deserves. Indeed, as the White Paper states, our forces are expected to

"protect our citizens at home and counter international terrorism across the globe".

It is clear that a fundamental shift in the mindset of the MOD decision makers will be required—a shift of which, incidentally, there was precious little evidence in the White Paper.

An evolving national strategy for homeland security requires that the MOD may have to consider the employment of military forces in ways previously considered outside the scope of operations. What specific training are the armed forces undergoing in order to be able to respond to what the Metropolitan Police Commissioner suggested would be an "inevitable" attack on London? Furthermore, can the Minister comment on the level of co-ordination established since 2001 between the MOD, the Home Office and other Departments?

Mr. Kevan Jones: I agree with the emphasis that the hon. Gentleman places on the threat to the homeland and the need for extra vigilance and expenditure on that. Can he explain how a future Conservative Government would meet that threat when bound by the straitjacket imposed by the shadow Chancellor?

Mr. Soames: I shall continue my speech, if I may.

The tasks imposed on our armed forces will continue to be more and more onerous. It is clear from the Prime Minister's speech in Sedgefield that they could become even more so, but I have read the evidence that the Chief of the Defence Staff gave to the Defence Committee yesterday and it is difficult to see how the armed forces could cope.

The Government's definition of Britain's interests has continued to widen over the past seven years. The Government have deployed our forces on major operations four times in the past five years, and we continue to have major obligations in Iraq and Afghanistan, as well as maintaining a considerable presence in the Balkans, which was recently reinforced by the Spearhead battalion as a theatre reserve force. As the Chief of the Defence Staff made plain yesterday, those operations are making near impossible demands on our troops.

The White Paper states that

"we must extend our ability to project force further afield than the SDR envisaged."

Given the extraordinary demands being made on the services, the Government have a first duty to our servicemen and women to realise that it is they who will have to deliver success and that they will need to be reassured as to the direction of the Government's policies. I find that there exists at present a great sense of uncertainty and unease among our armed forces, who I am afraid feel very much taken for granted and increasingly believe that they are not properly supported, resourced or looked after. That is a serious message for the Government.

Mike Gapes: Given the great pressures to which the hon. Gentleman has referred and in the context of a possible standstill budget, in which of the areas in the world where we are currently deploying forces to assist international peace and security would he make cuts?

Mr. Soames: If the hon. Gentleman will contain himself, I shall come to that point later in my speech.

In discussing the White Paper and the application of the new doctrines, especially the network-enabled capability, it is essential that we do not forget the need for balance between old and new concepts, a point that was powerfully made in a distinguished and important speech, which I commend to the Secretary of State, by General Lord Guthrie in the House of Lords yesterday.

The lessons, from the Balkans to Basra, must be remembered. Infantry and armour on the ground can be augmented by technological wizardry but they cannot

be replaced by it. The peace in Basra and in the Balkans is being kept by thousands of soldiers on the ground, so can the Secretary of State confirm that, given the exceptional tempo of operations at present, he has no intention of cutting back the number of infantry regiments? In our judgment, those regiments are sorely needed.

We welcome acknowledgement of the need to continue robust and collective military training at all levels. That is one of the lessons about which the Select Committee has raised concern. Its report states:

"The high number of operations which UK service personnel have been involved in has had an adverse impact on their training."

Reductions in training have a progressively damaging effect on fighting power, particularly at the highest level—joint combined arms collective training at formation level and above. It may indeed take years to recover fully standards and capabilities that have been lost.

The problem is truly serious and the Government must rectify it. If they do not do so, sooner or later it will lead to disaster and to the creation of lesser, more ordinary, armed forces. It is becoming clear that many who went to fight in Iraq did not have adequate training; for example, during pre-conflict training there was a restriction on track mileage for armoured vehicles. That seems an unacceptable state of affairs.

The Secretary of State must acknowledge that training saves lives. Many deployments involve considerable danger and it is unacceptable that our people do not have enough time to prepare for them properly and thoroughly. Such risks are unacceptable, but they are becoming frequent. I look to the Secretary of State to put that right.

Mr. John Smith: I am not sure that the emphasis of the hon. Gentleman's point is clear. Is he saying that there is no need for additional investment in C4ISTAR—command, control, communications, computers and intelligence, surveillance, target acquisition and reconnaissance—without which we cannot operate as a modern force?

Mr. Soames: I think a lot of things are unclear to the hon. Gentleman, but that was not the point I was making. I was saying that there is an absolute requirement for thorough and professional training before troops are committed.

The services cannot buy in experience. Under the current pressures, individuals at more junior levels are unable to achieve the career progression to which they aspire. The result is that, over a period of time, technical standards slip. Can the Secretary of State comment on reports that about 50 per cent. of combat arms training has been cut back owing to funding problems? Can he assess the impact of that on the armed forces' capabilities?

Overstretch has been a recurring theme for the armed forces in recent years. When I was Minister of State for the Armed Forces, the then Labour Opposition chided me in relation to overstretch but at that time the Army was only about a quarter as committed as it is nowadays. With overseas deployments coming thick and fast and the overall size of the armed forces in decline, overstretch is a recurring and fundamentally important problem. Indeed, it is only a slight exaggeration to say that most of the UK Army is either on deployment, returning from deployment or getting ready to go.

Last year, the MOD announced that 40,842 personnel were expected to be stationed abroad during 2004, representing about 40 per cent. of trained strength. That is, of course, leading to increasing problems with tour lengths. In February, the Secretary of State admitted that the Government had wholly failed to meet that target. What has been done to address that issue?

The armed forces have recently become grossly overstretched by the number and scale of their deployments. That simply cannot go on, as the Chief of the Defence Staff implied when he appeared before the Select Committee yesterday. As the Defence Committee report rightly states:

"The Government must recognise that the armed forces are simply not large enough to sustain the pattern of operational deployment since the Strategic Defence Review permanently without serious risk of damage to their widely admired professional standards."

What is the Secretary of State's response to the evidence of the Chief of the Defence Staff to the Committee last night? He warned that a large operation of the size of Telic would not be practical until we approach the end of this decade. The Opposition believe that to be a sign of Labour's fundamental lack of effective stewardship of the armed forces.

Mr. Davidson: Does the hon. Gentleman agree that it is an odd juxtaposition of policy to say that the Government are committing the armed forces to too many duties while saying that his answer would be to cut expenditure to a lower level than the Government intend?

Mr. Soames: I realise that the hon. Gentleman has the most serious difficulty in understanding even the simplest things; I have already told the House that neither I, nor the shadow Chancellor nor anyone else has talked of a cut in the defence budget.

May I turn to equipment and procurement? Let us have a look at the state of the Government's procurement policy on new technology. Despite the much vaunted, and, in fairness, welcome, defence industrial policy set out by the Secretary of State in October 2002, the Government have failed to apply it coherently to their procurement programme. An uncertain and anxious defence industry has been given no strategic steer by the Government about the essential capabilities that they believe the UK must retain. The cornerstone of their policy, introduced under the SDR, was smart procurement. That lasted a couple of years before being reinvented as "smart acquisition". Smart acquisition? Tell that to the trade unions that joined us in fighting tooth and nail to persuade the Government to buy the British Hawk advanced jet trainer. It was so smart a process that they placed an order just hours before 500 employees of BAE Systems were due to be handed their redundancy notices. Tell that to the work force in Telford, who for the past two years have been anxiously awaiting a decision from the Government on the future rapid effects system battlefield vehicle that the Chief of the General Staff requires to be in service by

[Mr. Soames]

2009, but for which there is not yet even a drawing. Tell that to BAE and Thales who read about the MOD's intention to take command of the aircraft carrier programme. Tell that to the National Audit Office, which found that Ministers failed to order sufficient stocks of kit for the Iraq war to be delivered in time. "Just in time" became in too many cases "Just too late".

Clare Short: This is not a popular position, but I think that we need to review our commitment to procure only from British defence companies. When there are procurement problems, there is less of a case for procuring only domestically. If we want our armed forces to have the best radios, the best rifles—the best equipment—we should move away from that absolute commitment to British Aerospace and the inefficiency in our procurement systems. What does the hon. Gentleman say to that?

Mr. Soames: I say that procurement is indeed a difficult process. However, we have a magnificent defence industry, which employs hundreds of thousands of people and is an enormous export earner. Of course, we should support British industry, but at the end of the day there is no strategic vision as to how that should be done. We propose to develop a proper strategic vision and provide real leadership for an industrial policy on procurement that will make sense.

The procurement budget is more than £3 billion overspent this year alone, and not just on the so-called legacy programmes for which the Government have been responsible for managing for the past seven years. There is a huge bow-wave of projects building up whose affordability is increasingly questioned. Programmes continue to slip, and worst of all, across the board significant gaps in capability are being actively planned for. Nothing better illustrates that than the maritime air cover problem, whereby the Government are gambling that we shall be able to get away with no such independent cover between 2006 and 2012 at the earliest.

Most chilling of all is the Government's language on platforms—tanks, ships and aircraft to the British public. Last summer, we were told that platform numbers would not be so important in the brave new world of effects-based warfare. Now, we are told that platform numbers will be cut to make way for investment in network-enabled capability. The truth is that numbers remain critical. The White Paper refers to the increased frequency and duration of operations. The Prime Minister alluded to all those ideas in his very important speech in Sedgefield. I can tell the Secretary of State that we need those platforms to undertake the number and scale of operations envisaged by the Government's policy. Ships, planes, armour and men cannot be in two places at the same time.

Mr. Jack: Did my hon. Friend notice that the Secretary of State did not comment once on any of the programmes to which my hon. Friend has referred? As a result, does he share my deep suspicion about precisely what the future holds for many of the programmes about which the Secretary of State failed to make any remark in his address?

Mr. Soames: I am grateful to my right hon. Friend for pointing that out—I intend to deal with some of those points in greater detail—and I share his anxiety. The Secretary of State started off with a dignified and an important speech on defence that degenerated into a rather futile and pointless knockabout.

The White Paper is full of buzz words and phrases, but the truth comes out only in the following statement, which will interest my right hon. Friend:

> "We will not be able to hold on to platforms or force elements that do not have the flexibility to meet the demands of future operations."

On the face of it, that is a sensible remark, but the Government make no effort to spell out which platforms or elements we will not be able to hold on to, even though if they have been identified, the cuts must have been identified, too. Can the Secretary of State clarify which platforms or force elements we will not be able to hold on to? If we are to have a proper discussion on the White Paper—the debate is meant to be about the White Paper—the Secretary of State will have to clarify the details of which platforms and force elements are involved, and we will want to debate that with him most vigorously. I note that he is to come to the House to announce the cuts that he intends to make in summer, and I hope that he will then be able to tell us which cuts he must make as a result of the new strategy in the White Paper.

Specifically, I call on the Secretary of State to confirm the informed speculation that the Type 45 destroyer procurement will be cut by a third. Is it true that tranche 3 of the Eurofighter Typhoon project will be cut? It is clear that mismanagement and indecision by the Ministry of Defence about the future aircraft carrier programme is seriously delaying the project and leading to a substantial waste of funds. The right hon. Gentleman shakes his head, but it is well known already that the carriers will be one and a half years late. Is the objective of having two 65,000 tonne ships, each capable of carrying some 50 aircraft, to be met, and what is the new time scale? The MOD is wasting money and time through a lack of any strategic leadership on those projects and it must provide the House with urgent clarification on the management of those major procurement programmes.

We welcome the intention to enhance the strategic enablers of communication, logistics and intelligence—that may be the point that the hon. Member for Vale of Glamorgan (Mr. Smith) was groping at through the fog that surrounds him—but as a former Chief of the Defence Staff, Lord Guthrie, rightly pointed out recently:

> "It is important that we do not concentrate our efforts to too great an extent on one emerging threat—a knee-jerk reaction—forgetting that there are other threats which have not gone away for which we should still be prepared."

I hope that the right hon. Gentleman will pay the closest attention to what Lord Guthrie and Lord Boyce had to say in two very important speeches in the Lords

yesterday. We believe that such principles are of the first importance. Indeed, the most recent events in Kosovo furnish excellent lessons in that regard.

Mr. Hoon: The implication of all that the hon. Gentleman has been setting out to the House is that, if the Conservatives were returned to power, they would retain all our existing equipment and buy all the equipment that we propose to buy and that they would do so on the basis of all the previous plans set out, presumably by Conservatives in government. Has it ever crossed his mind that, in the face of a cut in the amount that the Conservatives are planning to spend, his figures simply do not add up?

Mr. Soames: For the record, the only people making cuts are the Government, and I am glad that I managed to get the right hon. Gentleman's head up so I could say that. I would like to say that he is like an old pike, but in fact he is like a rather fat trout, hiding in the weeds. It seems that I have to cast a particularly delectable fly over his nose before I can get him up, but I am glad I have done so. There are substantial cuts, and 14 separate strands of work are under way in the MOD to secure £1.5 billion in savings. That will do great harm to capabilities and to people's capacity to do their duty.

Mr. Keetch *rose—*

Mr. Blunt: While we are on the subject of money, it might be as well for the House to remember that the Government imposed a cut of £500 million a year in the defence budget in their first comprehensive spending review—cumulatively, that will now be £3 billion—and that the so-called increase in the subsequent defence review will be £2.5 billion at the end of that period, so the Government have been responsible for a net cut in defence expenditure on that which they inherited.

Mr. Soames: Precisely. I suggest that the Secretary of State pay attention to what my hon. Friend says. He is a well-informed member of the Select Committee, and is absolutely right. Another issue that we must address is that of acquiring the technology necessary for the network-enabled capability. The baseline for Labour's defence policy was the 1998 strategic defence review, which, as we all know, was never properly funded. Many of the funding problems that face defence today are a direct consequence of Labour's failure in that regard, as my hon. Friend pointed out.

The Government have asked our armed forces to carry out more and more commitments, without adequate resources. At times, it has been extremely difficult for Parliament to discover the details that relate to the defence budget, as the Government have gone in for their usual practice of re-announcing old money. For the second year in succession, the Comptroller and Auditor General has refused to sign off the MOD's resources and accounts budget.

When the Secretary of State published the defence White Paper in December last year, there were said to be no resource implications. Since then, we have discovered that the MOD is undertaking 14 work strands to identify capabilities to reduce or cut, which will provide savings of £1.5 billion. I understand that those cuts will be announced in the spring. The very underhand way in which the Secretary of State is going around making those cuts is to be deplored, and we look forward to an opportunity becoming available for him to clarify and give us transparency about where he is looking and what the effects will be on the capabilities of the armed forces.

Against the background of that failure adequately to fund defence while at the same time increasing commitments, the Conservative Party must plan for the future. We believe that our front-line armed forces must be, and will be, a fundamental priority and that they must have sufficient resources adequately to fulfil their duties and extensive commitments. When we announce our detailed spending plans later in the year, we will make clear how we intend to shift money to the front line to maintain and enhance our defence capabilities.

Of course the consequences of more deployments and fewer resources are obvious in the serious deficiencies that have emerged during and after the completion of Operation Telic. The NAO and Select Committee reports have rightly highlighted the brilliant achievements of our troops and the great success that they achieved. However, both reports were also highly critical of equipment shortages that could have had disastrous consequences for the 46,000 British servicemen and women who were deployed.

In the defence debate last year, the Secretary of State said:

> "I want to reassure the House and the country that British personnel deployed on operations will be properly equipped by the Ministry of Defence, and fully capable of fulfilling the tasks that may be required of them. They will be properly equipped to deal with the environmental conditions that they face. The Ministry of Defence has long had contracts in place to ensure that sufficient stocks of desert clothing and boots are available quickly."

He went on:

> "The protection of our troops is an absolute priority. Contrary to press speculation, our ability to protect and operate in a nuclear, biological or chemical environment is second to none. Our training and equipment mean that we are prepared to meet this threat if necessary, and make a proportionately serious response should anyone use such weapons against us."—[*Official Report*, 22 January 2003; Vol. 398, c. 336–7.]

That was far from the reality on the ground. The Defence Committee report has found that those assurances were fundamentally unreliable and wholly inaccurate.

Mr. Keetch *rose—*

Mr. Soames: Commanders were unaware of where equipment was stored; plates for enhanced ceramic body armour "disappeared" and never got to the right units; and vital biological and chemical equipment was "deemed unserviceable". Not enough desert clothing and equipment was available on time, and many people did not even receive their desert combats until the war was over. There was not enough ammunition, nor were there enough chemical protection suits. The Secretary of State shakes his head, but these are very serious matters. As the Committee report states:

> "Given the potential threat posed by Iraqi armed forces, sufficient chemical warfare detection and protection were particularly important for this operation."

I again urge the Secretary of State to reread the MOD account of the brilliant assault on the al-Faw peninsula by 3 Commando Brigade Royal Marines. It states that

[Mr. Soames]

"as final preparations were made on 20 March in the tactical assembly area to launch the assault, there had been attacks by Iraqi missiles. The Brigade fully expected to be subjected to chemical attack and the helicopters to be engaged by air defence artillery."

The brigade was not subjected to a chemical attack. The report suggests:

"It was fortuitous that service personnel did not suffer as a consequence, but had the Iraqis used chemical weapons systematically, as employed in the Iran-Iraq war the operational consequences would have been severe . . . the lack of armoured vehicle filters seems to us to be a matter of the utmost seriousness."

For the information of the House, let me just say that the 7th Armoured Bridge fought through Iraq in a war allegedly to remove the threat of chemical and biological weapons without having on any one of its tanks the chemical weapons filters that were required. They did not arrive until after the war was over. That is a fundamental and deeply serious failing. It is not acceptable.

In the Iraq campaign—I want the Secretary of State to listen to this—the Government came very close to breaking the bond of trust that they have with their soldiers. He should not underestimate the effect of those shortages on the morale of the soldiers. This must not happen again, and the Government stand guilty as charged of very grave deficiencies that should have been overcome long ago. For an Army that has deployed four times in five years not to have the ability effectively and efficiently to deliver the logistics supply chain to its troops in the front line is frankly unforgivable.

I apologise for having spoken for so long, but I wish to say something about NATO. The White Paper rightly states:

"The UK recognises the pre-eminence of NATO".

We all agree with that, and I heard what the Secretary of State said. However, the security and stability of Europe and the maintenance of the transatlantic relationship are fundamental to our defence. The most logical way of responding to the 21st century threat would be through NATO as the primary military organisation. However, NATO's primacy has now been somewhat compromised. Since the St. Malo declaration, European Governments have spent scarce defence funds and considerable political effort on developing the structures of the European security and defence policy while operational capabilities—which the British public are repeatedly told will be improved by European Union defence—have continued to decline inexorably. That has led to our having grave reservations about Europe's plans to undertake a new defence initiative that involves duplicating the planning and command structures of NATO.

We do not need and we cannot afford to duplicate NATO's structure. There is nothing that Europe wants to do that cannot be done by using NATO's command and planning structures. The Conservative party supports greater co-operation between European countries on defence, but it should take place within the framework of NATO. Europe should not seek to create a defence structure as an alternative to NATO or as a counterweight to the United States.

The Secretary of State needs to be aware that the Government are in grave danger of undermining the resilience, the morale and the good will of our armed forces. These are the three cornerstones of all military success. The Government need to nurture them, and to nurture them with great care and attention through some very difficult times ahead.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I remind the House that Mr. Speaker has imposed a 15-minute limit on Back-Bench speeches.

3.6 pm

Rachel Squire (Dunfermline, West) (Lab): When I first heard that a defence White Paper was to be published, my immediate reaction was to ask why. What was the purpose? After all, we had the comprehensive strategic defence review five years ago, and the SDR new chapter in 2002. The issues that the White Paper deals with, such as network-enabled capability and security challenges, have been subject to widespread debate in defence circles for some time. Why did we need another paper? Was it, as the media speculated and Opposition Members said, to give a policy framework to a hidden agenda for drastic cuts in defence spending?

I was certainly reassured by the Chancellor's Budget statement last week. He said:

"In the last spending review, we allocated the largest spending increase in 20 years to defence, and I can tell the House that I propose real terms increases in defence spending in the coming round."—[*Official Report*, 17 March 2004; Vol. 419, c. 333.]

That statement provides a stark contrast to the Conservatives' plans to freeze and—whether they like to admit it or not—to cut defence spending in real terms by £1.5 billion from 2005–06 to 2007–08. Cuts were carried out during their 18 years in government and, although they can talk about the cold war and the need to meet new requirements and demands on our forces, I, as the Member of Parliament for Dunfermline, West, will never forget the way in which they blatantly wasted more than £300 million of public money when they took submarine refitting from Rosyth dockyard and awarded it to Devonport for what it seems clear were merely political, and not defence and security, interests.

On defence spending, I am also reassured by the views expressed by the Chief of the Defence Staff, General Walker. In his lecture to the Royal United Services Institute in 2003, he made it clear that he welcomed the defence White Paper and considered that it was a long time coming. Yesterday, he said that, although he and his fellow Chiefs of Staff had not seen the details of future defence spending, they were enthusiastic about it. Many of us hope that we, too, will be enthusiastic when the details are revealed. My commitment, and that of my hon. Friends and other hon. Members, is to ensure that implementation of the White Paper does not in any way diminish the high standards and professionalism of the United Kingdom's armed forces, but maintains and builds on their considerable and internationally renowned achievements. I join others in paying tribute to our armed forces and their families.

The defence White Paper raises issues that we could debate for at least a week, but in the time available I will raise just three, possibly four. The first is the importance of relevant training and adequate time off for it. There is the training required not only by individuals but by

companies and battalions. There is the training required to deliver jointery—effective operations by all three services. There is the training needed to operate effectively in multilateral alliances. There is the training demanded by network-enabled capabilities and the trend towards more frequent, small to medium-scale operations. Then there is the training needed for both war fighting and peacekeeping.

When commitments are high, as they currently are, a balancing act is often required to ensure that people are available for relevant training, and even more so when it involves overseas training, such as exercise Saif Sareea, which everyone agrees was essential, in terms of the lessons learned and experience gained, for the success of our troops in Operation Telic. I want an assurance from the Minister that the White Paper will not seek to reduce either training or recruitment. My impression is that we need to maintain our current force numbers and indeed to reach our recruitment targets if we are to enable time to be available for proper training, as well as for the home and family, in between all the demands of operational commitments.

I join in the sympathies that have been expressed to the family of Lord Vivian. I read his excellent contribution to the other place's defence debate on the White Paper in January, when he made the important point that 72 per cent. of the MOD's 350 planned exercises in a year were cancelled because of increased operational activity. I express my sympathy to his family. I hope that that demonstrates that his influence and knowledge will certainly long be remembered in this place.

It concerns me that I have heard that recruitment, particularly the surge in interest from the general public in the past 12 months, has been held back because of the demand and extra cost of training. I hope to hear the Minister say, if that is the case, that it is being effectively tackled.

I emphasise the importance of core training, of acquiring basic skills, of developing individual service identities, and of building loyalty and commitment to a band of brothers, to a regiment and to a service. They are a vital part of the standards and professionalism of our armed forces. However good the technology, it needs a strong team to make it work and to make it effective. Only a strong team can overcome the unforeseen and unpredictable nature of war fighting and peacekeeping.

That leads me to the second issue: network-enabled capabilities and the full range of training needed for them. The White Paper sees them as crucial to the rapid delivery of military effect, yet I raise some notes of caution which I have picked up, particularly from an article in the *RUSI Journal* by General John McColl, which is linked to my concern that technology cannot be a substitute for people and their skills and training. He points out that the battlefield is already an information-rich environment where poor connectivity and bad management of information can confuse rather than assist the commander. Indeed, I, and I think other members of the Defence Committee, have heard some stories in respect of operations in Afghanistan involving our forces and US forces. General McColl says in respect of information:

"knowing what is important and what is not, what is urgent and what is not, is essentially a human skill, unlikely to diminish in its importance, irrespective of the quality and quantity of information that NEC will deliver."

I do not think that any of us wants the development of human skills to take second place to technology. I have a concern that at times our major allies, the US forces, tend towards over-reliance on technology, perhaps neglecting the basic skills that are such a core part of armed forces.

In the time available, I will not carry on with what I was going to say on network-enabled capabilities, but will mention the third issue, which is my concern about what the defence White Paper says on naval and maritime capability and equipment. The House would be surprised if I did not mention Rosyth dockyard in my constituency at some point in a defence debate. Therefore, I declare a particular interest, which has been reinforced by taking part in the armed forces parliamentary scheme with the senior service, as it likes to be referred to.

I am concerned by the blunt statement in the White Paper that reductions in the numbers of our naval fleet "will be necessary." The future of the 1,800 people employed at Rosyth dockyard depends on work available from the naval fleet, particularly the future aircraft carrier. They have demonstrated time and again their ability to take on changes and challenges and to deliver on cost and on time.

I cannot resist responding to the remark by my right hon. Friend the Member for Birmingham, Ladywood (Clare Short) earlier about looking to take some defence manufacturing work away from the UK. I have always argued and will continue to argue that all our royal naval ships and submarines should be built, refitted and repaired in the UK and nowhere else.

Tribute is not always paid, as it should be, to the part that the Royal Navy plays. That was clearly demonstrated in Operation Telic. The Royal Fleet Auxiliary Service provided essential fuel, supplies, equipment and food. The navy provided support and transported our troops to shore. It cleared mines from the waters and channels around Um Qasr, so that not only troops and equipment but humanitarian food and relief could be provided. Whatever the changes in our security environment, an island nation needs a strong navy to deal with the terrorist threats that we face to our ports and harbours, and a strong navy that can go anywhere in the world to provide command and control, and to supply the troops who are required.

I do not have time to talk about NATO and the European Union, but I am sure that they will be debated another day. Overall, I welcome the White Paper and the opportunity that it provides to discuss many issues that are key to our future defence and security. I pay tribute to the progress that has been made so far, but there is a long way to go, and I hope that we shall have many more opportunities to debate key aspects of the White Paper. It contains many right words, but it is short on detail and on the action to come, so we should have the chance to discuss them in coming months.

Our armed forces have led the way in responding to the changes and challenges brought by the end of the cold war, the threats posed by international terrorism, and the proliferation of weapons of mass destruction.

[Rachel Squire]

Let us ensure that the White Paper and its implementation maintain their high standards and reward the armed forces and all who play a part in the defence and security of our country by setting an agenda that they and, in turn, the rest of the world are proud to follow.

3.21 pm

Mr. Paul Keetch (Hereford) (LD): It is a pleasure to follow the hon. Member for Dunfermline, West (Rachel Squire), who speaks on defence matters, especially naval issues, with such skill. I shall write to her about my visit to Rosyth in a few weeks, to which I look forward eagerly. Like her, I pay tribute to the armed forces parliamentary scheme, in which I, too, participated with the senior service, albeit in a different year from her. I was with the hon. Member for St. Albans (Mr. Pollard), who was present in the Chamber until recently. The scheme is of great benefit to many people.

I join the hon. Lady and the Secretary of State in paying tribute to the late Brigadier Lord Vivian, whom I met when I first entered Parliament. The then Secretary of State was keen to encourage new Back Benchers with defence interests to get involved, and I accompanied Lord Vivian on several trips with the Lords defence study group. I remember the hon. Member for Vale of Glamorgan (Mr. Smith) and me accompanying Lord Vivian to see warships in a base in the western isles. Lord Vivian was always courteous and generous in sharing his knowledge with members of other parties. He will be greatly missed.

I associate myself with the Secretary of State's comments about the terrible events in Madrid. For all of us, they have reinforced the recognition that the main threat to the United Kingdom is now from international terrorism. We must commit ourselves to the campaign against that. On that issue, the Liberal Democrats concur 100 per cent. with the Government.

I see the Under-Secretary of State for Defence on the Treasury Bench. Yesterday, he and I debated the reserve forces. It seems that defence debates are like London buses: there is none for ages, then two come along at once. The Government have been good, however, in scheduling regular defence debates, and I commend them on that. I also commend the White Paper, which contains much with which we agree.

Britain enjoys a unique position in being able to project power to enhance the security of the United Kingdom and the world in troubled areas. We should guard that ability at all costs. I pay tribute to British forces—and their families—who are undertaking brave work in reconstruction in Iraq, Afghanistan and Kosovo. In recent weeks, we have seen the real threat that our soldiers face in Kosovo.

I pay special tribute to the forces in Afghanistan. We hear little of what they are doing—indeed, a Territorial Army soldier in my constituency who returned from Afghanistan a couple of months ago told me that the forces there sometimes feel like a forgotten army. We should record our thanks for their service in the continued hunt for bin Laden and other terrorists. Such work is crucial to our defence. The threat from terrorism has never been far from our minds in recent days, and the armed forces have a significant role to play in tackling that threat. In Afghanistan, where, it is reported, the Taliban and al-Qaeda have enjoyed a resurgence this year, it is important to maintain our commitment.

The international security assistance force now has a much wider mandate in that country, but lacks sufficient troops to stabilise it. Will the Minister tell us whether there is a timetable for the deployment of more UK forces as part of the NATO forces in Afghanistan; and will he give a commitment that those forces will be found if they are required? The Liberal Democrats have an underlying commitment to NATO, and we are grateful for its work in the difficult environment of Afghanistan.

Mr. Dalyell: What number of troops would be sufficient? We are talking about the north-west frontier, whose history suggests that "sufficient troops" means tens of thousands.

Mr. Keetch: The Father of the House is absolutely right. I was suggesting not that such troops be drawn solely from British forces, but that we play our part as part of NATO. I suspect that during the Iraq crisis, he and I were both concerned about the unfinished business of Afghanistan. We know from our own history how difficult that country is to deal with, and I believe—I suspect that he and others do, too—that sorting out Afghanistan ought to be our No. 1 priority. That concern formed part of the arguments that the Liberal Democrats advanced 12 months ago.

Mr. Dai Havard (Merthyr Tydfil and Rhymney) (Lab): Does the hon. Gentleman agree that, although Afghanistan is a priority, it is part of a picture in which the middle east is also a priority? That picture runs from poppy growing in Afghanistan through to Turkey and Kosovo, where the shipments are split up and sent into the drug distribution networks. That is why the matter is becoming a strategic issue, rather than simply a frictional issue.

Mr. Keetch: The hon. Gentleman is right. Events in Afghanistan—poppy growing and terrorism—have a far more profound impact on the security of the United Kingdom and our constituents than events in other countries in the region with which the Government chose to deal.

Our forces in Iraq continue to perform sterling work. Let me make one thing absolutely clear: although my party and I voted against the war 12 months ago, we do not believe that it would be right now to withdraw British troops unilaterally from Iraq. Yes, we want greater United Nation involvement and greater internationalisation of forces in Iraq, but as the occupying power, we have a responsibility to support the people of Iraq, and pulling our troops out now would be catastrophic.

However, I wish to raise a delicate issue relating to our forces in Iraq. One or two complaints have caused us concern, in particular, those regarding the death of Baha Musa and the alleged abuse of others in UK custody in Iraq. The Government have refused to hold an independent public inquiry into the matter, but holding some sort of inquiry might help to isolate the

issue and reassure the Iraqis. In the face of continued Ministry of Defence intransigence, perhaps the Minister will at least undertake to make public the findings of any inquiry.

The practice of paying the families of those who suffer death or injury as a result of UK actions is also problematic. Upon receipt of such compensation, families sign a declaration waiving their right to make any future claim relating to the incident. There is a risk that that will not help to enhance the UK's image abroad. If the families have a case, perhaps that case should be heard in a court of law, and if further compensation is due, it should be paid. The MOD must treat the citizens of Iraq as we would treat those of the United Kingdom.

Hugh Robertson (Faversham and Mid-Kent) (Con): If I understand the hon. Gentleman's position, it is that he opposed the war in the vote that was held in this House a year or so ago, but that he now supports the work that our forces are doing in Iraq. Does he or does he not believe that Iraq is a better place for the invasion?

Mr. Keetch: Iraqis are certainly better placed after the removal of Saddam Hussein. My party and I never said that we would rule out military action in all circumstances, but we believed that it was inappropriate to take military action before the UN process was complete. We also made it clear that if troops were deployed to the Gulf we would support our forces in the field. The hon. Member for Mid-Sussex (Mr. Soames) criticised the kit given to British troops, but before the conflict it was the Liberal Democrats who raised the issue of kit for our servicemen. We, not Conservative Front Benchers, asked important questions about whether boots and equipment were suitable. At the time, it seemed that the Conservatives had signed up to military action long before the Government. They blindly supported President Bush in his endeavours regardless of the effect on our armed forces.

Hugh Robertson: The hon. Gentleman has still not answered the critical question—is Iraq a better place now than it was 18 months ago, yes or no?

Mr. Keetch: Of course, Iraq is a better place now that Saddam Hussein has been removed from power, but Liberal Democrat Members, like Conservative Members, Labour Members, nationalists and others who voted against the war never suggested that we supported his murderous regime. Is that what the hon. Gentleman is implying?

Hugh Robertson *indicated dissent.*

Mr. Keetch: I am glad that is not.

Clare Short: If one looks carefully at the surveys of opinion in Iraq, one finds that the overwhelming majority of people are glad that Saddam Hussein is gone, but terribly worried about the disorder and chaos that, they say, make their life worse in many ways. A properly planned and organised action through the UN might have made Iraq a very much better place than it is now.

Mr. Keetch: The right hon. Lady is right. I remember the debates that she had with my hon. Friend the Member for Richmond Park (Dr. Tonge), then a Front-Bench colleague of mine, about planning for the aftermath of the war. Many of us would have liked a full-scale independent inquiry into the war, including the question of whether we were preparing correctly for the aftermath. I certainly remember saying in debates in the House that winning a war would be easy but winning the peace would be much more difficult.

Mr. Gerald Howarth: Will the hon. Gentleman give way?

Mr. Keetch: I seem to recall that when the hon. Member for Mid-Sussex was speaking I inquired six times whether he would give way. He was not courteous enough to do so, but I shall of course be courteous enough to give way to his Front- Bench colleague.

Mr. Howarth: I am grateful to the hon. Gentleman for his courtesy.

Mr. Soames: And charm.

Mr. Howarth: Indeed.

May I point out to the hon. Member for Hereford (Mr. Keetch) that Conservative Members repeatedly asked the right hon. Member for Birmingham, Ladywood (Clare Short), then Secretary of State for International Development, to come to the House and tell us the plan for post-conflict reconstruction in Iraq? The Government's signal failure to share those plans with the House and the country had chaotic consequences after the war.

Mr. Keetch: In the run-up to the war, history records, it was the Liberal Democrats and very brave Members from other parties who asked those questions. The Conservatives appeared to support the endeavours of President Bush, whatever he wanted to do, and it was the Liberal Democrats, some brave Labour Back Benchers, a number of important Conservatives, and Members from other parties who provided the real opposition.

Clare Short *rose—*

Mr. Keetch: I shall accept one final intervention.

Clare Short: There was a rather strange procedure, and I shall come to those matters if I catch your eye, Madam Deputy Speaker. For the record, I came to the House repeatedly and there was a Select Committee inquiry, so there were full preparations. A lie is being told now that the chaos in Iraq is all because I thought that we were rushing to war too rapidly. That is such a ridiculous proposition that it shames the mental capacities of anyone who seeks to make it.

Mr. Keetch: The right hon. Lady is more than capable of defending herself. On her actions, all that I would say is that she resigned from the Government after the war had begun. In fairness, many of us believe that her position would be strengthened if she had followed the example of the right hon. Member for Livingston

[Mr. Keetch]

(Mr. Cook), who resigned before the war. Nevertheless, she did an honourable thing, and history will record that fact.

Turning to the defence budget, I congratulate the Defence Secretary on the assurances that he has received from the Chancellor. I hope that the "real-terms increases" mentioned by the Chancellor are significant and not simply academic, and that any additional funds for operations in Iraq will come out of separate Treasury funds. Caveats attach to the Chancellor's commitments. How much of the cost of British forces' continuing commitments in Iraq will be funded by the MOD budget, and what extra resources will the Treasury make available? Estimates abound, some of them quite wild, about the cost of operations in Iraq, so I would be grateful if the Minister of State could quell the rumours and confirm the monthly cost of keeping forces on deployment in Iraq. If there are increased costs, will they be met from a separate Treasury fund or the existing MOD budget?

The procurement budget is still over-committed, and adjustments need to be made at some stage. It would be preferable if the Secretary of State could make them sooner rather than later. Liberal Democrats believe that there are potential savings in the defence budget in the area of procurement. For example, speculation continues that the third tranche of Eurofighter Typhoon is already dead in the water and that the Government are simply waiting for the right time to cancel. Can the Minister give a commitment to the third tranche of Eurofighter?

Some indiscriminate cost savings are proposed by the Conservatives. The shadow Defence Secretary says that there will be no cuts, but a two-year freeze in real terms is effectively a cut. In his speech, he gave commitments—I listed them—on infantry numbers, training, deployment and procurement. He will not be able to do that with a two-year effective freeze on defence spending. We have questioned the rather ridiculous approach to defence spending that seems to be the sole approach of the Conservative party.

We understand that tough choices need to be made. The third tranche of the Eurofighter programme should be reviewed. That alone could amount to a one-off saving of several billion pounds.

Mr. A. J. Beith (Berwick-upon-Tweed) (LD): May I suggest another saving? The MOD should not to seek to recreate the facilities of RAF Bulmer at another base, which would require substantial capital to replace capital that has recently been invested there. I have made the point in detail to the Minister. *[Interruption.]*

Mr. Keetch: I hear the Minister for the Armed Forces saying that that is being dealt with. I look forward to visiting Bulmer with my right hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith) in a few weeks. I know that it is an important base that the Royal Air Force and other forces want to keep, and I know my right hon. Friend's commitment to that part of his constituency.

Mr. Jack: When the hon. Gentleman comments on the third tranche—the 155 Eurofighters that his party seems to advocate cutting—will he put on the record the work share implications and the costs to the United Kingdom industrial base if that policy were pursued?

Mr. Keetch: We have asked detailed questions of the Government, some of which have not been answered. We want to know what the implications would be. Yes, we want to review the third tranche. That is a specific commitment from the Liberal Democrats. We would put some of the money that would be saved back into the defence budget to increase basic kit for our forces. That is in marked contrast to the swingeing cuts proposed by the Tories, who provide no details of the programmes that they would consider cutting and make blanket commitments to our overall force plan.

The Secretary of State said in his speech to the Royal United Services Institute last year that

> "measuring the capability of our Armed Forces by the number of units or platforms in their possession will no longer be significant".

We understand that. We need to consider it in terms of the MOD budget. It is not a question of how much is spent, but how well it is spent. United States defence spending continues to soar far above that of the rest of the world. No matter what the Government's spending review eventually allocates to the MOD, the UK budget will always be a fraction of that of the US.

Clearly, however, much of the MOD's planning revolves around the UK working in conjunction with the US. The White Paper stated:

> "The most demanding expeditionary operations, involving intervention against state adversaries, can only plausibly be conducted if US forces are engaged."

It is difficult to argue with that analysis—indeed, we support it, but it could have an immense impact on our armed forces. We cannot match US defence spending, so we cannot keep pace with the US in defence developments. At the same time, we are seen as the partner of choice in the Pentagon, and the MOD's planning is clearly based on that assumption.

The key to remaining fully interoperable, to remaining the partner of choice and to remaining able to link to US forces is what the Secretary of State calls network-enabled capability, or NEC. There is no doubt that NEC is a very important development in military planning and operations. The pre-eminence that it receives in the new chapter of the SDR and in the White Paper shows that it is at the forefront of MOD thinking. But there is also no doubt that it is expensive and that if we are to keep pace with the US, it will take an ever-increasing slice of the defence budget.

I should like a much clearer indication than the Government have so far given of the limits of that approach and how it will affect our ability to contribute to peacekeeping, stabilisation operations and so on. Our forces are overstretched. We know that from the Defence Medical Services and others. There is a balance to be struck between money going into NEC and money going into the basics of our infantry units. We believe that the correct balance may not have been achieved. As regards our reserve forces, we know from the debate yesterday and from the comments of General Walker and General Jackson that they are concerned about overstretch evolving.

The series of reports from the National Audit Office, the Ministry of Defence and, most recently, the Defence Committee, shows that a number of areas—for example, asset tracking—have improved as a result of operations in Iraq, and the Government must make a commitment on those areas and not blindly follow the US into ever-increasing technological warfare. Whatever the technology, one cannot keep the peace on the streets of Pristina or rebuild Iraq from satellites, so one must have troops on the ground.

The White Paper discusses "medium-weight" troops that are well armoured but rapidly deployable, yet it does not dispute the continued need for some light and some heavy forces. We believe that tanks, fighter aircraft and several parts of the fleet are less important than they used to be, and that point is argued in the White Paper. However, the White Paper does not contain firm proposals for reshaping our armed forces, which is a recipe for instability and anxiety—it is an interesting pointer to the direction in which the armed forces may be heading, but it hardly charts their course. We believe that that deficiency should be addressed sooner rather than later in a spirit of consultation and consensus, and if the Government give us that, we will certainly participate in the process.

3.41 pm

Mike Gapes (Ilford, South) (Lab/Co-op): Stan Laurel and Oliver Hardy—"That's another fine mess you've got me into"—came to mind when I listened to the Opposition spokesman, the hon. Member for Mid-Sussex (Mr. Soames). I know that the hon. Gentleman looks more like Oliver Hardy than Stan Laurel, but it is his friend Oliver who has got him into the right mess of trying to justify the Conservative Front-Bench view. The Conservative policy of cutting or freezing the armed forces budget while making massive commitments is untenable.

Given what we had to do in Iraq, I wondered what policy the Liberal Democrats would have adopted if Lord Ashdown of Norton-sub-Hamdon had been their leader during last year's conflict. Whatever my views of Paddy Ashdown, I recognise that he adopts consistent views and would not flip-flop from one day to the next to try to fit in with perceived public opinion in either this country or Iraq.

The Defence Committee, of which I am a member, was in Bosnia and Kosovo one month ago. We recently published an important report—it has already been quoted—on the lessons of Iraq, and it made many recommendations, which I do not have time to refer to today. Some of those recommendations are extremely important, particularly those that point out that, given the armed forces' other operational requirements, Operation Telic placed demands on the armed forces that were close to the maximum that they could sustain. Whatever other lessons are learned—this point was confirmed by remarks made by the chiefs of staff in yesterday's Defence Committee hearing—this country's international commitments to NATO and the UN, our EU obligations, Operation Fresco during the firefighters dispute and the foot-and-mouth crisis placed enormous demands on our armed forces. We have an ongoing commitment in Northern Ireland, which unfortunately cannot be reduced significantly because of the current situation. On top of the deteriorating situation in Kosovo over the past week, difficulties may also arise in parts of the world that we are not even thinking about at the moment.

I want to highlight the issue of Kosovo and the Balkans. I was quite impressed by what has been achieved in Bosnia. Paddy Ashdown is doing an excellent job, and, although the agreement was not ideal, a framework was laid down in the 1995 Dayton accords, so there is a basis for progress. Discussions are moving towards establishing a joint defence ministry and forming an association with NATO's partnership for peace. That is all to the good. It means that in its political institutions Bosnia can begin to build on the already established levels of security and normality, whereby people from different religions and ethnic groups can walk around without being stoned or kidnapped, instead of having to be bussed under Army protection.

Sadly, one cannot say that about the situation in Kosovo, which has been frozen since 1999: almost no progress has been made in any of the major areas. Those who supported the 1999 bombing of Serbia without a UN resolution, believing that it would liberate the country and create a multi-ethnic, harmonious society, have to face the fact that that has not happened. Kosovo is a mafia society, where there is 60 to 70 per cent. unemployment and ongoing ethnic cleansing. The continual attacks on UN personnel have only recently been highlighted in the media again because of the appalling atrocities and outrages that were carried out last weekend. In the past few days, a church built in 1352 was burned to the ground, thousands of people were driven out of their homes, and between 28 and 31 people were killed. In the past two days, two UN police were killed. It is a society where criminality is dominant. My hon. Friend the Member for Merthyr Tydfil and Rhymney (Mr. Havard) referred to the smuggling of drugs through the Balkans.

If we do not get Kosovo right, we will have a running sore at the heart of Europe. Europe and the European Union must take the greater responsibility, but we must handle the situation very carefully. It is easy for the EU to say, "There can be no partition." On the other hand, we cannot suggest that we should allow an independent Kosovo on the basis of its current structures and its domination by one group—the largest group, comprising more than 90 per cent. of the population. Given the continuing policy of ethnic cleansing, we must take into account the plight of the minorities. There are Albanian minorities in the Presevo valley in Serbia; there is a substantial Albanian minority in Macedonia; and a right-wing, nationalist coalition Government have been elected in Serbia. There are significant political problems of instability. In thinking of a way forward, we must not foreclose any options, but be very sensitive to what might be required.

Mrs. Mahon: I agree with everything that my hon. Friend has said, but does he think that it would have been better had NATO and UNMIK bitten the bullet and arrested people such as Agim Ceku—a wanted war criminal—and Hashim Thaci, who are now running Kosovo? Good people in Kosovo such as Dr. Rugova

[Mrs. Mahon]

and Veton Surroi are being marginalised while these well known criminals and war criminals, who are involved in organised crime, are in charge.

Mike Gapes: I do not wish to comment on particular individuals who should be arrested. However, it is clear that there is an active organised crime network that is linked to political godfathers and overseas funding from expatriate communities, and that there have been ongoing operations. When we visited, we were told, "Being in the Kosovo police service is a tough business for an honest cop." That suggests that there are problems, and we need to be honest about them.

On NATO's future involvement, it is absolutely essential that we do not weaken security in Kosovo. Fortunately, we, the French and the Germans sent extra forces in very quickly, which I hope will stabilise the situation so that we can make progress, but there are worries. Owing to the good progress that has been made in Bosnia, the military presence there has been reduced, and we are planning to move from the NATO stabilisation force, SFOR, to a European Union force, EUFOR, by the end of the year. That force in Bosnia is the reserve force for intervention in Kosovo, should events go badly there. I would like assurances from the Government that the transition to EUFOR—I do not oppose it—will be robust, that the national caveats with some of our EU partners will be removed so that the force can work effectively, not just on the military side but on the paramilitary and policing sides, and that intelligence work can continue. That would be good, but I do not want to end up weakening our capability to reinforce what could be a much more serious situation in Kosovo, because we have run down or changed the mandate in Bosnia.

Another question is how we deal with the politics and dynamics for the future. Last December, the international bodies that oversee Kosovo agreed a document called "Standards for Kosovo", which was published and presented on 10 December. It sets out as an aspiration:

> "A Kosovo where all—regardless of ethnic background, race or religion—are free to live, work and travel without fear, hostility or danger and where there is tolerance, justice and peace for everyone."

In the space of one and a half years from the date of that document, Kosovo is meant to become such a society, and have independent status. It is supposed to have:

> "Functioning Democratic Institutions... Rule of Law... Freedom of Movement... Sustainable Returns and the Rights of Communities and their members".

There should be an economy where:

> "Basic economic legislation is in place and enforced, relevant Government institutions and services are functioning, the budget process is functioning and meeting all legal requirements",

and so on. Property rights should be resolved, there should be political dialogue and the Kosovo protection corps should be functioning in full compliance with the rule of law.

The Albanian-Kosovan community believes that it can sign up to that document, and that by the middle of 2005 Kosovo will become an independent state, within its existing borders. Is it realistic to pretend that all those things can happen in a society where there is no industry, where some of the institutions barely function, which has a Serb area in Mitrovica in the north that operates a parallel Administration—separately from the central Administration—and whose Parliament has banners, posters and symbols of one community only, not of all the communities in the state? We have underestimated the problems. We need to be robust about pushing forward the standards agenda, but we must be realistic. We will not secure investment to deal with unemployment in Kosovo until the legal basis is established. What pressures, then, does that put on our military and on our long-term commitment as a whole, through NATO and the EU?

Mr. Dalyell: As a man who raised an urgent question on this subject, may I say that my hon. Friend is making a speech of such importance that I hope that it is read by the Foreign Secretary and the Prime Minister? Does he agree that something must be done about industry, particularly the repair of the nickel factory, which will be the engine of any economy that Kosovo might hope for?

Mike Gapes: I saw that nickel factory from afar—in fact, I smelled it from afar. Standing at the top of the monument in Kosovo Polje—the Field of Blackbirds—and looking across, it was all that was visible on the horizon. The temperature was minus 16° and the smoke was lingering in the distance. On top of everything else, there is serious pollution; it is a very polluted society. *[Interruption.]* Other members of the Select Committee who are present are laughing, because they remember that scene as well.

In the time remaining, I want to suggest a possible way forward politically and administratively. I was involved in the talks in Northern Ireland in 1997 and 1998, as Parliamentary Private Secretary to the Secretary of State for Northern Ireland, when he was Minister of State. One factor that made those talks successful was the involvement of the British and the Irish Governments, together with close support from the United States in the form of Senator George Mitchell, and financial and political support from the European Union.

We need to look again at Kosovo, and to create a structure that will bring together the Albanian and Serbian Governments and enable discussion, and that will involve the European Union, NATO, the United States and the United Nations. We need to put everything on the table, and to try to find a way through without taking entrenched positions on status, cantons or partitions. The process needs to be intensive and we need to begin it now. If we do not, we will not succeed in eliminating this running sore, which constitutes a threat to the stability of the entire Balkans region and potentially, therefore, to western Europe.

It is in our interests to take such action because we want a Europe that is harmonious. We do not want ethnic or religious conflict on this continent; we do not want Orthodox Christians pitted against Muslims; we do not want ethnic cleansing or any of the developments that have tragically occurred in the past week. We have

got to act quickly and we need engagement. We have spent $8 billion in Kosovo since 1999, but one wonders where it has gone.

Clare Short: I agree with my hon. Friend that this running sore must be dealt with and that we need to bring everyone together, but there is another dimension. One reason why the economy is not moving is the lack of final status. The World Bank cannot engage and no one will invest, which means that the economy is bad. We need to secure final status to get the economy moving, and to make the progress that my hon. Friend is calling for.

Mike Gapes: I made that point earlier. I accept that until final status is achieved it is almost impossible to invest, but we cannot achieve that status without securing assurances about human rights and resolving the other issues. We are talking about a regional problem that requires a regional solution. The Albanian and Serbian Governments must be partners in a process that must also involve Macedonia and the other countries in the region. That process must be backed up by European Union resources and a security guarantee from NATO, and be under the overall umbrella of the United Nations. Even then we might not succeed, as we saw in Northern Ireland, but we have to try.

3.59 pm

Mr. Crispin Blunt (Reigate) (Con): I begin by drawing the House's attention to my entry in the Register of Members' Interests. It is a particular pleasure to follow the hon. Member for Ilford, South (Mike Gapes), who devoted much of his speech to Kosovo. The right hon. Member for Birmingham, Ladywood (Clare Short) made it clear in her repeated interventions that what is needed is final political status. It would have been a good idea to understand what that final political status was going to be before committing our armed forces in 1999. That lack of knowledge is precisely why we are in our current wretched position, which I, among others, predicted. We have ended up fighting the Albanians—the very people whom we went in to help in the first place.

The wretched truth of our involvement in Kosovo is that we now have to deal with criminal gangs—the hon. Member for Halifax (Mrs. Mahon) mentioned them—who are responsible for the criminal behaviour taking place in that country. NATO and the UK—particularly our Prime Minister, who had a personal strategy—were manipulated by the Kosovo Liberation Army, which began a campaign of terror against the Serbian authorities in Kosovo. In turn, they reacted with all the brilliant strategic skill that might be expected of President Milosevic, triggering the intervention in his country. We should have been much clearer about what exactly we were intervening for, and what the political status would be at the end of the intervention. We still have to sort that out.

I welcome the fact that the President of Serbia is now talking seriously about partition. It is difficult to see any other solution in Kosovo than to accept the reality of the ethnic cleansing there. There are now very few Serbian schoolchildren in Kosovo; people with families have effectively disappeared from the country and gone to Serbia. We have to accept the reality of that position, as we accepted the reality in Bosnia with the de facto acceptance of two political authorities there.

I wish to deal briefly with the canard of the defence budget. Having been special adviser to the then Secretary of State for Defence between 1993 and 1995—not the easiest time for the defence budget—it is a little rich to hear the comments of Labour and Liberal Democrat Members today. Where were they in the days when the defence budget was under pressure? The Labour party was committed to a policy of a 30 per cent. cut to bring us down to average of EU member states, and the Liberal party trumped even that with a demand for a 50 per cent. cut.

I listen to the reinvention of history in this afternoon's debate with the same interest as I listen to the Chairman of the Defence Committee, who likes to present the Labour party as riding to the country's rescue in the 1930s in support of Mr. Churchill. I have to point out that, until 1935, the party was led by Mr. Lansbury, who wanted to disarm the UK in its entirety.

My confidence is the same as that expressed by Lord King in yesterday's defence debate in the other place. He said that whenever he had to go to a Conservative Chancellor or Chief Secretary to the Treasury to ask for money, he was satisfied that no Conservative Government would ever be found wanting in providing the defence resources that were required. At the same time, Conservative Governments have a proper responsibility to ensure that the fiscal affairs of the country are kept in good order. We are not a party wedded to public expenditure and taxation: we want to spend the public's money wisely. I believe that that is exactly what we did in our last period of office, which also explains why the present Government enjoyed such a magnificent golden economic inheritance. The Chancellor's success has come from his first Budget of 1997, when he continued the public expenditure plans that he inherited.

We should also remember that the strategic defence review of 1998 was accompanied by a budget cut in real terms of about £0.5 billion a year. By 2005–06, that will have rolled up into a cumulative cut of about £3 billion-worth of defence expenditure. The Government now tell us about budget increases, but by that time the sums allocated will have reached only £2.5 billion, so the truth is that the Government have cut defence expenditure during their period of office.

The Secretary of State for Defence devoted a considerable proportion of his speech to attacking my hon. Friend the Member for Mid-Sussex (Mr. Soames) and my right hon. Friend the shadow Chancellor, but, as yet, the Conservative party has adopted no position on defence expenditure. The Secretary of State alleged that the shadow Chancellor had spoken about expenditure being limited "within all Departments". As far as I am concerned, that is a wholly satisfactory state of affairs; I was not elected to the House to raise taxes or support overall increases in public expenditure. My responsibility is to ensure that my constituents' money is spent more wisely, so that they can choose where their private expenditure goes. The differing approaches to public and private expenditure represent the philosophical difference between the Opposition and the Government, and they are a proper subject for debate.

[Mr. Crispin Blunt]

At present, the defence budget and our armed forces are in considerable trouble. I draw the House's attention to the remarks made yesterday in the other place by Lord Guthrie, with whom I do not always agree, especially about Kosovo. He said:

"My experience and instinct tells me that we are already in very difficult times, perhaps as difficult as any time since World War II. The only time of similar concern that I can recall was the late 1970s when it became necessary for a new government to rescue defence from ever increasing decline. But today I judge the situation to be far more serious than it was then."

That is the background to the rumours emerging from the MOD about the work going on in the lead-up to the annual round of long-term costings for the defence budget. Yesterday, the Chief of the Defence Staff told the Defence Committee that it was all part of the normal annual process. If so, the scale of the challenge is greater than anything experienced in my time at the MOD.

The 1993 public expenditure settlement called for a cut of £750 million in the defence budget, and we embarked on an exercise called "Front Line First". Something like 23 or 24 cost studies were carried out across the MOD, and they found savings worth £1 billion in the way that the MOD did business. No front-line provision was cut, and in fact £250 million in additional annual expenditure was made available. That was used for additional flying training for the RAF, and the Tomahawk cruise missile was also a product of those savings.

"Front Line First" was a serious and far-reaching study, covering the whole of the MOD. However, it had a deleterious effect on some areas, including recruitment and the Defence Medical Services. That is worth remembering: savings on that scale are very unlikely to produce a completely positive effect.

The MOD is now being invited to achieve savings on twice the scale of "Front Line First". The exercise is cloaked by the claim that it is merely the normal, annual process of balancing the budget and ensuring that everything fits the long-term costings that have been made. The challenge that we faced was only half as big, and our approach was to ask those members of the armed forces and MOD civil servants who would be affected for their ideas about delivering defence more efficiently.

Statements were made to the House about the process and its conduct. It began after the public expenditure settlement of October and November 1993, and was completed in the summer of 1994, when a report was made to the House. No such detail is available today, either to the House or to members of the services. All we know is that quite high-level studies are being carried out into areas of capability such as anti-submarine warfare or ground-based air defence. Those studies deal with the choices being made in the defence White Paper.

The White Paper is a terribly thin document, compared with its predecessors. They went into detail about where expenditure was being applied, and provided proper analyses of what the MOD was being invited to do and the defence tasks facing the armed forces. Of course, the nature of those defence tasks moves on with the times, but I counsel the Government to adopt a philosophical approach similar to that of the 1993 White Paper.

That seminal document laid out three sets of defence tasks. The first was the defence of the United Kingdom, the second was NATO and the third defence task was in effect the rest of the world. The analysis meant that defence tasks one and two were delivered with the force structure that was being followed by the Government and defence task three was a free good delivered on the back of the forces being provided for mandatory tasks one and two.

Times have moved on a little and we are faced with a different challenge, namely, the relationship between Europe and the United States. My concern is that we appear to be betting the shop on the US. Again I shall quote Lord King. Yesterday during the debate on defence the Under-Secretary, Lord Bach, said that it was inconceivable that there would be any major conflict in which the United States would not wish to be involved. My noble Friend replied:

"The Minister said that it was inconceivable that we would find ourselves in certain circumstances where the United States would not be with us. I merely warn him that it was my experience when I had any responsibility for defence that the inconceivable usually happened"—[*Official Report, House of Lords*, 24 March 2994; Vol. 659, c. 730, 745.]

In trying to decide on the shape of the armed forces for the future, we should try to pursue a relationship with the United States that takes advantage of network-enabled capabilities and of making sure that our armed forces can co-operate with the United States in terms of command and control, and so on. In that way, and in what we expect to be the majority of circumstances where we shall deploy troops on large-scale operations, we can operate effectively alongside the States. If, in the process of doing that, we ignore the development of our European allies' defence capabilities and do not ensure that we can operate alongside the Germans, the French, the Italians and the other main European members of NATO, we do so at our peril.

The Government are trying to cover both bases, but they must ensure that the UK Government have a choice about their future defence policy. It is the traditional geo-strategic position of the United Kingdom to have to try and cover both bases. If we end up becoming Robin to the United States Batman, we shall have neglected the ability to have properly organised, trained and equipped forces that can also operate with our European partners. Then we may be presented with what currently appears inconceivable: that the United States might lose the political will to intervene around the world. I suspect that we are seeing the high watermark of US willingness to intervene around the world, to bear the burden and to "pay any price", to quote a President of 40 years ago. The United States may reach the stage where they are not prepared to pay that price. The United Kingdom, with our spread of interests around the world, is a global, international country, and it is absolutely in our interests to continue to make a contribution to global security as the greatest per capita trading nation in the world. We need to ensure that we can do that either with the US or with our immediate neighbours in Europe. The challenge facing the Ministry of Defence is to produce policies and equipment that enable us to do that.

4.13 pm

Mr. Dai Havard (Merthyr Tydfil and Rhymney) (Lab): I shall return to the broad swathe of the White Paper, although I was tempted to narrow it down and deal with particular areas. I should like to comment on how thin it is in terms of its physical structure. Clearly, it is a conceptual document and it is not meant to have the detail in it. It is trying to get people to buy into a general conceptual approach—the detail will come later. It stems from the important decision, made some time ago, to introduce expeditionary forces in peacetime—however one defines peace since the second world war. The White Paper reviews the type and periodicity of operations and raises questions about the range at which British forces will operate. In that sense it differs from the last strategic defence review and earlier documents. The report deals also with homeland security and the military interface with the civil authorities.

Defence equipment is the sexy part of the document on which the press and others immediately pick up. As to air defence, there are questions about whether there will be single-role fast jets and if so, how many; training for multi-role tasking; and whether there will be 200 Typhoons or only 130 as rumoured. The Defence Select Committee will try to find answers from the appropriate individuals. Will there, for example, be a carrier version of certain aircraft? We hope to put flesh on the bones of the conceptual document. There have been welcome announcements about air tankers and refuelling but there are also issues about heavy lift capabilities.

Legitimate questions are being asked also about carriers—such as the length of their decks, and whether there will be a short take-off and vertical landing version of the joint fighter. What will be the role of destroyers? The Defence Select Committee recently reported on Operation Telic, the use of helicopters, and where the land starts and the sea stops. There are questions to be asked also about defence both on the sea and from the sea. I ask my right hon. Friend to consider seriously the place of the merchant marine and whether British ships and British-registered ships should be involved.

The hon. Member for Aldershot (Mr. Howarth) asked earlier whether the Bowman communications system works in the hills. I hope that it does. As that equipment is made in south Wales, there are plenty of opportunities to test whether it works in the hills. That massively important equipment is clearly having a disturbing effect in terms of integration, and I am sure that questions about Bowman training are being addressed, perhaps in some of the work strands to which Conservative Members have referred. We will wait to see.

It is now generally acknowledged that the importance of our reserve forces has recently grown and that they will be fundamental to the operation of the armed services in future. Yesterday, the chiefs of staff seemed to indicate that they were not so concerned about the size of the regular forces. But even if told that they could increase numbers, how would recruitment and retention be achieved? It is therefore clear that reservists will play an increasingly important part and that they will serve alongside and be integrated with the regular forces. We welcome the fact that people are signing up for civil contingency reserves but it will be interesting to see how that activity will be balanced against the work of expeditionary forces.

Compulsory mobilisation will bear examination in future. That has become an issue particularly recently, and the relationship between the reservists, their families and employers, and the support mechanisms to sustain them when they are mobilised will be an important part of the detailed planning for the future. We must also address how reservists are to be used, in formed units or as specialists. Perhaps they might be used as a reconstruction force. It will be interesting to see whether the studies indicate a need for dedicated reconstruction forces, as some other countries have suggested. I have been warned about that, however, and it has been pointed out that reservists do not necessarily join up to do their day job in the reserves. A balance has to be struck.

As for the regular services, there has long been a debate about how to support them and their families, and about their living conditions. Serious decisions will have to be made about where people are based, whether they belong to the RAF or, particularly, the Army. Some of our allies in Europe and the Americans will have to make decisions about how to use more agile forces that are capable of moving more quickly.

One of the chiefs of staff pointed out to me yesterday that both the reservists and the regulars are war fighters and that is what we must train them to be. They can step back from that role, however, to take on the additional tasks that people now expect from British service personnel. Our forces are utility players. They are so capable of performing a range of tasks that they fit easily into the three-block war—in which fighting is taking place at one end of the town, security operations in the middle and reconstruction at the other end. Our forces can change quickly from one activity to another, and that utility comes from their training and experience.

The detailed work on the White Paper should also examine the relationship between the MOD and other Departments engaged in relevant activity. That includes the Foreign and Commonwealth Office, and how defence and diplomacy knit together. As one senior officer said to me the other day, "If you want to play brinkmanship, you can do it in several ways. You can give all sorts of indicators to be people, even when buying equipment." Perhaps the Treasury should also be involved, and planners in other Departments could suggest to its bean counters how to deal with decisions. The Department for International Development could also be included, as well as the non-governmental organisations. The Home Office is also involved in relation to homeland security. Arrangements to co-ordinate all those strands are needed, to make it work.

I, too, was in the Balkans with the Defence Committee recently. The area is an example of what is needed for nation building. The heady mixture of crime, nationalism and terror is a strategic threat that raises questions about the sustainability of operations over time. It is not the case that all excursions in the future will be like Iraq. Our forces will have to undertake a range of activities, and some will last longer than originally expected. We have only a small number of personnel in the Balkans, but they punch significantly

[Mr. Dai Havard]

above their weight. They do so because intelligence is crucial, whether it is military intelligence, defence intelligence, one of the various aspects of Secret Intelligence Service intelligence or police intelligence. All such intelligence has to be joined up. We have seen turf wars in the past, but they will have to stop. Perhaps we should have some special arrangements in the future for linking military intelligence with the other intelligence services to deal better with strategic threats. Human intelligence is crucial. It can involve only very simple things; for example, some of the Gurkhas in the Balkans told us that they wanted night vision equipment. We talk about the need for aircraft carriers and other things that cost millions or billions of pounds, but we can do very simple things that would effect a massive change.

On money, there have been declarations that the defence budget will continue to increase in real terms, although we shall not know the figures until the comprehensive spending review. Obviously, the announcement of a real-terms increase is better than one that says the reverse, but I shall be interested in the amount. I have some questions about the way the Treasury deals with these matters under resource accounting and budgeting, as there are various rumours about the effectiveness of that tool. Keeping the shelves stocked means a lot for Sainsbury's, but the exercise is quite different for the Ministry of Defence. Although resource accounting and budgeting can be useful—it shines a light on many areas, and many members of the armed services will admit that that was necessary—it must be deployed intelligently in the future.

Mr. Blunt: Like me, the hon. Gentleman was present when the Committee made its report on Iraq and he will have heard the presentation by Francis Tusa, supporting his thesis that small incremental enhancements to our current capabilities can make a huge difference for our soldiers on the ground. Francis Tusa referred to improvements to CVR(T)—combat vehicle reconnaissance (tracked)—while the hon. Gentleman referred to night vision goggles, but I hope that he will join me in commending to the Minister the work of Francis Tusa in identifying small increases in spending that could produce a huge capability change for our troops.

Mr. Havard: I was about to say that the White Paper suggests that the whole process should be much more joined up and that many actors can contribute to the debate. I am concerned about the political pressures on us when we make statements about expeditionary forces—as we saw recently when we had to make decisions about going to Iraq. A declaration about an expeditionary force is fine, but that does not mean that I agree with George Bush's doctrine of pre-emptive action. We need to be clear about what we are doing in this place.

We all need intelligence to make those decisions—that is crucial. However, as a member of the Defence Committee, I am sometimes disappointed about the degree of openness shown by the Ministry of Defence, even towards parliamentary institutions that are actually trying to help to ensure that Parliament has proper information to make those crucial decisions. I appeal to the Minister of State on that point, because the Select Committee will certainly want continual monitoring and debate on such issues. One debate in the Chamber will not do the trick—nor will two or three such debates. We need enduring mechanisms to undertake such monitoring. Obviously, the Select Committee has offered to do so. The process involves not only the Ministry of Defence but other Departments; for example, in relation to intelligence for the Select Committee on Foreign Affairs.

We need to ensure that there are ways of doing and ways of seeing. "Eternal vigilance is the price of freedom", as it says on the old trade union banner. Now and again, that is equally true in relation to the Ministry of Defence. Our decisions on the broader political questions are crucial, and we have to make them. What we cannot and must not do is abdicate that responsibility to those who do not want it, are not prepared for it and are the wrong people to undertake it—the military and the armed forces. Those decisions have to remain in this place and we must have mechanisms to ensure that they do so.

4.28 pm

Mr. Michael Jack (Fylde) (Con): It is a pleasure to follow the thoughtful and interesting remarks of the hon. Member for Merthyr Tydfil and Rhymney (Mr. Havard) who, as a member of the Select Committee, speaks with great knowledge. However, I think that in stepping past the point of detail he let his Front-Bench colleagues off the hook. I would have expected the White Paper to deal in much more detail with our defence situation. The hon. Member for Dunfermline, West (Rachel Squire) asked whether it was worth producing the White Paper. My answer, which I hope to explain in a few moments, would be, "Probably not".

Mr. Havard: I was not trying to duck the issue. I appeal to the right hon. Gentleman to have a word with Conservative Front Benchers. If they did not take up so much time, perhaps we Back Benchers would have a bit more time, and the same might apply equally to members of the Government.

Mr. Jack: As a Back Bencher, I have some sympathy with what the hon. Gentleman says, but the debate is about the Government's stewardship of our current defence capabilities. What surprises me is that the White Paper is like a menu without prices. There was no mention of resources; there were no costed programmes; there was no detailed information whatsoever about the defence budget. The Chancellor has cited what he terms a real-terms increase, but we do not know how far above the rate of inflation the forward funding of the defence budget will be. There is a clear indication that all sectors of the existing defence budget are under considerable pressure.

Why does paragraph 4.14 of the defence White Paper, under the heading "Air", state that there is an opportunity for

"reducing the need for single-role fast jets."?

It continues:

> "Multi-role capability will also allow deployed force packages to be smaller where coverage of multiple roles has previously required additional aircraft."

There is then a sentence that I should have liked to be developed in more detail:

"We are now considering how and when we should reduce the numbers of combat aircraft in order to reflect these developments."

No one can make judgments about our future capabilities—whether in respect of purchasing future projects or in respect of sustaining the operation of current equipment—without that detail. The Government have left us dangling on a hook, wondering exactly what the detail will be.

As the Member of Parliament for Fylde, where BAE Air Systems has a significant plant with some 6,000 employees at Warton, I know that such paragraphs in the White Paper do nothing but leave uncertainty in the minds of the employees, the company and, certainly, the RAF about exactly what their capability will be. It is evident both from the Secretary of State's remarks and from the White Paper that air superiority is a precursor to successful operations in all the conflicts in which we have been involved in recent years.

Aircraft such as the Tornado and the Jaguar illustrate that we are capable of building systems to achieve that success, but those aircraft are now either reaching the mid-point or are towards the end of their service life—certainly, in the case of the Jaguar—and they need to be replaced. Eurofighter has been mentioned, but one must recognise that that aircraft was ordered in the first instance to replace many of the ageing types of aircraft to which I refer. The Conservatives can claim a proud part in ensuring that the Eurofighter project was not only started but sustained, particularly given the pressure from our German partners, who once wanted to pull the plug on it.

I congratulate the Government on continuing with the programme, but I have been tabling parliamentary questions for months asking Ministers when they will make a decision on tranche 2. The ministerial rubber band has now been stretched almost to breaking point. It must now be five or six months since negotiations between the company and the MOD began. There are some important issues in relation to cost. The company's position on the price it is asking for the aircraft and the development of a ground attack capability are central issues, but does it really require such a long time to elapse to get those negotiations sorted out, allowing BAE Systems and its employees at least a degree of certainty?

In answer to my last parliamentary question on the issue, the MOD assured me that moneys had been put in place to try to ensure a smooth flow between the existing activity on tranche 1 and the fact that tranche 2 is now late, but I have now completely lost sight of whether those programmes can sustain the work force or whether some of the rumours that are now sweeping Warton and Salmesbury will come to fruition and the company will start shedding labour. Some difficult decisions will have to be made.

Taking at face value the Secretary of State's speech of October 2002, he made it clear that the United Kingdom had to maintain a strategic aerospace capability, to sustain our technological ability and our design and build capability. We need all those things if we are to maintain independence of action with our own equipment. Unless the decisions are made about tranche 2, we will not know whether that skilled work force can be sustained.

Mention has been made of tranche 3, about which I would not expect the Minister to give a clear view from the Dispatch Box at this juncture: there are negotiations about the aircraft, and the capabilities of the plane may move on, just as tranche 2 is different from tranche 1. However, we need certainty about tranche 2.

It was perceptive of the MOD to spend £3 million with BAE working up a configuration to determine what the naval version of such an aircraft would look like. If nothing else, it positions itself as an extremely useful negotiating chip in the discussions that the MOD will inevitably have on the final cost of the joint strike fighter. We are heavily involved in the project and the new factory at Salmesbury has begun work to make the 10 per cent. share that we have won in the joint strike fighter. The Americans understand competition if nothing else and, if we want to keep their minds concentrated on giving us good value for money for the aircraft, doing something about the marine version of the Eurofighter would be an extremely good way of going about that task.

If the hon. Members for Chorley (Mr. Hoyle) and for Preston (Mr. Hendrick) and others had been in their places, I am sure they, too, would have wanted to echo the questions that are being asked in BAE Systems about the future of the project. However, I return to the White Paper, which is completely silent on those questions. The Government show a lack of responsibility in raising questions to which they do not supply answers.

We are at the top table on the joint strike fighter because we have the capability in terms of skilled manufacturing ability and our knowledge of short take-off and vertical landing. However, in a parliamentary question to the Prime Minister, I asked what was being done about the findings of the Rand Europe report—which the MOD commissioned some time ago—about the possibility of the United Kingdom being responsible for the repair and maintenance of the joint strike fighter or even its final assembly and check-out. All that requires the United States to release to us, beyond its current agreements, the technologies that underpin the aircraft. I was reassured not only by what the Prime Minister said, but by the nodding of the Foreign Secretary and the Defence Secretary, that all these matters were actively under discussion with our partners in the United States. So far, we have had no word back at all from the Americans that they will release to their closest ally the detailed technologies that underpin t aircraft. So if somebody drops a hammer on and dents the plane that we ultimately buy, we will not have a clue how to repair it, because no one will have told us how it was put together. That raises an important point.

If the United Kingdom, as Ministers have suggested, is to work more in parallel with and alongside the United States in terms of our war-fighting capability, the United States must stop being so selfish is in guarding these technologies. If our systems are to develop alongside each other, there must be compatibility and a genuine understanding that allies must work together on projects such as the joint strike fighter. If we were to go into repair and maintenance and, ultimately, the updating and upgrading of the

[Mr. Jack]

weapon system when it comes into service, that would provide continuity of employment for tens of thousands of very skilled aerospace workers.

The White Paper is also silent about the Nimrod maritime patrol aircraft. This was a £1.8 billion project. Lots went wrong and BAE has worked hard to get it back under way. We hope that a prototype aircraft will soon fly and that the MOD will order another two maritime versions of it, but what about the other 18 fuselages that remain? There was no word from the MOD as to whether the capability of the aircraft was going to be developed, perhaps even as a bomb-carrying aircraft.

We have heard about the new technologies. I remind the Minister of an article in the August 2003 edition of *Aerospace International* about unmanned aerial vehicles, which appeared under the heading, "The UK—lagging behind?". The Secretary of State talked about Watchkeeper but said nothing about the UK's unmanned combat aerial vehicle or unmanned aerial vehicle demonstrators. The article simply asks, "Where are they?" We seem to have no work going on to develop our technology. New developments will be utterly central to supporting our troops on the ground, enhancing our war-fighting capability and possibly in future delivering weapons systems by UAVs. Where is the UK's position? I say all that against the background of the aviation innovation and growth team report.

The Minister who is to reply to the debate will have read the Secretary of State's speech in October 2002, when he said:

"But there is a wide range of defence industrial capabilities which we would like to retain in the UK industrial base for economic reasons."

I hope that he meant defence reasons as well. He continued:

"These bring valuable employment opportunities to particular regions of the country; they add high economic value; and they can contribute to defence exports to civil applications".

He went on to say why we must sustain our military aerospace capability. Perhaps in his reply the Minister will tell us what comes next after Eurofighter and the joint strike fighter, because there is no vision in the White Paper about what our air-fighting capability will be over the next 20 or 25 years.

In 1986, the experimental aircraft programme, the precursor to Eurofighter, flew, yet only now, in 2004, are Eurofighters being accepted into RAF service. Unless we have some indication about how that capability is to be sustained, companies such as BAE Systems will struggle to know what their future role will be. Should they amalgamate with United States companies? Should they form closer alliances with Europe? If we are to have an independent capability to maintain our air war-fighting capability, one thing is clear: we need an industry that has the technologies to form alliances, whether with European or with American companies, and to take part in joint projects. Without a clear steer from the Government and without guidance, the company and its work force will struggle to see their future.

Some important issues have been raised. If I have one wish, it is that, at the end of the debate, the Minister will remove some of the uncertainties surrounding Britain's military aerospace capability.

Let me conclude on a positive note by putting on record my appreciation of the work that the Government have done in helping finally to bring to a successful conclusion the longest running saga in terms of overseas export orders: that involving the Hawk, the finest military training plane in the world. At last, the Indians have signed the piece of paper and the "march you up to the top of the hill and march you down again" scenario is over once and for all. I am delighted about that. The work started under a Conservative Government and was finished by this Government. I hope that the Government will show the same determination as they showed in securing the Hawk order to remove the uncertainties that surround many of our vital aerospace projects.

4.44 pm

Mr. Tam Dalyell (Linlithgow) (Lab): All of us who listen to him can easily understand the right hon. Member for Fylde (Mr. Jack), and I have considerable sympathy for his concerns about keeping together the skilled teams at Warton and elsewhere. Nevertheless, I have an unpleasant and unpalatable question. Some of the contracts to which he referred—not all, but some—are surely for systems that are as relevant to Britain's 21st century needs as a fleet of dreadnoughts.

Let us take for our example the Eurofighter. As I understand it, 232 are on order, at about £80 million apiece. We have to ask whether we should give such financial priority to a cold war interceptor. What would be the consequences of reducing the number in terms of our relations with the German, Italian and Spanish partners? Some of us wonder whether such systems are suitable for any plausible 21st-century task, but before any decision can be made, we have to know the situation regarding contracts. What contracts have been signed, and what would be the cost of undoing a contract at a later stage? Ministers face an extremely difficult problem. The same sort of argument can be made in respect of Type 42 destroyers, at £1 billion apiece. Some of us have to ask at this stage what would be the military objective of such a sophisticated weapons system in a foreseeable task that our country may be called on to perform?

Sometimes—not very often—a colleague makes a speech in this Chamber that states a problem more eloquently than one could have done oneself. As one who raised the issue of Kosovo and was granted a private notice question on the subject on Monday, I can only say that the speech made by my hon. Friend the Member for Ilford, South (Mike Gapes) should be read by all who have to make decisions on that desperately difficult problem in the Balkans. I am glad that he referred to the nickel factory.

I shall simply relate a personal experience, and I hope to be forgiven for crudity. I went to stay for four days in Kosovo with my national service regiment, the Royal Scots Dragoon Guards, which was on duty there. In the presence of the then colonel, David Allfrey, and the then second in command, now colonel of the regiment, Ben Edwards, I was able to talk at length with some of the local Albanian leaders. I would not have had that conversation had not the guns of the British Army been behind me, because they were pretty rough customers. They were truculent, saying, to put it crudely, "Of course we're going to win—we have the power of the

penis." By that, they meant that they were going to use population to achieve their objective—greater Albania. Some of us who opposed involvement in Kosovo from the beginning thought that we were being taken for a ride—twisted around the little finger of people whose agenda was very different from what Britain and the United States thought they wanted. The way in which we were manipulated by the Albanians must teach us a lesson.

Last week, with the Inter-Parliamentary Union, some hon. Members had long and serious discussions with the incoming Serbian delegation. My hon. Friend the Member for Ilford, South was present and my hon. Friend the Member for Halifax (Mrs. Mahon) chaired the meeting, and they will bear out my account. The Serbs said, among other things, that it was all very well to talk about rebuilding Belgrade, but the old buildings were constructed under the Austro-Hungarian empire, so the centre of their capital city could not be rebuilt unless every stone was taken down and construction started again. Bitterness is mounting, and my impression, which my colleagues might share, was of a highly dangerous and explosive situation. People say that it will take between $30 billion and $100 billion to improve the position.

Turning to Afghanistan, after two and a half years, it has been restored to the warlords without our achieving the stated objective of the Afghan bombing, namely the apprehension of al-Qaeda members responsible for 9/11. What exactly are our objectives, and what is the time scale? Having listened to the hon. Member for Hereford (Mr. Keetch), I believe that we are entitled to say that it is easier to put troops in than pull them out. I hope that in the winding-up speeches we will be told what the short and medium-term objective in Afghanistan is. Drug production has gone up 14 times since the Taliban were in power, but I do not think that was the objective of the military intervention.

As for Basra, Brigadier Nick Clark said that there is a clear attack, not on the local community but on the coalition forces. We are seen more and more as an occupying army, and our presence is regarded as an extension of the crusades, which is highly dangerous. The Whips rightly asked me to be brief, so I shall ask one final question, which is not meant to imply, "I told you so." At 5.6 am on 18 December 1979, with Jack Weatherill in the Chair, as part of the old Consolidated Fund debate, I raised at inordinate length—I spoke for three quarters of an hour—the case of a young research student in the university of Brussels who had gone to Urenco at Almelo and pinched nuclear information about centrifuges and, more to the point, addresses of locations where various parts for nuclear weapons could be found. I then tabled two questions to the Prime Minister, and in the Corridor told Mrs. Thatcher, with whom I was then on very good terms, "I hope you don't think that I'm wasting your time with my concerns about this research student." She replied, "Whatever anybody else thinks, I do not think"—the hon. Member for Aldershot (Mr. Howarth) will know very well how she could emphasise "I" and say it in a way that no one else could—"that you're wasting time at all." I deduced that the intelligence services were going to take a proper interest in the activities of that research student, whose name was Abel Qader Khan.

The debate started off with my saying that the Rosenbergs, Alan Nunn May, Klaus Fuchs and Bruno Pontecorvo combined may not have done as much damage as that research student. That is all history, but, as I have had rather succinct answers to my parliamentary questions, I want to know, once people were told that there was a problem, what effort was made in the past 10 years to follow it up and keep tabs on it. That man, who sold information to the Iranians, North Koreans and whomsoever has created mayhem, which even the atom spies did not achieve 20 years before. My question is, was that followed up, and have any lessons been learned?

4.54 pm

Mrs. Alice Mahon (Halifax) (Lab): I, too, will try to cut my speech down and keep it brief.

We had to deploy an extra 750 troops to Kosovo last week. The entire violent episode exposed the character of the Albanian separatists, some with terrorist and criminal links, who are now in leading positions of power in that province. The Kosovo Liberation Army never disbanded. It simply became the Kosovo Protection Corps. Agim Ceku—I name him again—the man who ethnically cleansed the Krajina, is in charge of the Kosovo Protection Corps.

I agree with my hon. Friend the Member for Ilford, South (Mike Gapes) that what we saw last week was a flagrant example of ethnic cleansing: 3,500 Serbs were burned out of their homes by well organised gangs and joined the 200,000 who have been expelled from the province during the past five years. Those people are scattered all around Serbia and Montenegro in camps. The hon. Member for Uxbridge (Mr. Randall) and I, as officers of the joint group on Yugoslavia, visited some of those camps. I wish other hon. Members would take the trouble to do so. I am pleased that the spotlight is again on those forgotten ethnically cleansed people. Maybe now note will be taken of them.

The violent attacks against the Serbs and other minorities have gone on under the UN, KFOR and so-called protection force administration since the military campaign ended. It is inconceivable to me and many others in the House that thousands of troops from 30 countries are unable to protect the Serbs and other minorities living in the province. Between June 1999 and last week there were 6,923 attacks on the minorities by the Albanian separatists. I make a distinction between them, and people like Dr. Rugova and the men and women of peace in the Albanian community, but the separatists are in charge and they want an ethnically pure state and a greater Albania. Why else would they destroy 154 churches and monasteries? Why else would they want to wipe out a whole culture and eliminate diversity? Their aim is a greater Albania. I am old enough to remember another regime in Europe that sought to eliminate other races and cultures. The consequences for Europe and the world were disastrous.

The latest outbreak of ethnic cleansing was well organised. The Secretary General of NATO, Jaap de Hoop Scheffer, accused the Kosovo Albanians and said:

> "What happened last week, orchestrated and organised by the extremist factions in the Albanian community, is unacceptable—it should be condemned and it's a shame."

[Mrs. Alice Mahon]

The UN spokesman said that more than 50,000 people took part in the violence. Only 163 have been arrested. The mob also turned against KFOR and the UN. We know, too, of the tragic killing of two UN policemen.

KFOR must take immediate steps to provide effective protection for the minority communities living under siege. The war criminals such as Agim Ceku and Hashim Thaci who give the Albanian community such a bad name should be arrested and taken to The Hague. UNMIK, which on several occasions has tried to overturn warrants and criminal proceedings against Ceku, should stop doing that.

Let me say something about the links between the separatists and other extremist Islamic groups. On 15 October 2003, a GIS/Defence and Foreign Affairs report—there have been regular reports since the 1970s—indicated that Ceku was directly engaged in support of Albanian-trained Islamic terrorists, and noted:

"During the first half of August 2003 300 Albanian-trained guerrillas including approximately 10 mujahedin (non-Balkan Muslims) were infiltrated across the Albanian border into Kosovo, where many have subsequently been seen in the company (and homes) of members of the so-called Kosovo Protection Corps. The guerrillas were trained in three camps inside the Albanian border at the towns Bajram Curi, Tropoja and Kuks where camps have been in operation since 1997".

From visits to Interpol as a representative on the NATO Parliamentary Assembly, I know that some extremists in Albania and the Kosovo Liberation Army have links with al-Qaeda. Kosovo is in the hands of mafia extremists, organised crime is the main economic activity, and the sinister link to terrorism is definite. I agree with my hon. Friends, and, in particular, with my right hon. Friend the Member for Birmingham, Ladywood (Clare Short), that we must have a serious discussion about the final settlement in Kosovo, because the issue will not go away.

I shall turn briefly to the most pressing and dangerous situation facing our armed forces today—Iraq. I wish the Secretary of State had updated us on the horrific pictures that we saw yesterday, in which our soldiers were fighting people who were throwing petrol bombs at them. I hope that the Minister will address that point when he sums up. I deeply regret that, just more than one year ago, we were unable to stop what I consider to be an illegal, immoral and extremely dangerous invasion of Iraq.

We know that 600 coalition troops, including 60 British troops, have been killed, and thousands have been injured. It is deeply shaming to the Bush Administration that they take their dead and injured back to America in secret, and I congratulate our Government on honouring our dead, on making sure that the injured get the best possible treatment and on not trying to keep the public away.

I want to say something about the civilians who have been killed in Iraq since the beginning of the war, because most of the people who have been killed are civilians and their deaths are rarely reported. Dr. John Sloboda, an academic with the Oxford Research Group, has set up a body called, "Iraq Body Count", which is an independent count of media-reported civilian deaths as a result of coalition military action and the occupation. His sources are published and are easily available on the internet for anyone to check or dispute, but, to the best of my knowledge, no one has done so up to now.

Dr. Sloboda and his team should be congratulated, and I shall quote from "Iraq Body Count", because, as part of the occupying force, my Government have a responsibility towards Iraqi civilians, and, at the very least, we should report and record the dead and injured:

"An Iraqi family . . . lost 11 members when U.S. soldiers opened fire as their sport utility vehicle approached a checkpoint."

The mother in that family kept saying this over and over again to the media:

"'I saw the heads of my two little girls come off,' Hassan's wife, Lamea, 36, recalled numbly. She repeated herself in a flat, even voice: 'My girls—I watched their heads come off their bodies. My son is dead.'"

Similarly, we were responsible for civilian deaths when we hit the wrong targets. At about 6 am, one family sheltering in a bunker, which had been constructed when the last American bombs fell, lost 10 members as the house collapsed around them. How can one compensate for that kind of tragedy?

Killings are still taking place under the occupation, and even in UK-controlled areas such as Basra, public security is inadequate. We now know that up to 10,600 civilians have died since we invaded in March 2003, and the civilian death toll is the worst from a war waged by either the United States or the United Kingdom since the Vietnam war. We should all reflect on that point: we should certainly not try to hide from it, and we should record the figures. The US-UK coalition has repeatedly said that it will not record the figures, and now the US-appointed Baghdad authorities have refused to recognise the need and the duty to account for those civilian deaths. As Dr. John Slobodo says, Iraqi civilians are now relegated to the status of "non-people."

Decisions have to be made about Iraq. With the death toll of American soldiers mounting and a presidential election in the offing, the United States is desperate to transfer powers by the end of June and wants to step back from the bubbling cauldron that it helped to create. That strategy of bringing democracy to Iraq stands little chance of success unless certain things happen. The temporary governing council, its ministers and their advisers all owe their allegiance to Mr. Bremer and the United States, and the Iraqi people know that. Many people in the interim Government are still based outside the country and show no signs of returning with their families to settle in Iraq, so they do not command much public confidence.

The intercession of the United Nations is welcome, but we want it to be done in a proper manner, and only if Kofi Annan is able, and is seen to be able, to act as a genuinely independent element in resolving the impasse. If Iraqis perceive him as providing a fig leaf for United States intentions, he, too, will be rejected. The situation in Iraq is desperate, and requires much more discussion.

5.6 pm

Clare Short (Birmingham, Ladywood) (Lab): I rise to set the record straight on the very important question of why there is such a disastrous lack of security in Iraq and why better arrangements were not put in place to help the people of Iraq to reconstruct their country. That

issue is obviously terribly important for the people of Iraq. As I said earlier, the current disorder is leading them to say that no matter how much they welcome the fact that Saddam Hussein is gone, the situation in which they are living is worse than that which preceded it. The question of how we are to bring them security is enormously urgent and difficult. It is important to learn how we got into this mess in order to find our way forward.

More broadly, in the post-cold war world, the military phase of any conflict that arises from failed states and civil wars is quite short and relatively easy. The reconstruction of countries is the difficult and complex part, but it is crucial to ensuring future stability and security. We need to learn those skills more effectively and hone the international system for dealing with such situations.

I have already drawn the House's attention on a point of order to the false claim made in the report by the Select Committee on Defence entitled, "Lessons of Iraq", which was published on 3 March 2004. It states at paragraph 358:

"It has also been suggested that"

the Department for International Development's

"role in post-conflict planning was constrained by the attitude of the then Secretary of State towards the prospect of military action. Although our witness from DfID denied that this was the case, we remain to be convinced."

That assertion is completely untrue and is based on absolutely no evidence. I am enormously surprised that any Committee of this House should conduct itself in such a shoddy manner by making an assertion based on no evidence, not having taken evidence from the Member concerned.

Following the publication of the report, I wrote to the Chairman of the Select Committee telling him that the claim was untrue and offering to give evidence to the Committee on the preparations that were made. He replied that the Committee stood by the false claim, and I was invited, along with anyone else who might be interested, to provide written evidence to rebut it. What a topsy-turvy world we appear to be living in. I hope that no one makes that suggestion to the Home Secretary in relation to our courts—he might even take it up.

Mike Gapes: My right hon. Friend is attacking the Defence Committee. She should be aware that during our investigations over the past year many of us on the Committee had extensive discussions with many people about what was happening in Iraq. On that basis, we were not satisfied with the response that we received from officials in her former Department. The Chairman of the Committee is not here at the moment, so he cannot reply on his own behalf. I should like to place on the record that the Committee has written to my right hon. Friend the Member for Birmingham, Ladywood (Clare Short), and that if she has something to communicate to us, she can no doubt do so, and we can continue with it later.

Clare Short: I am sorry, but obviously my hon. Friend was so busy getting up to rebut what I said that he did not listen to it. I just referred to the letter that I received—a letter that invites me not to give evidence but to rebut a false assertion, which was based on no evidence whatever. This is a serious matter. It is an insult to me and an insult to my former Department. It also suggests that the Defence Committee is not interested in learning lessons and finding out the truth about why there is such chaos in Iraq. That is a serious matter for the government system.

Rachel Squire *rose—*

Clare Short: I will not give way, because I would like to get on and make my speech.

From the very beginning, my view on Iraq was that it was right to threaten to use force to back up the UN's authority, because containment was crumbling and sanctions were hurting, but that there was no need to rush. That is where all the failure has come from. The Defence Committee failed to face up to the reasons for the lack of supplies for our troops and the lack of preparation for the possible use of chemical weapons. Defence intelligence had assessed that there was such a risk. Those reasons were that the date for war was fixed early on, that there was deceit about that date having been fixed, and that the preparations for military action came very late and were not fully made.

Rachel Squire *rose—*

Clare Short: No, I will not give way because I want to get on, if I may.

Matters were different, however, over preparations for the reconstruction of Iraq. We prepared for reconstruction with international support. When I agreed to stay in the Government, having been pressed very hard to do so by the Prime Minister—I had intended to resign at the time of the war and to vote against the Government—I did so on an absolute promise that there would be a UN mandate for reconstruction, and that reconstruction would be internationalised. I decided to take the flak and the criticism for failing to resign because, knowing that the war was unstoppable, I wanted to try to ensure that reconstruction was carried out properly. That was the most crucial matter to the interests of Iraq and the people of the middle east.

Various preparations were made. First, the military, as an occupying power, has a duty under the Geneva convention and The Hague regulations to keep order and to provide for any immediate humanitarian needs. We worked with our Ministry of Defence to purchase food and make preparations for the possible humanitarian crisis, giving our support and advice. Secondly, we provided funding and support for some British non-governmental organisations that have experience of working in Iraq. We gave much support to the Red Cross, which worked in Iraq through the war but, tragically, withdrew afterwards because of the disorder.

We also supported the UN in preparing its intervention. The UN knew an awful lot about Iraq; it had been running the oil-for-food programme for a long time and had considerable numbers of Iraqi staff as well as international staff. Those staff were withdrawn during the conflict, but the UN had supplies in the region and was ready to go back in. The UN, through the office of Kofi Annan and his deputy Louise

[Clare Short]

Frechette, was fully prepared to move in, under the sort of mandate that it had been given in Afghanistan, to help the Iraqis to put in place an interim Government to start the reconstruction. If that had happened, the whole international community would have engaged with the process. I had discussions with my fellow Ministers across the international system, including in France, Germany, the Scandinavian countries and Canada, and had said to everyone that, whatever our differences over the route to war in Iraq, we must all come together to help Iraq to reconstruct. All that was in place, and ready to go.

So what happened then? There was a big argument, which the Select Committee report alludes to, between the State Department and the Pentagon in the United States of America. The State Department had made full preparations for the situation after the conflict, but it was pushed to one side. The Pentagon took over, made it absolutely clear that it did not want any significant role for the UN, and set up ORHA—the Office for Reconstruction and Humanitarian Assistance in Iraq—which was assembled only weeks before the conflict began. Major-General Tim Cross, whom I had worked with in Kosovo in the support of refugees, became its deputy and found that the furniture was still being moved about and that there were no plans.

That is what happened. The international system and all the international preparations were brushed to one side, and ORHA moved in with retired general Jay Garner in charge. That body was in Kuwait for a time, and it had been busy with Secretary Rumsfeld selecting which Iraqis would have significant positions. No proper preparations were made for keeping order or for giving the UN a proper role—which would, in turn, have brought in the international community. Members will remember the arguments. Will the Indians come in? Will the Pakistanis come in? It was a very good idea to have a substantial Muslim country supporting the keeping of peace and order in Iraq, but none of them would do so without a proper UN mandate and resolution.

That is the shameful story. There were two great blunders, the first of which was to rush to war too fast, without first exhausting all possible means of disarming Iraq or proving that it had no weapons of mass destruction. Indeed, we should have tried to indict Saddam Hussein, while authorising armed support for the UN weapons inspectors if need be. We had to be willing always to contemplate force to back up the authority of the UN if necessary, but in my view we should have taken more time. The reason why we went to war when we did is that there was an unwillingness to rotate the troops through the hot weather. That is why we got into the mess that we did, and why our troops were subjected to such risks.

The second failure was the arrogance of forcing other members of the Security Council to say yes to a war by a pre-ordained date. In doing so, the UN was completely brushed aside, and the international system's machinery for helping a country to reconstruct was not used. In addition, because the Office for Reconstruction and Humanitarian Assistance was so focused on its political tasks, the military moved away from their duty under the Geneva convention and The Hague regulations, which is to keep order. There should have been military rule and an absolute focus on keeping order. The latter failure, which resulted from the closing down of the Iraqi army, explains the situation that we are in.

We have to get out of this situation, which is a disaster for the middle east and for the people of Iraq. The answer is the same as that which should have been secured at the time: a proper UN mandate and lead; international engagement; getting more countries involved; greater legitimacy; and a proper interim Iraqi Government who are recognised as legitimate by the whole international community.

That is the story. I and my Department made full preparations for the proper reconstruction of Iraq, but I am afraid that our country and Prime Minister did not stand up to the Americans when the Pentagon, in its full arrogance, brushed aside the preparations made in its own country through the State Department, and led us into the chaos that we now see.

5.17 pm

Mr. John Smith (Vale of Glamorgan) (Lab): I am grateful for the opportunity to speak in this debate, albeit briefly. I intend to focus my comments on a small but none the less important part of defence policy that is often neglected—defence logistics—but first I should like to make a couple of general comments. I congratulate my right hon. Friend the Secretary of State for Defence on producing an intelligent White Paper that leads the way for future defence policy. My hon. Friend the Member for Dunfermline, West (Rachel Squire) referred to the number of strategic reviews. Unfortunately, that is an indication of the times that we live in. The security environment is changing so rapidly that there will be an increasing number of reviews over time. I also congratulate the Secretary of State on securing from the Chancellor of the Exchequer a real-terms increase in the defence budget.

I should also congratulate the shadow Defence Secretary on putting on such a brave face this afternoon, in the full knowledge of the impossibility of defending the policy that he will have to defend. I might disagree with him and his Front-Bench colleagues, but I recognise that they are committed to defence policy and to defending this country. I therefore understand the embarrassment that they must be experiencing, but it is not my intention to exploit it this afternoon.

Mr. Blunt: Following the Chancellor's Budget statement, my noble Friend Lord King sought clarification from the Treasury concerning a real-terms increase in defence spending. However, he discovered no such undertaking, beyond what had already been announced in the previous comprehensive spending review. If that proves correct, I should imagine that the hon. Gentleman, like me, will regard it as something of a let-down.

Mr. Smith: We await the Chancellor's statement with interest. My understanding is that a commitment to the defence of this country—something that I believe in strongly—has been given, and I look forward to hearing what the Chancellor says.

I shall confine my remarks to defence logistics. It is often forgotten that nearly half the entire defence budget goes on logistics and not an awful lot of time is

spent debating the £15.2 billion—at 2003 out-turn prices—involved. About £11.4 billion of that expenditure is currently under review as part of an MOD end-to-end review of air and land logistics. I support that vital review, the general objective of which is to reduce the footprint of logistics to prevent duplication, to ensure faster response times and to secure the equipment and support where and when it is necessary.

The National Audit Office report on Operation Telic identified the need to achieve those tasks and it concluded that the operation was a huge logistical success. It was the fastest deployment—within 10 weeks—of the largest British expeditionary force ever into a theatre, a very austere environment, nearly 4,000 miles away. There was even a change of location. We therefore deployed people even more quickly than the planning assumptions for the deployment would have suggested.

The NAO rightly recognised some capability gaps within that deployment, but did not do so in respect of fixed-wing aircraft, which were deployed very successfully into the field. I am particularly interested in air support and the role of third-line reinforcement and support for operational aircraft that need to be put rapidly into the field and maintained there.

Government policy in that respect has been incredibly innovative over the past few years and has created the so-called trading funds. The Defence Aviation Repair Agency whose headquarters are in my constituency is one example, and there are other bodies such as the Army Base Repair Organisation, ABRO, which play a vital strategic role in ensuring that we get our logistics act together.

Ministers will be aware that yesterday's announcement of up to 550 redundancies at DARA at RAF St. Athan in the Vale of Glamorgan in the next 12 months was received with disappointment and dismay by my constituents and that work force. We should acknowledge the crucial role that these guys play in the logistical chain of depth air support. Indeed, they were somewhat taken aback. These are highly skilled workers, vital to support our front line—and I repeat that the NAO identified no faults whatever in the logistical support for our fixed-wing aircraft in Operation Telic in Iraq.

About 360 of those jobs are to be lost as efficiency savings—that was the explanation given. The work force and I accept that some efficiency savings have to be made, but we do not agree that such a large loss of highly skilled workers is necessarily the best way of achieving them. Incidentally, the depletion of such an important skills base—in military aeronautical engineering—is a severe sting, especially given that the organisation will be expected, after 1 April this year, to compete in the marketplace with no vote money and not a penny from the taxpayer for its future work. Losing those skills is a worry.

However, the second half of the decision is what worried me and many of the DARA workers at St. Athan. That was the announcement of 190 redundancies because the contract to upgrade the Harrier platform had been lost. The contract went to RAF Cottesmore, and that astonished many workers. They believed that the purpose behind the creation of DARA, the trading fund in the logistical chain of support, was to civilianise the crucial deep repair operations—the garage or depot operations inherent in the overhaul and maintenance of fighter aircraft.

Civilianising that work, and taking it away from RAF personnel, was supposed to mean that it could be carried out in a commercial environment, and on a par with any player in the private sector. Workers were shocked to hear that the contract had gone back to the RAF because the work is now to be completed in-house, even though so much effort had gone into ensuring that DARA was competitive and in a strong position to enter the marketplace after 1 April.

Another concern is the nature of the end-to-end review. I have said that it is important to carry out that review, as so much of defence expenditure goes on logistics. Freeing up some of that money would mean that it could go on front-line services. Our forces could then be released to do what they do best—war fighting, or preparing for war fighting or peacekeeping—and that they could perform those tasks unhindered.

The suspicion at DARA about the end-to-end review has several causes. First, the trading funds were not originally included in the review. They were introduced after the review had begun, and it was not thought that they would be included in the MOD logistical chain, as a solution had been found. Creating a trading fund meant that the resulting commercial organisation could compete with other players in the market. Why has the work been returned to the MOD logistical chain? The people at DARA regard the decision as more or less an afterthought.

The second cause of nervousness about the end-to-end review is that, although its team leader has a distinguished record in the armed forces, he is not noted for his support or sympathy for the newly created trading fund and its role in providing air support for the RAF. Another consideration is that the specialist teams that decide the contracts are predominantly made up of military representatives from the forces. There is therefore a belief that there could be a bias in the decision-making process. I do not say that I subscribe to that belief, but I have heard that view expressed by workers at DARA, where there is the prospect that 550 jobs will be lost.

In future, there will be competition for major contracts, such as that for the Tornado GR9 structures. I know that my right hon. Friend the Minister of State will not be able to say how that will turn out, as the review is still under way and the decision has not been taken. However, I want to be able to reassure the highly skilled workers at DARA, who play an absolutely vital role in providing logistical support, that future contract allocations will be transparent. In that way, wherever a contract is eventually placed, those workers will be able to see whether the bid that they put in was strong and economical, or weak. That will be the difference between winning and losing any such contracts.

The House will accept that we must not lose the skills that I am talking about, so it is possible that there could be a strategic reason to maintain them at military bases as a second-line reinforcement. If that is the case, a transparent contract allocation process would allow workers to understand the reasoning behind decisions. It is vital that any future decisions be transparent and seen to be transparent.

[Mr. Smith]

If decisions are made on that basis, the Defence Aviation Repair Agency, which has shed half its work force in the past four to five years without a single compulsory redundancy, and is virtually doing the same volume of work with half the work force, will be fit, lean, mean and capable to compete successfully in the marketplace with any organisation in the world on military aviation. Given all that it has achieved, and in recent years it has jumped through hoops to become efficient and competitive, it needs those assurances. Finally, it would also like to know why it did not win the Harrier platform contract that was announced yesterday.

5.31 pm

Mr. Gerald Howarth (Aldershot) (Con): First I thank all the hon. and right hon. Members who have paid tribute to my late noble and gallant Friend Lord Vivian. He was a very splendid man indeed and the tributes paid to him today fully reflect that. I intend to send his widow a copy of today's *Hansard*, so that she may read for herself the tributes paid to him in this House.

We have had a typically robust and interesting debate, sadly not as well attended as we would have wished. The usual groupies are here. We give a special welcome to the one or two new Friends who have joined us, and hope that they will come back and join us again. I say that much as they do at services in church on a Sunday. I hope that those who have not participated so enthusiastically in the past will come back. In particular I welcome the right hon. Member for Birmingham, Ladywood (Clare Short), the former Secretary of State for International Development. I do not always agree with her, but I have found her to be a personable friend across the Floor and it was interesting to hear from her.

Time is marching on, so if the House will forgive me I will not go through all the speeches that were made. I put it on record once again that the deliberations of the Defence Committee have done credit to that Committee, to the House and to the parliamentary system. It was an extremely well-informed report that contributed significantly to all our understanding of the conduct of the Iraq war.

A number of people, including my right hon. Friend the Member for Fylde (Mr. Jack), remarked on the lack of detail in the White Paper. My right hon. Friend rightly described it as a menu without prices. Like him, I too have a major BAE Systems operation in my constituency and my constituents are concerned about the uncertainties surrounding a number of programmes. The reasons for publishing the White Paper are encapsulated in supporting essay 2. Paragraph 2.9 states:

"Since SDR our Armed Forces have conducted operations that have been more complex and greater in number than we had envisaged. We have effectively been conducting continual concurrent operations, deploying further afield, to more places, more frequently and with a greater variety of missions than set out in the SDR planning assumptions. We expect to see a similar pattern of operations in the future."

In other words, the Government expect multiple, concurrent, small to medium-scale operations such as counter-terrorism, counter-proliferation operations and enduring peace support operations well beyond the assumptions of the strategic defence review to be the norm, without creating overstretch.

The White Paper also recognises the need to retain the ability to undertake a large-scale operation such as Operation Telic, although in his statement to the House in December the Secretary of State accepted that expeditionary operations on that scale can be conducted effectively only if United States forces are engaged. That leads to the further essential requirement set out in the White Paper, of inter-operability with the United States.

The blunt message of that policy was summed up by Bronwen Maddox in *The Times*:

"Britain will never again fight a big war on its own, as it did in the Falklands."

As my hon. Friend the Member for Reigate (Mr. Blunt) said, it is a matter of betting the shop on the United States.

Notwithstanding that brutal assessment, the Government's ambitions are markedly greater than in 1998, and the White Paper must be judged against the revised range of assumptions. We have no reason to disagree with the threat assessments. We believe that the United Kingdom should be prepared to play an important role in the less stable, post-cold war world—but if the UK wants to play in that league, there is a price tag. We are not convinced that the solutions proposed meet the challenge that the Government have set themselves. Nor do we believe that the Government are prepared to pay the price that goes with effective application of the policy. Like the Chief of the Defence Staff, we look forward to the Chancellor's detailed announcements on spending in July.

A widespread view shared at senior military level is that the strategic defence review was underfunded. The White Paper proposes an even more ambitious military posture, yet—despite the Chancellor's rhetoric—the additional resources do not meet the increased ambition.

Taken together with the acceptance that high technology in the form of network-enabled capability must be an essential component of the new scenario, the Government's enhanced ambitions have put the screws on our conventional forces—the reason for talk of platform numbers being less relevant. If we are to be prepared for the envisaged increase in operations, something has to give. My hon. Friend the Member for Mid-Sussex (Mr. Soames), who was in such good form today, said in December:

"We are concerned that a whole raft of decisions on cuts in both manpower and equipment will start to leach out later."—[*Official Report*, 11 December 2003; Vol. 414, c. 1213.]

Since then, the press has been awash with speculation that whole aircraft types will be taken out of service, regiments axed and the maritime fleet reduced in size. The Government have already drunk the Territorial Army well dry, thanks to their ridiculous policy of cutting the TA down to about 18,000. Fortunately, the cut is not as much as the Secretary of State envisaged, and he was relieved—and said so publicly.

We know that the Ministry of Defence is undertaking studies in 14 so-called work strands with a view to meeting the cost savings demanded by the Treasury. We were assisted by the Minister of State in the other place yesterday:

"To manage the in-year pressures, we have had to scale back cash expenditure across the department, in particular in the Defence Logistics Organisation and the Defence Procurement Agency . . . It is clear that during both next year and the year after we shall continue to face financial pressures. We are conducting an assessment of where reductions in planned expenditure can be made in each of those years so that we can continue to live within our means . . . So I am not in a position to be able to tell noble and gallant Lords and the House generally what figures are being bandied about but I think that I have been fairly frank with the House in going as far as I have."—[*Official Report, House of Lords*, 24 March 2004; Vol. 659, c. 743–744.]

The Minister, by admitting serious financial pressures, was probably too frank for some of his colleagues. For all the attacks directed at us, the Government are struggling to maintain their existing commitments—let alone the increased commitments envisaged in the White Paper.

If our forces are to undertake the range of operations foreseen in the White Paper, platform numbers and boots on the ground will matter. The Government are engaged in a series of gambles in a desperate attempt to square the circle. They have taken a gamble with the early withdrawal of the Sea Harrier starting next week, thereby removing Britain's independent maritime air defence capability. On present projections, that capability gap will be at least six years—longer if the new carrier programme is delayed. We may be looking at 10 years without full fleet air defence. The Minister ought to say whether he agrees that aircraft could remain in service until 2012 without an engine upgrade.

It has been reported that the Government are to cut the number of Type 45 destroyers from 12 to as few as nine or eight, vastly reducing Britain's maritime capability and reach. Numbers do count, as the Minister will understand when he recalls that the frigate deployed to Sierra Leone a few years ago was also on standby for the Falklands and the Caribbean. For those without a map, those areas are several thousand miles apart. Will the Government clarify their position on the Type 45s? Do they intend to procure the 12 vessels originally envisaged or will we have to wait until those work strands have reported?

On the future rapid effects system—FRES—the Government are gambling on a programme that is central to achieving the aims set out in the White Paper. FRES is a clear example of the fact that the development of a medium-weight capability is essential to the expeditionary role envisaged in the White Paper. That was reflected in the early in-service date and high-priority status afforded to it. However, the Government have not yet even decided what they want from the programme, let alone how to procure it. By putting it out to a systems house, the Government could have added anything up to a year to the process, kicking a final decision ever further into the long grass and making the prospect of FRES reaching its early in-service date remote.

There are other examples, with which Ministers will be only too familiar. Two of the six Astute submarines are said to be on the chopping block, which would reduce our maritime capability still further and deal another blow to the Ministry's favourite contractor, BAE Systems. Up to 40 Challenger tanks may be mothballed, curtailing capabilities further. Ark Royal is to go into some kind of mothballing and the joint strike fighter—now called the joint combat aircraft—could be cut from 150 to 110. It is a key component for the carriers and it would helpful if Ministers could answer some of the concerns that have been expressed on both sides of the House about those programmes today.

On a note of agreement, I can say that we support the carriers. The carrier programme that the Government have developed will be essential to the concept of expeditionary warfare that they advocate. I welcome the fact that the drumbeats in the jungle suggest that the carrier size has gone back up to 60,000 tonnes. That will result in serious carriers that are capable of delivering what we all want to see. However, there is uncertainty about the programme. We have heard reports that the MOD wants to take control of the programme, instead of making BAE Systems the prime contractor, or to hand it over to AMEC. Despite having the excellent Syd Gillibrand as its leading light, that company has not had great experience in running such a programme.

The Government are also ransacking the cupboard for other savings. Earlier this week, the Under-Secretary smuggled out a written statement, blandly called "Estate Rationalisation: Presentation Strategy", the key sentence of which reads:

"The work now underway is looking at consolidating defence activity at a smaller number of more densely utilised locations in order to achieve the optimum use of land and facilities . . . it will take into account existing relocation studies that have already been announced."

As the Member of Parliament for Aldershot, I hope that the Minister can tell me whether the review will apply to Aldershot and Tidworth, which are currently the subject of Project Connaught, which will see more than 25 per cent. of the Aldershot garrison sold for housing. If there is to be a further fire sale of military assets, where will the Government house the 8,000 troops they will bring back from Northern Ireland under that peace dividend? Where will the 20,000 troops presently in Germany be stationed if they are pulled back—as they will be at some point? Will not a policy of super garrisons substantially reduce the military footprint in the UK?

The White Paper sets out the Government's projections for the next 15 years. Admittedly, the last White Paper lasted only six years, but it is still a basis for today's discussions. The projections anticipate a level of military action similar to the recent pattern, which is well in excess of the level envisaged by the SDR just six years ago, and they do not fully quantify the effect of Islamic fundamentalist terrorism on our country. The truth is that manpower has been cut, increasing pressure on young service families. Training has been cut. The TA is running out of people to support the regulars. Numbers of aircraft, ships and armour are being reduced and assets are being sold.

Despite the dangerously uncertain world that we have entered, Ministers are taking gambles that capability gaps will not be exposed. They have failed to order essential battlefield equipment in time. The defence industrial policy, about which my right hon. Friend the Member for Fylde spoke so comprehensively, is, to quote a senior industrialist, "a shambles". We have

[Mr. Gerald Howarth]

received no tangible dividend for the Prime Minister's support for the United States. As my right hon. Friend said, there should at least be a technical access agreement on the joint strike fighter. Where is that? What answer can the Minister give us about control of the British defence industrial base if that control is moving inexorably into the hands of the Americans? As we know, they have done us no favours in the commercial field. Political correctness inhibits training and the development of risk awareness.

All those points were summed up in the brutally frank admission made yesterday by the Prime Minister's personal adviser on defence, the Chief of the Defence Staff: the Army has been stretched to breaking point and cannot mount another Iraq-scale war for five years.

Let us hope our enemies are not listening.

5.46 pm

The Minister of State, Ministry of Defence (Mr. Adam Ingram): In opening the debate, my right hon. Friend the Secretary of State drew the attention of the House to the key security challenges that we face. The hon. Member for Mid-Sussex (Mr. Soames) recognised that, and I think that he echoed both the analysis and some of the conclusions of the White Paper. The hon. Gentleman could not be in the Chamber for the wind-ups as he had a speaking engagement. My best guess is that he is speaking to the shadow Chancellor to try to find out some of the answers that he failed to give in response to contributions from the Labour Benches.

The challenge that we face on defence is ensuring that we have the right military capabilities to meet the threats we are likely to face. The 1998 strategic defence review and the new chapter that we published in 2002 undoubtedly moved our armed forces in the right direction. But as others have recognised—in the debate and elsewhere—the world does not stand still; nor should our response.

The Defence White Paper, "Delivering Security in a Changing World" sets out the case for the development of more flexible and agile armed forces, which are structured and equipped to deploy rapidly in the most likely small and medium-scale operations, from war fighting to giving enduring peace support. Much of the White Paper presages change for the armed forces and for defence. Painful as it may be, we must not shirk from making tough choices. As the hon. Member for Aldershot (Mr. Howarth) indicated, my noble Friend the Minister for Defence Procurement made that clear in his contribution to a debate in the other place yesterday.

Mr. Blunt: Will the Minister give way?

Mr. Ingram: I have to reply to a large number of contributions, but if there is time later, I shall give way to the hon. Gentleman.

In the last spending review, we announced the largest sustained increase in planned defence spending for about 20 years, yet, however great the increase in the budget, we cannot do everything to the nth degree. Some contributions to the debate seemed to ask for everything; nothing should go, and nothing should be given in return. Those are not useful contributions to such a heavyweight and important debate. It is easy to ask for things, but it is vital to have balance in our thinking on investment in running the Ministry of Defence, as it is for every spending Department.

When the Conservatives were in power, they had to make changes and choices that were similar to those that face us now. That had to be done in 1995, and I think that it was the hon. Member for Mid-Sussex who said that the Conservatives got some of those decisions wrong. He did not enumerate the decisions or point out where the Conservatives had gone wrong. I could certainly list a good number of things; we have had to recover from many of those decisions and find solutions.

Mr. Blunt: In fact, I made those remarks. The errors that I identified were in recruiting and the Defence Medical Services.

In a mature debate about defence, everyone must accept that tough choices have to be made. A better approach for the Ministry of Defence would be to ensure that the debate was much more transparent and that there was much more information. My experience was that "Front Line First" was a much more open exercise; it was much easier to manage politically because it was transparent. I hope that the Ministry of Defence will take that advice.

Mr. Ingram: It is tempting to think in that way. However, as we know from some of the speculation that abounds, which is immediately latched on to by hon. Members and others, such arguments are not balanced. Those who use them simply consider one aspect and say, "This is nonsense and cannot be sustained." Of course, something will not necessarily go simply because it has been part of the consideration. Military personnel themselves are the best analysts of all this, as the hon. Gentleman will know from his background as adviser to Malcolm Rifkind, the then Secretary of State for Defence. Some tough choices must be made, but the quality of their advice is very high. They know that judgments have to be made. They advise Ministers, and they respect Ministers when we stand our ground on some issues. It is tempting to say that the necessary debate must be open and transparent, but I am not sure whether that would add to the quality of the judgment that must be made; we would chase a lot of hares unnecessarily.

We have a commitment to ensure that the quality of judgments taken is properly bottomed out and scrutinised. We then have to stand accountable for those judgments. My right hon. Friend the Secretary of State has shown time and again that he is more than prepared to take many of those tough decisions and to see them through against some strong criticism. We must ensure that we direct our finite resources at those capabilities that are best able to deliver the full range of military effects that we require. In doing so, we must be rigorous in dispensing with those capabilities that do not fit our requirements—to do otherwise is simply not an option.

I shall deal with some of the various issues that right hon. and hon. Members have raised. I welcome all the contributions made by the hon. Members for Mid-Sussex, for Hereford (Mr. Keetch), for Reigate (Mr. Blunt) and for Aldershot and the right hon. Member for

Fylde (Mr. Jack), as well as those made by my hon. Friends the Members for Dunfermline, West (Rachel Squire), for Ilford, South (Mike Gapes), for Merthyr Tydfil and Rhymney (Mr. Havard), for Halifax (Mrs. Mahon), for Vale of Glamorgan (Mr. Smith) and my right hon. Friend the Member for Birmingham, Ladywood (Clare Short). I do not agree with all the contributions that have been made, and I do not know whether I can deal with all of them in the time available.

My hon. Friend the Member for Halifax asked about the status of troops injured in the incidents on Monday. Fourteen troops were hospitalised. Four may have to be returned to the United Kingdom, but the injuries were not as severe as the images suggest. The quality of the equipment that we use in dealing with such riot-control situations is high grade, and our troops are highly trained. Again, the images sometimes belie the reality on the ground. All hon. Members would wish those who have been injured a full recovery. We wish them well.

Let me deal with the points made by the hon. Member for Mid-Sussex. I want to be kind to him. In a sense, he set out a shopping list: more expenditure on training, equipment and service personnel generally. He believes that deeply, but he has to match his dreams with reality. He had to do so when he held the job that I now hold. He had to make some tough choices, and we now have to recover from those very same choices. I believe that he is in denial about the Conservative party's expenditure planning. No one has rebutted the fact that there would be a £1.5 billion cut in defence spending. That is the implication of what the shadow Chancellor has said. He must face up to that realistically. He called for many things, but he has to set that against what his own party is saying about expenditure.

I have always taken the view that the role of Her Majesty's loyal Opposition is to do one thing only: to train to become Her Majesty's Government. So the Opposition have to face up to the consequences of what they say. Our years in opposition certainly allowed the Labour party to go through that process. I wish the Conservative party a longer time in opposition because they have clearly not begun to deal with some of the hard issues that they must face.

The hon. Member for Mid-Sussex asked about the capacity to deal with the terrorist threats facing this country. General Jackson, the Chief of the General Staff, outlined to the Defence Committee yesterday the arrangements for the forces to exercise with the emergency services. We must increasingly consider that issue and take into account what can be done in relation to the public's perception. Training and exercise does not necessarily mean that the scenario envisaged will happen the next day. We have to manage all this, and there is a strong commitment between the emergency services and MOD personnel to work through many of the difficult scenarios that we may have to face.

The hon. Member for Mid-Sussex also alleged that there had been a 50 per cent. cut in combined arms training. Those claims are without foundation. We fully recognise the importance of combined arms training. An important element of recuperating and sustaining military capability rests on getting that right and ensuring that we are investing in that area. Let me give the assurance that we shall, of course, ensure that the issue is accorded the right priority in our future plans.

My hon. Friend the Member for Vale of Glamorgan is right that I made an announcement yesterday that had an effect on the Defence Aviation Repair Agency, which is in his constituency. I shall explain the background to that. I agreed that the Harrier air depth maintenance support work should roll forward to RAF Cottesmore as a centre of gravity for logistic support for the Harrier platform. This decision has been taken at this point, because of the need to protect the critical operation in-service date for the Harrier GR9. The decision is likely to affect, as my hon. Friend said, a further 190 posts in addition to those proposed as part of the Red Dragon efficiencies.

The solution at RAF Cottesmore offered the best value for money for defence, providing savings of more than £30 million through the life of the programme. Any delay in the decision would also have cost £800,000 a month. That is the problem that I faced, alongside the other developments that were taking place relative to the ongoing end-to-end review. I do not accept my hon. Friend's view that the inclusion of DARA and ABRO's trading funds in the end-to-end review was an afterthought. They cannot be anywhere other than in that review.

I make a commitment about Red Dragon and the review work. DARA has a future, but a future that is based on MOD expenditure and, increasingly and importantly, on what it can win in the private sector in terms of commercial business. That is the opportunity that the Red Dragon project affords DARA. There were those who said that we should not go ahead with that £70 million-plus investment. I made the decision because it gave the work force at DARA in St. Athan the best opportunity. I hear what my hon. Friend said about the other issues, but I am only too willing to meet him and local trade union representatives to talk the issue through to try to ease their fears. I am sure that he will welcome that invitation.

As ever, my hon. Friend the Member for Dunfermline, West made a thoughtful contribution. She is fierce in her role as a constituency Member of Parliament and is similar to my hon. Friend the Member for Vale of Glamorgan. She never fails to mention Rosyth in the same way as he never fails to mention St. Athan. I recognise that Rosyth is important to her constituency, and I point out that Rosyth is mentioned in the future aircraft programme as one of the yards that will play a possible part in the process. However, it has to win its part of the contract. Free gifts are not being given to the shipyards. We must get best value and best price, so we say to all the yards that their future is also about winning the commercial business that is potentially out there for the British shipyard industry. The MOD's elements of that future are important, but the yards cannot survive on MOD work alone even with the largest warship-building programme for a generation.

My hon. Friend the Member for Dunfermline, West also asked about recruitment. The whole Army's trained strength—

It being Six o'clock, the motion for the Adjournment of the House lapsed, without Question put.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation).

SOCIAL SECURITY

That the draft Employment Zones (Allocation to Contractors) Pilot Regulations 2004, which were laid before this House on 16th March, be approved.—*[Mr. Kemp.]*

Question agreed to.

PETITION

Flooding

6 pm

Mr. John Greenway (Ryedale) (Con): I wish to seek leave to present a petition on behalf of the residents of Pickering in north Yorkshire. It was organised by the Yorkshire *Evening Press* and local flood campaigners following the decision by the Yorkshire regional flood defence committee not to pursue a flood defence scheme in Pickering for the present time, which it is felt is likely to mean that no flood defences will be built. The petition states:

To the House of Commons

The Petition of the Residents of Pickering, North Yorkshire

Declares that the town of Pickering experienced severe flooding on no less than three occasions in recent years, in March 1999, October 2000, and August 2002 with a devastating impact on residents, businesses and tourism; that following the October 2000 flood the Department of Environment, Food and Rural Affairs agreed with the Environment Agency and the Yorkshire Regional Flood Defence Committee that a flood alleviation scheme for Pickering should be given priority; notes with concern and disappointment that such a scheme has not been developed and that the priority status of Pickering will expire on 31st March;

The petitioners therefore request that the House of Commons urges the Secretary of State for the Department of the Environment, Food and Rural Affairs to agree to extend the priority status of a Pickering flood alleviation scheme for a further two years and to request that the Regional Environment Agency for Yorkshire and the Humber and the Yorkshire Flood Defence Committee draw up revised plans for a flood alleviation scheme for Pickering without delay.

And the petitioners remain.

To lie upon the Table.

Economic Situation (Strangford)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Kemp.]*

6.2 pm

Mrs. Iris Robinson (Strangford) (DUP): I should like first to place on record my utter condemnation of the mindless thugs who were responsible for an arson attack in my constituency, which totally destroyed three businesses and left approximately 30 local people out of work. I am sure that the Minister will share my relief that no one was injured, encourage the shopkeepers to open their businesses again, and appeal to the public to come forward with any information that could assist the police in apprehending those vandals.

I am grateful for having had the opportunity to secure this Adjournment debate. I thank Ministers for their attendance in the Chamber. I want to touch on a number of points that will highlight my concerns for the future economic prospects of my Strangford constituency, although I cannot divorce that from the impact of closures of factories in East Belfast, which abuts my constituency.

During the past five years, the constituency of Strangford has witnessed a colossal downturn in its indigenous manufacturing industries. The peace that was promised over five years ago has not been delivered, while the peace dividend, which was hyped up, has never really materialised. Industries and businesses, which have formed the foundation of the local economy, are now declining and disappearing at an alarming rate. If one takes into consideration the repercussions of the demise of Harland and Wolff and the huge losses from Bombardier-Shorts alone, the number of manufacturing jobs that have been lost to my constituents easily runs into tens of thousands. In the past 18 months, in excess of 5,000 manufacturing jobs have been lost in the Strangford-East Belfast area, while the past 12 months show the figure of 1,500 for Strangford alone.

For ease of reference, I shall break up the constituency into the three council areas that cover Strangford. The Ards borough council district of my constituency has witnessed a constant decline in manufacturing in recent years. The loss of major employers such as the Crepe Weavers and the Lee factory means that the textile presence in the area has almost died out. Last year, Carpets International went to the wall, with the loss of 144 jobs at its Killinchy plant.

Through the fleet at Portavogie, we have witnessed the extreme problems faced by the fishing industry. In the past 10 years, the Northern Ireland fleet has shrunk by 30 per cent.; 84 vessels have been decommissioned since 1994. I am wholly convinced that our continued participation in the common fisheries policy will result in the industry's decline to a point from which it will be unable to recover. Only when the Faroese and Icelandic models are properly investigated and when this country once again commands authority over its national waters can we hope to see the resurgence of the fishing industry. In the meantime, fishermen participating in the voluntary tie-up scheme have failed to receive their compensation, despite being five weeks into this year's cod-recovery programme.

There are two major plans in the pipeline that will be of huge economic benefit to the Newtownards area. The first is the multi-million pound Castlebawn development, which will bring hundreds of new jobs and much-needed economic investment to the area. In addition, as part of its planning approval, the development will extend the local road network and alleviate the traffic congestion in and around the town. The other major plan, which has not yet been approved, is in connection with the location of a B&Q superstore on the site of the former Scrabo high school. The scheme will bring approximately 250 jobs to the Ards area. The proposal is tied up at the planning stage; last week, along with retail unit officials, I had a meeting with the chief executive of the Department of the Environment planning service to try to resolve a number of outstanding issues. I urge the Minister of the Environment in Northern Ireland to look sympathetically on the application and to take account of the cross-party support that it enjoys, not least because of the 250 jobs that it will create.

One indirect measure that could be taken to assist the local economy is the provision of an adequate roads infrastructure. I thank the Department for Regional Development, under its former Minister, my hon. Friend the Member for Belfast, East (Mr. Robinson), for the completion of phase 2 of the Comber bypass, which has gone some way to easing the traffic burden on the town, which actively dissuaded inward investment. The priority now for Comber is the provision of phase 3 of its bypass. Completion of phase 3 will greatly improve Comber's ability to attract much needed investment to the area.

The latest jobs blow to the dwindling manufacturing base in the Down district council area of Strangford has brought the total number of lay-offs in the area to almost 400 in just five months. International Leathers, based outside Killyleagh, says that job losses are the result of a major slow-down in the worldwide leather market. Since Christmas 2003, the company has laid off 37 workers, and the remaining 20 employees are on short time.

Also in the Down district council area, Saintfield Yarns, with 20 years' experience in textiles, was regarded as a modern, progressive, forward-thinking company in which working conditions were so positive that there was no need for union involvement on the site. The company had been experiencing increasing financial difficulties owing to the rise in energy costs, but it was the failure of the insurance sector to provide adequate cover that sounded the death knell, leading to the firm's closure and the loss of 250 jobs. Other companies in the area, such as Northern Ireland Plastics and McCleery's Yarns have been hard-pressed to remain financially viable and have had to implement severe rationalising programmes within their company structures to remain in business.

The Under-Secretary of State for Northern Ireland, the hon. Member for Dudley, South (Mr. Pearson) will understand my shock and despair when I learned that the Department of the Environment planning service had refused permission for the exciting and imaginative Gocean development in Killyleagh. The developer would inject £35 million of investment into the area, and would ensure the town's economic future well into the 21st century.

For decades, there has been a slow but constant decline in the manufacturing industries on which local communities depend, and Killyleagh is one such place. Industry prompted settlement in the area, but little has been done to attract new investment. The economic revitalisation of Killyleagh and its hinterland depends on the completion of the Gocean development. Construction jobs on the development would be assured for approximately nine years. The plan outlines a unique mix of social and private housing, as there is an overwhelming demand among local people to remain in Killyleagh. The proposed nursing home would provide about 100 jobs for the town, and the marine, restaurant and chandlery would attract the tourist interest that Killyleagh deserves.

The development has the backing of the overwhelming majority of people in Killyleagh, all political parties and all Members of the Northern Ireland Assembly. It also has my unreserved support as the Member of Parliament representing the constituency. The developer has spent considerable time and effort appealing against the decision to refuse permission, and the Under-Secretary of State for Northern Ireland, the hon. Member for Basildon (Angela Smith), who has ministerial responsibility for the environment, has now—I believe—passed the matter to the Secretary of State for Northern Ireland for a ruling. I appeal to him for a positive response in his deliberations. I cannot overemphasise the importance of the proposal to the future economic and social well-being of the Killyleagh area; it is fair to say that the Government will not invest £35 million over a number of years.

The people of Castlereagh borough have always been intimately connected to the industries of East Belfast. They have suffered equally from the demise of Harland and Wolff, which once employed 30,000 people. More recently, the downturn in fortunes at Bombardier-Shorts has resulted in the loss of thousands of jobs over the past few years. The latest bombshell came only a few weeks ago, when TK-ECC, the constituency's largest private employer, announced that it was closing, with the loss of almost 1,000 jobs in its final year. That has had a truly devastating effect on the wider community. In many cases, more than one member of the same family was employed at TK-ECC, and in one instance five members of a single extended family were affected.

Some TK-ECC employees came from industries that had closed down. Every time a factory closes, opportunities for employment decline, and if action is not taken to address the situation, our local manufacturing industry may simply disappear. To compound the trauma of redundancy, over a few weeks it has come to light that there is a £32 million hole in the TK-ECC pension fund, which only rubs salt into the wounds of a loyal and committed work force.

TK-ECC did not go bankrupt; it was simply axed by its parent company, Takata, which is now offering a paltry £6 million towards the deficit. There are major concerns about the disposal of land then owned by the industrial development board. In 1995, TK-ECC purchased 23 acres adjacent to its factory in Dundonald for £1.5 million on a freehold lease. In February 1996, that land was sold to a Netherlands-based sister company, TREK-VB, for the princely sum of £2.25

[Mrs. Iris Robinson]

million. Investigations by independent sources suggest that, with planning permission, that land is worth about £20 million.

A company has therefore come to Northern Ireland, taken advantage of generous Government grants and been sold 23 acres of Government land on the premise that it was for business development. It has then sold the land for a profit of £750,000 to a company in the same group, which has abandoned its Dundonald work force and is free to sell the land for its own financial gain. It is alleged that Takata will fulfil its pension obligations only if the land is re-zoned and sold for residential development.

So if we retain that precious land for future industrial use, 550 people will be robbed of their full pension entitlements. Alternatively, if it is re-zoned for housing development, the industrial land bank in Dundonald will disappear and there will be no prospect of attracting new industries to the area. That is astounding, and the Department of Enterprise, Trade and Investment must accept full responsibility for selling the land without any conditions or limitations on its future use. The onus is on the DETI to sort out the mess.

There is equal concern about the provision of industrial land throughout my constituency. Although I acknowledge the expansion that is due to take place at the Ballyharry business park in Newtownards, the Strangford constituency, not least in Castlereagh, has little land zoned for industrial use. That must be addressed if we are serious about encouraging inward investment.

Energy costs are another cause of major concern for Northern Ireland industry. A report carried out last year by the CBI confirmed that on average Northern Ireland business is paying 50 per cent. more than its mainland counterparts. For some companies the figure is more than 90 per cent. Reducing electricity prices to industry must be a priority and urgent action must be taken by Government to address the issue. Public service obligation and system security charges must therefore be minimised to ensure that Northern Ireland pays similar unit costs to mainland business. A transparent and pro-competitive restructuring of current long-term contracts must be completed urgently, and be assisted by Government finance to help deliver competitive indigenous generation. A review of how the costs of the Moyle interconnector are recovered must be undertaken to ensure that expenditure remains reasonable.

I challenge the Minister for Enterprise, Trade and Investment to explain why the remit of the integrated development fund has been restricted to West Belfast and Londonderry. To date, the DETI has shown little interest in pursuing any sort of strategic approach to the matter, or in exploring new innovative avenues to address the decline in Strangford. Neither the Minister nor his departmental officials displays any sense of urgency on addressing the decline of our manufacturing industry and the loss of so many thousands of jobs.

If 5,000 jobs had been lost in, say, West Belfast, Strabane or Londonderry, there would be a markedly different response from the DETI. Instead, there seems to be a fundamental unwillingness to develop a strategic approach to the crisis. The Department seems more concerned with re-routing investment to nationalist areas of the Province, at the continued expense of areas such as Strangford. I wish to make it clear that I have no difficulty with nationalist areas attracting new investment, but I do object to an uneven playing field and the needs of my constituency being ignored continually. One wonders what must happen in the area before the DETI sits up, takes notice and acts to deal with the crisis. The inherent danger associated with the continuing decline of our traditional industries is that we are not only losing jobs but witnessing the removal of opportunities for future employment and skills development and retention.

In conclusion, taking into account the extra financial burdens placed on Northern Ireland's manufacturing industry in comparison with the rest of the UK in areas such as insurance and energy costs, it is crucial that the Government adopt a long-term strategic view on these matters. I therefore take this opportunity to call for the development and implementation of a specialised Department-led initiative to tackle the crisis in the sector. If we fail to take action now, there is a real danger that the area's skills base will decline to the point where the local manufacturing industry could implode.

6.20 pm

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Ian Pearson): I congratulate the hon. Member for Strangford (Mrs Robinson) on securing this Adjournment debate. At the outset, I join her in condemning the arson attack in her constituency and the killing that took place in Newtownards yesterday.

I am grateful to the hon. Lady for her comments and for raising her concerns about the current economic situation in her constituency, and it is important that I respond to a number of those points. Although I accept that there have been a number of regrettable job losses in her constituency over the past few years—she mentioned some of them—I would not want her or anyone else in Northern Ireland to think for a moment that the Government do not care about them, and I reject entirely her view that the playing field is uneven. Invest Northern Ireland is active in her constituency, and, in the time available, I should like to explain some of the positive things that the Government are doing to help her constituents.

The hon. Lady mentions last month's announcement that TK-ECC is to close its Dundonald operation with the loss of 550 jobs. That is regrettable, and I share the hon. Lady's concerns about the effects on those who are losing their jobs and the impact on their families and the wider community. The difficulties facing the company had been evident for some time, and Invest Northern Ireland had worked closely with management to try to find a way to resolve those issues. However, despite that approach and the hard work done by the local management team and the work force to make TK-ECC more competitive, all those considerable efforts were not enough to prevent the German parent company deciding to close its Dundonald subsidiary and transfer production to Romania.

The Government's priority has been to provide immediate help and support to those being made redundant, and that facility is already providing a

comprehensive range of advice and guidance to all those affected, including information on job vacancies, help in completing job applications and details of social security benefits. Comprehensive as that support structure is, however, it cannot substitute for actual jobs, and I assure the hon. Lady that everything possible is being done to assist TK-ECC's work force to find alternative employment.

The hon. Lady mentioned a number of specific issues, and she will know that a meeting has taken place. Officials in my Department are well aware of the pensions situation, and are in discussions with the trustees and the company, so it would be inappropriate for me to comment further.

On the disposal of the land, the hon. Lady knows that a decision was taken back in 1995 to sell the land. It was Government policy at that time to sell fully developed sites, which—I have checked the records—was done at fair market value. I have various criticisms of the previous Conservative Government, but they cannot be criticised for selling that property on the cheap.

Although that closure announcement and other closure announcements are a major blow, much positive progress has been made in the hon. Lady's constituency in recent years. In February 2004, unemployment in her constituency stood at 2.6 per cent. That is lower than the 3.2 per cent. average for Northern Ireland, and it ranks Strangford as the constituency with the joint-6th lowest claimant count rate out of Northern Ireland's 18 parliamentary constituencies.

Invest Northern Ireland is building on the growth that has taken place in the hon. Lady's constituency. The agency is very active, with around 110 client companies employing more than 5,000 people. Since it was set up in 2002, it has offered more than £3 million of assistance to companies in Strangford, which have brought forward projects with a total investment of more than £12 million. To date, it has assisted around 270 business start-ups in the area—an encouraging indication of the scope for supporting and developing a more entrepreneurial culture.

We have limited time in this debate, and it is not possible to refer to all the successful companies in Strangford, but let me single out one example to help to demonstrate the innovative and entrepreneurial culture that exists in the constituency. That company is Bridgedale Outdoor, which employs around 70 people in Newtownards. Bridgedale's innovative high-added-value technical socks for extreme sports have made the company a leading player in the outdoor clothing sector. Its products are sold across the world through a distribution network taking in more than 44 countries, from Australia to the Americas. The company is an excellent example of how a forward-thinking company can survive and thrive in the challenging textiles and clothing sector. Invest Northern Ireland has helped Bridgedale to become a key player in its field. The support that it offers to many companies in Strangford covers a broad range of measures aimed at helping businesses to increase their capability and to develop their international competitiveness.

Invest Northern Ireland's business improvement team helps companies in Strangford to enhance their competitiveness in the marketplace. The Compete programme provides support for innovative market-led products and manufacturing processes. Invest Northern Ireland actively works with councils in the constituency to help to achieve the most appropriate solutions for local needs. Its client companies in Strangford have recorded overall sales of £965 million over the past two years, of which £817 million represents external sales—goods sold outside Northern Ireland—and £512 million represents export goods sold outside the UK.

As a Government, we are directly enabling the provision of land for industrial development. Invest Northern Ireland's main holding is 4.6 acres at Newtownards, and around a further 24 acres are zoned for development at Comber. I assure the hon. Lady that the Government continue to be committed to the continuing economic development of the Strangford constituency, just as we are committed to the economic development and future prosperity of Northern Ireland as a region.

The hon. Lady raised several planning issues and mentioned roads in Comber. The Under-Secretary of State for Northern Ireland, my hon. Friend the Member for Basildon (Angela Smith), will have heard her comments on planning matters, for which she has direct ministerial responsibility.

The hon. Lady mentioned high electricity prices in Northern Ireland. I have been extremely concerned about that issue during my time as a Northern Ireland Minister. Last year, I announced a proposal whereby electricity prices for non-domestic users will fall by 10 per cent. I am optimistic that we will be able to make progress on implementing that proposal. Northern Ireland Electricity recently announced a freeze in non-domestic prices. That is the first instalment of the Government's action.

The hon. Lady mentioned the fishing industry. I am aware of the problems that the industry has faced in Portavogie, Kilkeel and Ardglass in her constituency. Those areas have come under significant pressure, which involves not just the fishing community but the wider community at the southern end of the Ards peninsula. As she will recall, I established a taskforce in January 2003 to address the socio-economic effects of some of the changes taking place in the fishing industry. The hon. Lady mentioned the integrated development fund and she might, perhaps, have forgotten that that fund also applies to the fishing villages taskforce. I have already indicated that money from the fund—up to £5 million—will be made available for a package of measures to support the fishing communities of County Down, including Portavogie.

The hon. Lady also mentioned the proposed tie-up scheme, which I am confident will be launched shortly. Our proposals are with the European Commission, from which we are awaiting final approval. The scheme is designed to provide some compensation to fishermen denied the opportunity to catch cod and other white fish in the Irish sea during the closure period, and it will inject up to £1.5 million into the Northern Ireland fishing industry. I know that several of the hon. Lady's constituents will be among those able to take advantage of the scheme, and we will implement it as quickly as possible once we have approval. That scheme is in addition to the most recent fishing vessels

[Mr. Ian Pearson]

decommissioning scheme, for which I was able to provide £5 million last year and which has enabled a significant number of fishermen to leave the industry with dignity.

The hon. Lady will also be aware of the Cabinet Office strategy unit report on the fishing industry published today, which I welcome. I want to discuss its findings with the industry, and I need some time to study it, but it is a positive development, which shows the Government's commitment to a sustainable fishing industry for the long term.

The Government are committed to working in close partnership with local councils and other key stakeholders to promote the sustained economic development of the Strangford constituency. I welcome the hon. Lady's close interest in what the Government are doing to support jobs in her constituency, and I want to close by reassuring her that we will continue to work to promote economic prosperity in Strangford and—

The motion having been made after Six o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at twenty-eight minutes to Seven o'clock.

House of Commons

Friday 26 March 2004

The House met at half-past Nine o'clock

PRAYERS

The Chairman of Ways and Means took the Chair as Deputy Speaker, pursuant to the Standing Order.

[SIR ALAN HASELHURST *in the Chair*]

Orders of the Day

Christmas Day (Trading) Bill

Order for Second Reading read.

9.34 am

Mr. Kevan Jones (North Durham) (Lab): I beg to move, That the Bill be now read a Second time.

I am pleased to be able to propose the Bill and I thank its sponsors, the right hon. Member for Berwick-upon-Tweed (Mr. Beith), my hon. Friend the Member for Stockport (Ms Coffey), the hon. Member for South Staffordshire (Sir Patrick Cormack), my hon. Friends the Members for Bolton, North-East (Mr. Crausby) and for Crewe and Nantwich (Mrs. Dunwoody), the hon. Member for Aldershot (Mr. Howarth)—who cannot be here this morning—my hon. Friends the Members for Warrington, North (Helen Jones), for West Lancashire (Mr. Pickthall), for Alyn and Deeside (Mark Tami) and for West Bromwich, East (Mr. Watson), and finally the hon. Member for Macclesfield (Sir Nicholas Winterton).

The Bill has cross-party support in the House and has a lot of support in the country among trade unions and people working in the retail trade, but it also has resonance in the faith communities and the Churches, from whom I have received many letters of support. The Bill resonates with ordinary people who want to protect Christmas day as that one day in the year on which they can come together with their families to cherish a special day.

Christmas is about giving gifts, but many of us think it is more than just another shopping day. Certainly many in this House and the country do not think that giving gifts and the commercialism of Christmas should be at the expense of those who work in the retail industry. USDAW, the shop workers union, represents 2.6 million workers—not just in the retail trade, but in the distribution industry—and it supports the Bill, as do the main established Churches. Others, including campaigns such as Keep Sunday Special, support the Bill.

That is why the Bill is important. It would allow shop workers and those in the retail trade in England and Wales to spend Christmas day with their families, something that many, including MPs, take for granted.

The Bill would prevent large shops from opening on Christmas day and would simply correct an anomaly in the Sunday Trading Act 1994 that allows shops to open on Christmas day unless it falls on a Sunday. As people would expect, the Bill is based on the provisions of the 1994 Act. The Bill will adopt the same exemptions from prohibition as contained in the Act; those will include farm shops, motorcycle supply shops, stands and exhibitions, pharmacies for the sale of medicines, shops at airports and railway stations, shops servicing ocean-going liners, and shops at petrol stations and motorway service stations. If the prohibition from opening on Christmas day is broken, the occupiers shall be liable to conviction by fine not exceeding £50,000.

Larger shops are defined in exactly the same way in the Bill as in the 1994 Act. Therefore the definition of a large shop will be one with a relevant floor space over 280 sq m, or—for the traditionalists or Eurosceptics in the House—3,000 sq ft. In the same way, the definitions of retail customer and of shop are identical to those in the 1994 Act.

Clause 2 of the Bill sets out the enforcement provisions, which will be the responsibility of local authorities, who will appoint enforcement officers. As is outlined in the explanatory notes, the enforcement will lead to a potential increase in expenditure for local authorities, but the cost will be relatively negligible.

I am sure that hon. Members will not be surprised to hear that the inspectors who would enforce this Act would have the same powers as those under the 1994 Act. Those powers would allow inspectors to enter premises in a local authority area at all reasonable hours, to view them and to take copies of records relating to any business conducted there. It would be an offence for anyone to obstruct an inspector in carrying out his or her duties.

The Bill applies only to England and Wales. In Scotland, Christmas day trading is a matter for the Scottish Executive, and I understand that a similar Bill is currently being considered there.

The principles underlying the Bill have the support of the vast majority of the country's people. Christmas day should be a unique day—the one day in the year when people can come together with their families. The Bill seeks to preserve the special nature of that day. It would also, very importantly, protect the interests of those working in the retail trade. It has been suggested that the Bill is simply a trade union Bill, promoted by USDAW. As a Labour MP and a former trade union official I would have no problem with that, but I must stress that the Bill in fact has wider support, including from the Churches and ordinary members of the public. People would be making a great mistake if they thought that the Bill was just about shop workers.

Mr. Roger Gale (North Thanet) (Con): The hon. Gentleman knows that I want to support him later, in the Lobbies if necessary, but just before he leaves that point, and in order not to delay the House further, will he accept that a significant number of Members on both sides, who were present in 1994 and who are practising Christians, want to protect both Easter and Christmas day? That protection should be continued. All the Bill

[Mr. Roger Gale]

does, in effect, is to enforce what was the will of the House at that time—without which the original Sunday Trading Bill would probably not have been passed.

Mr. Jones: As I was not in the House at that time, I cannot comment on the individual occasion; but I think that the hon. Gentleman is right. Most people assumed that the 1994 Act covered Christmas day, and that was certainly the sentiment of the House and of those Members who supported that Bill.

In December, I tabled early-day motion 327, which emphasised the need to protect and preserve the special nature of Christmas day and called on the Government to introduce legislation to do that. That early-day motion is supported by 199 right hon. and hon. Members of all political persuasions.

Another question that has been asked is why we should introduce the Bill now. There is evidence, from the shop workers union USDAW and other sources, that certain shops are starting to test the market and open on Christmas day. There is a danger that we could get a domino effect: once one or two shops start to open, others might start to do so as well. The market pressures on retailers could become so intense that people had to open, and before long, Christmas day would be the same as any other trading day.

This is the third time there has been an attempt to correct this anomaly in the 1994 Act. My hon. Friend the Member for Crewe and Nantwich introduced a similar private Member's Bill in 2001, which again had cross-party support but unfortunately ran out of time because of the general election that year. The Bill was subsequently introduced in the other place by Lord Davies of Coity, and promoted in this House by my hon. Friend the Member for Doncaster, North (Mr. Hughes). I put on record my tribute to those hon. Friends for their work to date to promote their Bill, although it was, unfortunately, unsuccessful.

Following that failure, the Government went out to public consultation on the provisions, to find out what people thought about ending the anomaly in the 1994 Act. The consultation showed that the vast majority of supermarkets that would be affected by the provisions did not oppose them. Some 97 per cent. of respondents, of whom 15 per cent. were major retailers, said that they favoured the introduction of restrictions on Christmas day trading. Support for legislation also came from across the retail sector. Although the Association of Convenience Stores called on the Government to take the interests of small stores into account, its chief executive, David Rae, stated that the ACS supported the proposals to prevent larger shops from opening on Christmas day.

The Department of Trade and Industry has carried out a regulatory impact assessment on the effects of introducing restrictions on Christmas day trading, and its report clearly states that the effects would be negligible. However, as I have said, we should not ignore the possibility that once certain large retailers begin to open, others might follow suit. That domino effect has already begun. In 2000, large stores such as Sainsbury's and Woolworth's broke with tradition and carried out Christmas day opening trials in London, and there is evidence that other stores will try such experiments.

Mr. Dennis Skinner (Bolsover) (Lab): We could reach the absurd situation, if that is the thin end of the wedge—

Sir Patrick Cormack (South Staffordshire) (Con): Let us see the hon. Gentleman.

Mr. Skinner: I am trying to address my hon. Friend, and trying to get in an appropriate position for the microphone.

We could finish up in the absurd situation not only of having shops open on Christmas day, but there being the likelihood of a reality TV programme showing the Member for Kensington and Chelsea working in Asda on Christmas day.

Mr. Jones: I am not sure whether my hon. Friend is referring to the present right hon. Member for Kensington and Chelsea (Mr. Portillo) or the future one.

I draw the House's attention to the fact that certain non-food retailers such as Woolworth's are experimenting with Christmas day trading—so this is not just a matter of catering for people who find on Christmas day that they have run out of the odd jar of cranberry sauce or packet of stuffing. The main products of a store such as Woolworth's are non-food. Of course, we all agree that essential services must operate all year round, but I argue strongly that the opening of large supermarkets on Christmas day does not constitute an essential service. I do not know of any recorded instance of anyone starving to death because Sainsbury's was not open on Christmas day. If I, or any other hon. Member, had forgotten the Brussels sprouts or brandy butter, that would be a minor inconvenience, and we would have the option of eating something else. I do not see why families of shop workers should have to sacrifice Christmas day to avoid the inconvenience that I and others might suffer. I do not think that it is worth destroying the unique nature of Christmas day to cater for someone's slight inconvenience or absent-mindedness.

Today, 12 per cent. of employers give employees time off for Christmas shopping, so there is not a strong argument for giving people an extra day of the year—Christmas day—to complete their Christmas shopping.

The House and the nation need to ask whether the public price of ruining a unique, special day is worth paying to allow larger shops to open. Christmas day would then become just like any other day of the year. If it did become an ordinary shopping day like any other, there would also be a ripple effect in terms of costs to the taxpayer, because there would be an increase in traffic.

There would obviously be extra transport needs, and the ripple effect would go beyond retail into distribution and the manufacturers who supply the retail trade. Thousands of people could have their Christmas day ruined.

Obviously, in a free society, we need consumer choice, and the Bill retains that by allowing local convenience stores and stores under 3,000 sq ft to open, but it will protect what is a special day of the year.

Some argue that retail workers should have the choice to work voluntarily, but my experience and the evidence of shop workers suggest that voluntarism is a mythological concept. In practice, pressure is put on people, and if they do not volunteer to work on Christmas day they are victimised or made to feel that they are less committed to the company than fellow workers.

Mr. Eric Forth (Bromley and Chislehurst) (Con): What does the hon. Gentleman have to say about the role of the trade unions, and USDAW in particular, in protecting their members? I refer to the provisions of schedule 4 to the 1994 Act, which refer to Sundays, but which I believe are also relevant here. If there is victimisation, what is the union doing about it?

Mr. Jones: The union does sterling work in protecting its members in the retail trade, and I congratulate Sir Bill Connor on his campaign to protect workers in the retail trade from the attacks that they suffer every day. It is fine to say that people should be free to work on Christmas day, but many of the large stores are not unionised and employ very low-paid women workers, and it is not acceptable for them to be forced to work or face victimisation. I understand that the right hon. Gentleman is a libertarian, and we could discuss the hellish view of society that he favours, but I want to ensure that people have a genuine choice about whether to work on Christmas day.

Christmas day is a Christian holiday, but it also has a resonance for other faiths. It is a traditional time for families to come together and enjoy a special quiet day. It is right, in a predominantly Christian society, to recognise the Christian holidays. My hon. Friend the Member for Crewe and Nantwich made that point eloquently last time this was debated in the House. There have been calls for other faith days to be celebrated, but I think that that would be impractical, and as a Christian nation we should recognise the Christian holidays first, allowing people of all faiths to enjoy them.

Phil Sawford (Kettering) (Lab): My eldest son worked in non-food retail for about eight years. On Christmas eve, he would arrive home shattered—exhausted. On Christmas day, all he wanted to do was rest and get some sleep before the mayhem of the sales that would start on Boxing day. That had an impact on the whole family. It is not just about trade unions, the Church or religion. Does my hon. Friend agree that the family is at the heart of this legislation?

Mr. Jones: I totally agree, and it is also about the individual. My hon. Friend is right to point out that people in the retail trade work very hard in December. They work long hours, seven days a week, and to add the further burden of Christmas day would be intolerable not only for their family life but for their health.

Britain was once described as a nation of shopkeepers, and some may argue that we have become a nation of shoppers, but I do not accept that this should extend to Christmas day. Christmas day trading would mean the end of the peace and quiet of people living in towns and near out-of-town retail centres. Surely people should be allowed at least one day of the year to enjoy their peace and quiet, even in modern Britain?

I urge hon. Members to support the Bill and ensure that we not only protect those working in the retail trade but preserve the unique nature of Christmas day—something that we have all taken for granted for a very long time.

9.56 am

Sir Patrick Cormack (South Staffordshire) (Con): I am delighted to support the hon. Member for North Durham (Mr. Jones) in his promotion of a very sensible and moderate measure. I am one of those anti-libertarian, old-fashioned Tories who rejoiced when Mrs. Thatcher's attempt to impose Sunday trading was defeated, and who deplored the fact that the—in so many ways—admirable John Major brought that Bill back. I voted against it again.

During the period before Sunday trading was imposed on us, we had a series of big stores flouting the rules, just as the hon. Gentleman described Woolworth and Sainsbury's doing on Christmas day. We all knew that it was the thin end of the wedge. We knew what would happen, and it did. I opposed Sunday trading as vigorously as I did because the one thing I did not want in this country was a high street Sunday. I said that if we passed the legislation, we would have one—and we have one.

Anyone who drives into London on a Sunday, as I frequently have to do now that we have these absurd new hours of the House—[HON. MEMBERS: "Hear, hear."] I am glad that I have some support among Government Members. I find that London, which used to be quite pleasant on a Sunday, is now congested and crowded with people shopping.

That has all happened, and I am not so starry eyed as to believe that we can reverse it, much as I would like to do so. It is all part of the increasing secularisation of our society, with so many people living up to the old Oscar Wilde dictum of knowing the price of everything and the value of nothing. I deplore that. We do, however, have Christmas day. Occasionally, it falls on a Sunday—but only occasionally. The Bill is designed simply to carve out that one day.

It was the intention of most of my colleagues who supported Sunday trading that Christmas should not be invaded. The Sunday Trading Bill was, like so many Bills, not as well drawn as it should have been, so Christmas day, if it does not fall on a Sunday, is vulnerable. The Bill will redress that. It does so not only in the interests of the Christian Church, although I make no apology for saying that that is a good thing. We are, as the hon. Member for North Durham said, a Christian society, and we have an established Church. I am pleased that we do, and I hope that we will have one for many long years to come.

I might add that that is a view shared by many Muslims, Jews and people of other faiths. They respect the fact that we have an established Church. It is appalling that a country with an established Church should say that on one of its two greatest festivals, pressure—however direct or indirect—will be put on certain people to go to work, thereby driving a nail into family life.

Shona McIsaac (Cleethorpes) (Lab): The hon. Gentleman mentions the pressure on family life as a result of shops opening on Sundays, but is it not true that most shop workers are women, and that they already experience phenomenal pressure on Christmas day—as a result of getting the meal ready and ensuring that their families have a nice day—let alone having to work on it?

Sir Patrick Cormack: Of course they do, but it is the sort of pressure in which most families rejoice. It is the big meal of the year, and they enjoy preparing it and having their families around them. They want to be free to celebrate a traditional Christmas, and I want them to be free so to do, if that is their desire.

The Bill simply provides a safeguard for some of the least well paid in the community. Of course, it can be argued that there are those who always work on Christmas day. For example, a son of mine managed a hotel for some years and he was incredibly busy, but that was a matter of choice. I might say that there was always the opportunity for the guests—and indeed the staff—to go to church, but that is another point. But many shop workers are among the lowest paid, and although my libertarian right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) might say in his interjection, "What are the unions doing to protect their workers?"—

Mr. Forth: I did.

Sir Patrick Cormack: There are two answers to that question. I believe that they genuinely try to protect them, but there are insidious pressures, as we all know. The other answer, of course, was given to my right hon. Friend by the Bill's promoter: a lot of shop workers are not members of a union.

Mr. Forth: Why not?

Sir Patrick Cormack: As a libertarian, my right hon. Friend should jolly well welcome the fact that they are not. He tries to have it both ways all the time. He is the arch-maverick wrecker of Parliament.

Mr. Forth *rose—*

Sir Patrick Cormack: Had he not been so indiscriminate in his wrecking tactics when first we had a Labour Government with a large majority, keeping the House up night after night for spurious reasons, we would not now be suffering the current sitting hours. Frankly, he should realise that he, more than any other individual, has destroyed the parliamentary pattern, and he has destroyed enough. Now I shall give way.

Mr. Forth: I am glad of this opportunity to allow my hon. Friend to calm down a bit. He says that I am having it both ways. That is what I try to do all the time here, and I succeed at some times but not others. I am rather intrigued by his saying that the unions are doing their best to protect vulnerable workers, but that vulnerable workers who are being exploited choose not to join a union. There is a circularity in that argument that I find difficult to follow. If workers believe that unions can help them, they are free to join them, and if the unions are any good, they should be able to help them.

Sir Patrick Cormack: My right hon. Friend knows full well that that is not the reality of life. Many who work in such places do not necessarily wish to be members of unions, and others are subject to the insidious pressures to which I referred. We all know how that can be exerted; if someone will not do a certain thing, they will not get overtime. Or if the question of who is going to be laid off first arises, the answer is, "The person who is least flexible. We'll put them to one side."

This very modest Bill merely seeks to protect the people in my constituency, and in the constituency of my right hon. Friend the Member for Bromley and Chislehurst, who are most vulnerable. But it is not about the trade unions; it is about the fact that Christmas day is one of very few days of the year that are truly special for the vast majority of our people. It tries, very modestly, to ring-fence that speciality.

The hon. Member for Kettering (Phil Sawford) spoke about his son in the retail trade, and in doing so he illustrated just how commercial our society has become. Only a few years ago, not only Christmas day but Boxing day was special, and the earliest date for the sales was 27 or 28 December; now, throughout the country it is 26 December. *[Interruption.]* As we all know, the 24th has traditionally been a day of great commercial activity, and nobody objects to that, but when the tills closed at 6 o'clock on Christmas eve, they did so for a good two clear days. Now, they do not.

All that we are seeking to do is to put our constituents first. I ask my right hon. Friend the Member for Bromley and Chislehurst to do the same, and to say that they deserve this one day. Whether one lives in Bromley and Chislehurst, South Staffordshire, Bootle or Bognor, one is entitled to have Christmas day as a special day, and Parliament has a duty to ring-fence it. The Bill is modest and moderate and I hope that it will pass on to the statue book with great alacrity, and be enforced long before Christmas 2004. I hope that the Minister will, with commendable brevity, give his unreserved support to it. When my hon. Friend the Member for Canterbury (Mr. Brazier) speaks, I hope that he will endorse—with perhaps even greater brevity—what the Minister says, and when the hon. Member for Montgomeryshire (Lembit Öpik) speaks, I hope that he will do the same. This is not a party issue but a national issue. It is a very small national cause, but an extremely worthy one, and I warmly commend the Bill.

10.6 am

Ms Ann Coffey (Stockport) (Lab): I very much welcome the Bill and congratulate my hon. Friend the Member for North Durham (Mr. Jones) on his choice. I agree with all the points that he eloquently made in support of it. When we passed the Sunday Trading Act 1994, which enabled large shops to open on Sundays for six hours, the House debated carefully the question of shops opening on Easter Sunday, and it took the firm decision to protect that as a special day. I do not recollect our discussing Christmas day, but perhaps that was because the legislation focused on Sundays, and because it was inconceivable to Members that large

shops would open on Christmas day and that it would become just another shopping day. That was an oversight on our part. The Bill does away with that possibility by protecting Christmas day, which is the wish of the majority of people. In supporting the Bill we have the support of the British people, and I shall vote for it in the Lobby.

10.8 am

Lembit Öpik (Montgomeryshire) (LD): This is a free vote issue for Liberal Democrats because it is a question of moral judgment, but I side with the hon. Member for North Durham (Mr. Jones). He simply seeks to emulate existing legislation by extending it to Christmas day, so the question is merely whether one agrees with the underlying principle. In my contribution, I shall focus on why I do.

Members may be relieved to know that I, too, am a libertarian—in fact, I have been defined as such by the University of Hull. It determined that I have the most libertarian voting record of any member of my party, which in itself should be fairly liberal-minded, given its name.

In essence, libertarianism is defined as the freedom to live life and to harm oneself—as long as one can show that one is conscious of the harm that is thereby being done—but not to harm others. The harm principle is the core of this discussion, because it applies to those who are compelled by others to work on Christmas day. It is not intellectually rigorous to pretend that there is no harm involved in making people work on Christmas day. I should tell those who oppose the legislation that it is not about unions.

We certainly could have a debate about what the unions have done and want to do, but that would be a sideshow and distraction from the Bill. Furthermore, the debate is not really about deciding whether other creeds or religions should have the same representation—not least because we are discussing a clearly defined issue here. We can always debate those issues—they are not mutually exclusive—in different circumstances. Given that Britain already has fewer public holidays than just about any other European country, there is heavy pressure on us to support the Bill on the two main bases of the harm principle and equalisation of free time between countries.

Finally, I would like to reinforce the point that it is not possible to have it both ways. It is all very well for the right hon. Member for Bromley and Chislehurst (Mr. Forth) to announce with satisfaction that he tries to have it both ways—sometimes succeeding, sometimes failing—but that is somewhat disrespectful to the general public, who do not regard these questions as a game. It is not reasonable to assume that postponing or preventing the Bill's passage is anything other than a personal—and, I have to say, somewhat egotistical—victory. It is an important Bill and should be treated as such.

The right hon. Member for Bromley and Chislehurst knows that I often agree with him on matters associated with freedom, not to mention on the new hours of the House. He should therefore reflect seriously on the fact that someone who is predisposed to share the same libertarian values as him has a totally different view on this Bill. I counsel him to think with some humility about his motives in trying to postpone the Bill. I hope that he will think again.

10.11 am

Mr. Colin Pickthall (West Lancashire) (Lab): I declare an interest from the outset, as I am a member of the Union of Shop, Distributive and Allied Workers. My details are in the register, and I am also the chairman of the USDAW branch in Parliament. I want to congratulate my hon. Friend the Member for North Durham (Mr. Jones) on persisting with this fairly long-running debate, which has been knocked back—perhaps by nothing more than coincidence—in previous years. I also congratulate the hon. Member for South Staffordshire (Sir Patrick Cormack) on his excellent contribution to the debate.

I shall be brief because my hon. Friend the Member for North Durham has already covered the main points. We must remember that we are talking about many thousands of shop workers who are already under a great deal of pressure. They are not well paid and they are often regarded by the public—including themselves, I suppose, when they are shopping—as part of the furniture in stores. USDAW has had an extremely successful campaign over the last 12 months in drawing attention to the large amount of aggression and abuse that is directed at shop workers. The union has uncovered a hidden problem, and it is trying to highlight in the public mind the fact that shop workers are people with human rights.

The Bill is about one single day in the year. It is designed to nip in the bud the practice of large retail outlets opening on Christmas day. For all the reasons that have been mentioned, we need to stop that now. It is not only workers in the large stores who are affected; the people who have to supply the large stores, who have to carry out waste disposal, who have to manage the traffic and so forth are all affected by the opening of large stores on Christmas day.

Competition is also relevant. The irony is that virtually all the stores that USDAW consulted said that they did not want to open, but if one of them opens, the competition and margins are so tight that all the competitors will want to open up, too. As the hon. Member for South Staffordshire explained, the problem will escalate. The stores are saying to us, "We do not want to open, so will you please legislate to stop us doing so?" That is ironic, but that is the position.

It is no use saying that the matter can be left to volunteering—that the workers in the stores can say yes or no. We all know what volunteering means in this place when there is a one-line Whip: we are free to attend or not, but as every Member who has ever run into a Whip knows, it is not as easy as that. Large stores cannot be staffed with many hundreds of volunteer employees: it is an impossibility. As the hon. Member for South Staffordshire described perfectly, the reality of volunteering is heavy pressure on each shift in the light of how much business has been generated at the end of the month or year.

People outside the House would be truly astonished if this modest and moderate measure were objected to. The Bill is simple, just and proper, and I believe that about 99 per cent. of the population would be astonished to find any opposition to it.

Mr. Forth *rose—*

Mr. Pickthall: I am about to finish.

[Mr. Pickthall]

I urge support for the Bill, whose passage will be met with acclaim by everyone outside Parliament.

10.16 am

Mr. David Atkinson (Bournemouth, East) (Con): I greatly support the Bill, conscious of the fact that, unlike my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack), I gave full support to the Conservative Government's Shops Bill 1986, which was intended to allow shops and other businesses to open on a Sunday. The House will recall that that Bill did not succeed. It was the largest revolt by Government Back Benchers ever, until the Higher Education Bill this year—and, perhaps, until next week! Opposition to the Shops Bill was encouraged by an unholy alliance between the Churches and the trade unions, which both wanted the law to restrict what people could do on Sundays. I supported the Shops Bill because it included protection for those who did not want to work on a Sunday.

The Bill before us today confirms the protection that this country has always given to the special place of Christmas day in our society. Such protection is much the same as that which every Christian country gives to Christmas day. Many more Christians go to church for mass or a service on Christmas day than attend church regularly on Sundays. As the hon. Member for North Durham (Mr. Jones) said, Christmas is the one day of the year when most families come together and when good people go out of their way to find and provide for those with no families. There is therefore no case for our high streets to be busy on Christmas day. That is the purpose of the Bill, and I believe that few people in this country would wish other than for it to be passed.

I felt one hesitation when the hon. Member for North Durham announced his Bill, following his good fortune in the ballot. It arose from my own experience in my first job, which was working in a family business in the motor trade. It had two petrol filling stations and was a small business with an enviable reputation for fair dealing and service to customers. To provide such service, we opened to supply petrol every Christmas day. I well recall opening Chalkwell motor company in London road, Westcliff-on-Sea, Essex at 9 o'clock on Christmas day for several years, closing at 1 o'clock to speed home for Christmas lunch. We provided a service that was appreciated by our regular customers and by many others who found that most filling stations were closed on Christmas day. I am encouraged by the fact that the Bill excludes petrol stations, as well as small convenience stores.

I congratulate the hon. Member for North Durham on introducing the Bill, and I congratulate USDAW on its campaign in support of the Bill. Half the union's members appear to be in the House today. I hope that the Bill succeeds.

10.19 am

Mr. Roger Gale (North Thanet) (Con): I shall be brief, because I want to see the Bill go through as quickly as possible. However, I wish to give a little support to my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth). He is old enough, and certainly ugly enough, to look after himself, but to attack him for seeking to wreck the parliamentary process is undeserved. He is probably one of the greatest proponents and defenders of parliamentary democracy on either side of the House, and always has been. He and I disagree honourably on occasions, as on this, but I defend his right to use such parliamentary measures as he sees fit to promote what he believes in, as I now propose to promote what I believe in.

In that context, I hope that my right hon. Friend will retain his seat for the rest of the morning and not see fit to intervene on this occasion. I am one of those who proudly and—I hope—honourably voted against the Shops Bill in 1986. It was not so bad. My toenails grew again, after the Whips' attentions. I was equally proud to have my name on the list in the handbag for several years afterwards.

When the Sunday Trading Act 1994 went through, it was on the clear understanding that as there was an established Church in this country, we had two specific, very holy days in the calendar. One was Easter Sunday, which is protected because it always falls on a Sunday, and the other was Christmas day. It was wrongly and—it transpires—naively assumed that Christmas day would also be protected. Setting aside all the other arguments that have been made this morning, all the Bill seeks to do is to correct an error in that Act.

My right hon. Friend is acutely aware of the fact that those hon. Friends of ours who helped the 1994 Act go through—I must say that I voted against it—did so on the clear understanding that Easter Sunday and Christmas day would be protected. This morning's debate is about the restoration of that tiny piece of democracy, to put right what is now perceived to have been a wrong and to reinforce the will of the House at that time. I hope that my right hon. Friend will understand that and give the Bill the fair wind that it deserves.

10.22 am

Mr. Owen Paterson (North Shropshire) (Con): I do not wish to get involved in arguments that our party may have had in the past—which are still obviously very much alive—so perhaps I could find a third way: I wish to take issue with the definition of a large shop. I congratulate the hon. Member for North Durham (Mr. Jones) on coming so high in the ballot and bringing this Bill before the House. It is a great opportunity.

However, I hope that the hon. Gentleman will consider the case of Stan's Shop in my constituency. It was started by a gentleman called Stan Faulks, with his demob money, shortly after the war. At the time, it was a little shop. It has been a tradition that the shop opens for a couple of hours on Christmas morning, originally to provide batteries for disappointed children whose parents had forgotten to buy them when they bought electronic toys as presents. It was a community service and there was no pressure on staff. I endorse everything that has been said about preserving the nature of Christmas and would not want to see any compulsion on people to work.

The problem is that Stan's Shop is no longer a little shop: it is a large shop. It now covers an area of 22,500 sq ft, having been developed by Stan's son and grandson. The family work in it and it is—in terms of the

Bill—a large shop, but it has all the attributes of a little shop. It provides a wonderful local service and it is very popular. It also maintains the tradition of opening for two hours, from 10 to 12, on Christmas morning. Does that really impinge on the nature of Christmas in my area? It is a strong farming community, where the cows have to be milked on Christmas morning and evening. Stan's Shop is a family enterprise. Half a dozen girls and boys come in to help in the shop and, although I have not been there on Christmas day, I understand that there is a festive atmosphere. As I said, it also provides a useful service. For instance, last Christmas, a lady in Shrewsbury found when she defrosted her turkey that it had gone off. Her Christmas would have been spoilt, but she drove up from Shrewsbury and Stan's Shop provided—as always—what she needed.

I entirely endorse the comments by my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack); I do not want to see Christmas being spoiled. I also agree with him about the nature of Sunday having changed in London. However, I hope that we can look at the Bill a little more carefully with regard to splendid institutions such as Stan's. It is a small family organisation that provides a valuable local service, but it would be swept up in the Bill as if it were a monster multiple. I hope that the hon. Member for North Durham will reflect on that point and be willing to tighten up the definition of a large shop.

10.25 am

Mr. Eric Forth (Bromley and Chislehurst) (Con): I oppose the Bill and I shall explain why. I hope that those Members who do not often grace us with their presence on a Friday will understand that taking a position on a Bill is part of the parliamentary process and that Members are always free to turn up on Fridays and express their views one way or another on private Members' Bills. I am slightly surprised—although not shocked—that my attendance every Friday the House sits to express my views on private Members' Bills should attract such opprobrium. I thought that that was what we were here for, but perhaps I am a little old-fashioned and things have moved on.

I wish to discuss the Bill under several headings. I shall not speak at excessive length, because that would be of little relevance on this occasion, given the time of day, although it has extreme relevance on other occasions. I have a good feel for the way in which such days work. I will, if I can persuade any of my colleagues to assist me, seek to divide the House at the end of the debate, because I wish to discover how many Members of Parliament, of the 659 of us, have taken the trouble to be here today to support the Bill. It is always important to demonstrate that and I am sure that Labour Members will also wish to do so. Those who have taken the trouble to be here would surely like that to be a matter of record, and I am sure that the public would wish to know just how much support there is for the Bill. It has been claimed repeatedly in this short debate that there is enormous support for the Bill, but I am in favour of quantifying that support, and the only way to do so is to divide the House.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Before my right hon. Friend takes too much criticism for the time that he takes to discuss these matters, will he reflect on the fact that one of the longest speeches we have had in recent times on a private Member's Bill was made by the hon. Member for Hendon (Mr. Dismore), when he attempted to stop a Bill making progress? My right hon. Friend does not hold the record: it is held by a Labour Back Bencher, who may have been acting on orders.

Mr. Forth: I am grateful to my hon. Friend because I am a fan of the hon. Member for Hendon (Mr. Dismore). He is my role model and I sometimes wish that I could do half as well as he does. *[Interruption.]* Here he is, to enjoy my praise. It is no good Members turning up once in a blue moon to support a Bill that they happen to favour and to criticise regular attenders, like the hon. Gentleman and myself. It will not do. For that reason, all the personal criticisms that are aimed at me from time to time bounce right off. Being here every Friday inures one to such comments.

I shall press on with my attempt to analyse the Bill and its background. I have a few introductory remarks, then I shall address the Bill itself, and I shall then indicate appropriate amendments for subsequent stages of the Bill, which I hope will be helpful to colleagues. I shall start head on with the proposition about choice and freedom. Of course, it is important that we consider how to balance individual personal freedoms in a mature society—even, dare I say it, in a mature consumer society. I use that term—I hope that it will appeal to Labour Members—because the Chancellor of the Exchequer has made little secret of the fact that it is the consumers in our society who have provided the economic growth that has contributed to the fall in unemployment of which the Government are so proud. Let us not decry the role of the consumer in our society.

There is a danger in debates such as this that people start to talk about consumers as though they were pariahs, but in our modern society—where, sadly, manufacturing sector employment has shrunk to less than 20 per cent.—employment has been generated in the retail and service sectors. Any attempt that we make to restrict the activity of those sectors, on this day or that, or for this reason or that, must be weighed very carefully indeed. That consideration has been missing so far in the debate. Let us bear in mind that we live in a consumer society and that the consumption of goods and services and the retail and hospitality sectors are extremely important components of our economy; we interfere with them at our risk.

That is a general background for the preference I always maintain and for which I have already been criticised this morning, although I make no complaint about such criticisms: I always try to come down on the side of choice, freedom and individual action, as against the arbitrary use of the law to interfere in that freedom—the Bill is an example. That is my starting position and it tends to inform my attitude to legislation such as this.

Let us look for a moment at multiculturalism, something that rather fascinates me. I am not by instinct a multiculturalist; I do not think that any of my friends will ever have heard me refer to the concept—except, perhaps, in critical terms. I believe in monoculturalism, and I wish that those who choose to join our society would freely accept its mores and traditions, because that is the way a sound society is built. The melting-pot

[Mr. Forth]

concept, which built that great country the United States, was based on that very principle and premise. I welcome that. None the less, there is a problem in relation to the Bill. Members and other people outside this place who praise the concept of multiculturalism and constantly urge on us the fact that we must respect other religions, views and beliefs, are in difficulty when it comes to provisions of the kind that we are talking about.

I should have thought that we wanted to respect those elements in our society that are not Christian. I took the trouble to look up the 2001 census to try to put some numbers on that. Among people of working age—the 16 to 74 age group—the Christian element is 72 per cent., but the number of people with no religion, or no stated religion, was 22 per cent. The figure for the other defined religions was 4.1 per cent., and I shall run through them in order. Because we are talking about Christmas day, it is relevant for us to understand how many people in our society are not Christians and for whom that day might not be of the same relevance as it us to others. The number of Muslims was 2.6 per cent; Hindus, 1 per cent; Sikhs, 0.6 per cent; Jews, 0.4 per cent; other, 0.3 per cent; and Buddhists, 0.2 per cent.

I mention those figures because we must not make the glib assumption that our law has to be directed in such a way as simply to satisfy the Christian element in our society. If we are serious about multiculturalism, and about acknowledging the beliefs and the freedom to act of those who follow other religions, we must take that into account.

Incidentally, in case anyone is curious, the census figures for the religion of the wholesale and retail element in the working population are broadly the same as those I gave earlier. Christians are 72 per cent; no religion, or no stated religion, 23.5 per cent.; while the other religions that I listed comprise 6.5 per cent. If we are to follow our words with action, we must be careful not to legislate so that we prohibit the activities or behaviour of those who are not of the Christian religion. We have to meet that challenge head-on when contemplating legislation of this kind.

Furthermore, we must not forget that many members of other religions own or operate retail outlets. At present, they are free, and should be free, to close their stores on the days that they regard as important and holy, and to open them on other days. That is important. In the Sunday Trading Act 1994, to which the Bill refers, the Jewish religion is, properly, singled out for recognition, and—as a passing thought—if we update the law on these matters we should revisit those provisions and consider whether we should identify other significant religions in our society in the same way as, at that stage, we singled out the Jewish religion. I leave that thought in the air, because that is an anomaly.

We have heard talk of anomalies. My hon. Friend the Member for North Thanet (Mr. Gale) pointed out that the Bill deals with an oversight in the previous legislation, although, given the parliamentary focus on Sunday trading legislation in the 1980s and again in the 1990s, I find it slightly difficult to understand how such an oversight was possible. Amendments could and should have been made to deal with it. It is interesting that we are revisiting the matter in 2004 when so much time has passed, but we must deal with the Bill as it is and not as it might have been—although I shall come on to the might have beens as I develop my argument.

My hon. Friend the Member for North Shropshire (Mr. Paterson) noted an interesting aspect: the anomalies that are inevitably created as soon as one makes distinctions in legislation between this or that category of item—between larger or smaller stores, in this case. I am surprised, and almost disappointed, that the anomaly created by the 1994 Act is being repeated in the Bill, because apparently the Bill wants to provide a degree of protection to those who are privileged enough to work in large stores while ignoring those who work in smaller stores. That is in itself discriminatory, which I find disappointing.

A trade union point is relevant in this context. Employees of large stores are more likely to be trade union members and to enjoy trade union protection than those in small stores but, ironically, the Bill seeks, in effect, to give greater protection to people who are probably already protected by their union, and by the law, whereas those who have the misfortune—in these circumstances—to work for small stores appear to be completely unprotected. That is an anomaly and, in a sense, discrimination, and I am surprised that the House and the Bill's supporters apparently want it to be continued. When will we have a level playing field?

I should have been much more sympathetic to the Bill if it had included a provision that offered the schedule 4 protection for Christmas day provided in the 1994 Act. That is a weakness that I do not understand, so perhaps when the sponsor of the Bill replies to the debate he will explain why he has not included schedule 4 protection.

On the subject of anomalies, there is another point that has not yet been mentioned. We should not assume that Christmas day is an oasis of peace for every member of our society. Health workers, the police, the people who provide our transport and utilities and large parts of the hospitality sector are all expected to work on our behalf, providing us with support and services, on Christmas day—to say nothing of the list of exemptions to be carried forward from the 1994 Act, about which I shall speak in a moment.

My hon. Friend the Member for Bournemouth, East (Mr. Atkinson) told us an emotional story about the provision that he and his family were prepared to offer the public at large on Christmas day. I welcome that and congratulate him. That story shows that there is a demand for services on Christmas day. We do not all necessarily sit in our homes, go nowhere and use no services of any kind. When we pick up the telephone on Christmas day, we expect it to work. Indeed, a large proportion of all long-distance calls are made on Christmas day. That is yet another example involving people who would not be protected by the Bill, because we simply assume that they will be working.

We are singling out a specific section of the work force for protection under the Bill, while—apparently—glibly assuming that all those other people will be available to provide the services that we expect on Christmas day.

Mr. Paterson: May I reiterate a point that I made earlier? There is a case for carefully considering the definition of such premises in rural areas. As I pointed out in an example from my constituency, a small

enterprise can become a big one, and large areas of countryside with nothing else often surround such premises. They provide a valuable service, without impinging on the nature of Christmas. In a rural area, a small enterprise can become a big one and still provide the same valuable family services as before.

Mr. Forth: That may well provide the opportunity for my hon. Friend to seek to amend the Bill, either in Committee or, as I would expect, on Report. His intervention rather neatly leads me into mentioning the exemptions in schedule 1 to the 1994 Act that are carried forward into the Bill, apparently uncritically and on the basis of acceptance. I wonder whether he has looked at that list of exemptions because it has a bearing on his intervention. The lists starts with

"any shop which is at a farm and where the trade or business carried on consists wholly or mainly of the sale of produce from that farm".

That is a nod in the direction of the rural dimension that he mentions. It presumably does not cover the case that he mentions, which is why an amendment may be relevant. Let us remember that such stores can open on Sundays and that that provision would be carried forward into the Bill, as I understand it.

Then, intriguingly, the list of exemptions continues:

"any shop where the trade or business carried on consists wholly or mainly of the sale of intoxicating liquor".

That is an interesting exemption if ever I saw one. We are starting into that list of activities—either on the part of the shopper or the provider of the service—that we think are acceptable on Christmas day, as opposed to the other activities.

The schedule then goes on to list

"motor supplies . . . cycle supplies . . . pharmacy . . . medicinal products . . . surgical appliances . . . railway station . . . petrol filling station"—

to which my hon. Friend the Member for Bournemouth, East referred—and

"any shop at a service area"

related to a filling station and food stores for vessels or aircraft. So we have a large list of exemptions. Let us not therefore imagine that the protection originally provided by the 1994 Act—I am told that the Bill seeks to close a loophole in it—was all-encompassing. In fact, a large number of exemptions exist, covering both the size of stores and, in that explicit list in schedule 1, the type of stores.

Let us put aside all the tear-jerking and emotional appeals that we have heard in this morning's brief debate. What we are really saying is that we want to single out a group of people in the retail sector who we believe deserve special treatment—those working for large stores—but there is a probably an even larger group who will not receive that protection. Why? On the one hand, they happen to work in a small store, while on the other, they happen to sell booze. That strikes me as an interesting, perhaps even a rather odd, approach. Why so many people want to argue that such protection is so effective is somewhat beyond me. I do not think that it is effective.

USDAW, which is the union that has driven the whole thing, has targeted a modest campaign at me in my constituency. I have no complaint about that. We are all used to bizarre little interest groups targeting us from time to time, and another one has popped up. It is pity that the hon. Member for West Lancashire (Mr. Pickthall) is not still in the Chamber. He proudly claimed to be the chairman of USDAW in the House, so I thought that I would tell him the figures to show how effective his union is in targeting me in my constituency.

I checked my post this morning and my telephone. I shall give the figures for the amount of interest in the Bill among USDAW members in Bromley and Chislehurst: phone calls, five, one of which was extremely abusive, but I do not mind that as I am used to it even in the House; pre-printed rather glossy postcards, 17; and pro-forma letters, 16. So of the 70,000 voters in Bromley and Chislehurst, most of whom are proud shoppers and consumers—I am happy to say that we have one of the best shopping malls in the country at Bromley, and I am even happier that it is open on Sundays—and of the massed ranks of USDAW, pumped up by their union and invited to contact me for my wicked activities in the House today, the grand total so far is 37 people. I hope that that message will be passed on to the hon. Member for West Lancashire. He wants to gee up his people a bit if he wants to try that sort of thing.

We now come to inspectors. This is another interesting one because we will create a small category of people who must work on Christmas day, as a result of the Bill. Inspectors have not been mentioned much so far. They are an honourable group of people. Until now, probably except for one Christmas day in seven, which happens to fall on a Sunday, they have Christmas day off, but not any more. Funnily enough, I have not received any representation from local authority trading standards inspectors so far. They are obviously a pretty compliant bunch—or perhaps they want the overtime, who knows? I have no idea, but they will have to be out there, pounding the streets, ensuring that no store of over 3,000 sq ft opens on Christmas day, as a result of the Bill. By the way, that must inevitably involve an extra cost. It will not be very substantial, but it will be incurred.

I always try to be fair to the explanatory notes. I always like to put in this point in passing at some point during such debates. The explanatory notes state that they

"have been prepared by the Department of Trade and Industry with the consent of"

the promoter of the Bill. I am always a bit suspicious about such things. It is interesting how some private Members' Bills receive no help from Departments, yet others do. Perhaps the Minister will explain why the Government were neutral when such a Bill was last considered in the House and failed because only 37 Members bothered to vote for it. That is something obviously burned on the conscience of Labour Members as they have been dragooned in today to ensure that that does not happen again. I hope that we get the numbers if we have a Division. I would be fascinated to know the provenance of the explanatory notes.

The explanatory notes state:

"In view of the current practice and plans of large retailers"—

an interesting comment, given what follows—

"the effect of the Bill on local government staff numbers (in relation to enforcement) is expected to be negligible."

[Mr. Forth]

So the explanatory notes predict that there will be very little activity on that front, but they confess that there will be an effect on local government staff numbers—the poor inspectors—and a cost because they must be paid either overtime or, if they are salaried, for an element of additional expenses.

While I am on the subject, the very next paragraph says:

"the vast majority of large retailers do not currently open Christmas Day and have no immediate plans to do so."

What about all the scare stories that we have just heard from Labour Members? The explanatory notes themselves—the Department, the Minister—tell us that

"the vast majority of large retailers do not currently open Christmas Day and have no immediate plans to do so."

That is somewhat at odds with the scare stories that Labour Members have tried to peddle, so we need a bit of clarification about that when the Minister catches your eye, Mr. Deputy Speaker. That small but significant category of people would be disadvantaged if the Bill were to reach the statute book. They would have to work on Christmas day, as opposed to the other people who would not have to do so.

Lembit Öpik: I do not want to detain the right hon. Gentleman. He said at the start that he was informed by libertarian principles. He has made no comparison of the harm principle in respect of the relative benefits to those who would not be made to work versus the small number, as he says in the quotation that he cites, who would be. Will he spend a moment or two explaining his view of the Bill's libertarian consequences and why he is against it for libertarian reasons?

Sir Patrick Cormack: No, we have had enough.

Mr. Forth: If the hon. Gentleman wants me to expand—

Sir Patrick Cormack: No.

Mr. Forth: The hon. Gentleman is getting my hon. Friend over-excited already, and that is just by an intervention. I am now caught between two colleagues. The hon. Gentleman, who urges me to expand on some of my remarks, and my hon. Friend, who will become over-excited if I am tempted to do so. Subject to guidance from you, Mr. Deputy Speaker—which I do not seek, I hasten to add—I find myself in a bit of a quandary.

In friendship to the hon. Member for Montgomeryshire (Lembit Öpik), I point out that I said briefly at the beginning of my remarks that there is always a tension between the entirely liberal approach that his party, sadly, rarely follows these days and the costs. My preference is always to leave the maximum freedom to, in this case, the shop owner, the shop proprietor, the shop worker and, most important of all, the consumer. They are by far the largest majority in society. That is my view on the balance of things.

The hon. Gentleman has led me easily into the next part of my brief analysis—the applicability or not to this Bill of schedule 4 of the 1994 Act. I remain puzzled because of what was said by one of the USDAW members, who telephoned me at the instigation of her union and with whom I discussed the matter. When I asked her, "What about your union? What are they doing for you?", she replied, "Oh, they're useless—absolutely nothing." I asked, "What about your shop steward in your store?", and she said, "He's just left and gone off to another job." That is in an interesting comment. In this era of full employment, people have many more options as to where they choose to work than they might have in other circumstances.

I believe that the role of the trade union is worthy of exploration. It seems to me that it wants to use the law to do what it should be doing already. The hon. Member for West Lancashire is back in his place, but he did not feel that he had time to give way to me earlier. If he is going to tell me that the provisions of schedule 4 of the 1994 Act are inadequate or inoperable or that his union cannot make them work effectively, that should be the target for the amendment to legislation. We should not have this heavy-handed Bill that is trying to stop people doing what they might reasonably want to do on Christmas day. We should ask what protection is provided by a combination of the existing law—the 1994 Act—and the trade union. If the trade union is falling down on the job as badly as its member, who was instigated to call me, said—I am glad that she did—the union should look seriously at itself, what it does, how it does it and why it does not protect its members adequately.

The provisions of schedule 4 of the 1994 Act are lengthy, detailed and comprehensive, but I will not attempt go through them in detail. That is for another day and a subsequent stage of the Bill when we will want to get into the nitty-gritty, but the question is hovering unseen in the background to the debate. What has the union been up to? Has it been serving its members effectively? Why is it spending a lot of time sending out glossy postcards to its members asking them to send them to their Members of Parliament instead of doing the job that it should be doing, which is to make itself available to its members, perhaps to recruit more members and to make sure that the proper protections that were provided in schedule 4 of the 1994 Act are made available to shop workers and to retail workers? That question has to be answered.

Having trotted through the preliminaries, I shall take a brief look through the Bill. I do that to provide an introduction to its subsequent stages. It will be considered in Committee and come back, very importantly, for Report and Third Reading. Much useful work will be done then.

Clause 1(1) states:

"A large shop"—

this returns us to the point made by my hon. Friend the Member for North Shropshire—

"must not be open on Christmas Day for the serving of retail customers."

My wife and I are avid shoppers at a store called Costco, which I thoroughly recommend to the House. The nearest one to us is in the Lakeside complex in Essex, just across the Thames from us in Kent. It is a large wholesale store and the public cannot just wander in; one has to be a member to have the privilege of shopping there. It is a wonderful store with very keen prices and a

wonderful range of goods. It is packed on Sundays. Presumably it would not be covered by the provisions in clause 1(1), which talks about the serving of retail customers. Therefore, if I can persuade Costco to open on Christmas day, I would be able to go and shop there. I might well be tempted to do so. Mrs. Forth and I are avid retail and, in this case, wholesale shoppers and we would find that a very attractive possibility.

That is another anomaly that has opened up to add to all the other anomalies that are beginning to become apparent in the Bill. They include discrimination against employees in small stores, discrimination against people of religions other than Christianity, and all the others that I have mentioned. Here is another one right at the start of the Bill. One does not need to go any further.

Perhaps the Bill's promoter or the Minister—he has had such an input to the process—can explain why there has been no need to revisit the exemptions in schedule 1 of the 1994 Act that are carried forward into this Bill. I would be fascinated if either of them could tell me that they are completely satisfied with that list of exemptions in every respect or that there might be scope—there may well be—for adding, reviewing or reducing the list. I think that you, Mr. Deputy Speaker, will agree that it is a rare piece of legislation that arises from a 1994 Act that we, as this great body gathered together, can see no reason to update or amend. I refer to the provisions for liquor stores, petrol stations, pharmacies and all the other exemptions mentioned in the list. Is this list so good and was our perspicacity so great in 1994 that, 10 years on, we see no need to revisit the matter? That is an interesting question.

Funnily enough, the adequacy of the level of the fine in the Bill was mentioned in our previous canter round this course three or four years ago when the previous attempt at a Bill failed miserably through lack of support by Members of Parliament. There is a real question as to whether the fine would be an effective deterrent to a large store that decided to open in defiance of the provisions and take the hit, if I can put it that way, of the fine. I have no way of measuring the effect of the fine, but its appropriateness is a relevant consideration.

While we are talking about the fine, one always has to ask whether it is wise to include a precise amount in the Bill. As we learn at our grandmother's knee when we arrive in this place, whatever we put in a Bill that will become an Act—I hope that it will not in this case—is difficult to change. However, the Bill's promoter has decided to include a figure in the Bill. He had better hope that inflation remains as low as it has been. If we get a burst of inflation, the real value of the fine specified in the Bill will be whittled down pretty quickly. Then there would be some regret. Should a figure for the fine be specified in the Bill?

I mentioned, in passing, the duty to enforce and the duties of the inspectors. This unfortunate group of people will now have to work on Christmas day, as opposed to all the others for whom the aim is that they should not have to work. We should give the inspectors a passing thought and, in doing so, ask whether the enforcement provisions, which are largely carried forward from the 1994 Act and which include the powers of entry—a matter that always makes me uneasy—are exactly what we want them to be. Should those provisions be revisited?

Schedule 2 to the 1994 Act refers both to general enforcement provisions in part 1—the inspectors, powers of entry and so on—and to shops occupied by persons observing the Jewish Sabbath and shops occupied by persons of the Jewish religion in part 2. It is at least worth considering whether we should extend that provision given the changing nature of our society. I gave the figures and analysis of the different religious groups not only in our society as a whole, but in the wholesale and retail sector as well. It strikes me that it is worth giving some thought as to whether faiths other than the Christian faith could be mentioned either explicitly or in a more general, all-embracing provision. I accept that there would be definitional problems with that and it would have to be considered in more detail. I simply flag it up as something that needs proper consideration because it picks out a particular group.

I think I am right in saying that, interestingly, the members of the Jewish faith in particular who work in the retail sector are actually, according to the census—this may surprise some hon. Members—smaller in number than the members of all the other faiths, other than Christianity, that are listed. That raises the question of why it is that members of the Jewish faith are picked out when greater numbers of other faiths may not wish to acknowledge the sanctity of Christmas day in the way that most Christians would. The relevance of the Bill to them has to be considered.

All in all, I have cantered briefly around the course and have no reason to detain the House unduly. *[Interruption.]* I see that I am disappointing the hon. Member for Hendon. He knows that there are horses for courses, and times for this and times for that—something that he explained to me recently about a Bill of his own, to which we shall return on another Friday. I recognise the dynamics of each Friday, and of this one in particular, so I am happy to have set out my severe reservations, for all sorts of philosophical and practical reasons.

I will send this little speech of mine to all the USDAW members who were kind enough to contact me by their pre-printed postcards and pro-forma letters. Indeed, if any USDAW officials who were kind enough to waste their union's money on that exercise would like a copy of my speech, I shall be only too happy to send it to them, such is my generosity.

I hope that I have given some flavour of my reservations. I look forward very much to returning to them in the Bill's subsequent stages, which I think will, if anything, be even more interesting.

11.3 am

Mr. Barry Gardiner (Brent, North) (Lab): It gives me great pleasure to follow the right hon. Member for Bromley and Chislehurst (Mr. Forth), who, like me, regularly attends Friday morning debates. We have some of the most interesting, colourful and best debates on such occasions because they are traditionally unwhipped. He is a master of Friday mornings and knows the procedures of the House better than most, if not any. It was interesting to note the way in which he decided to terminate his remarks. Many hon. Members will be grateful that he does not want to filibuster and to talk the Bill out. He realises that that would be otiose and not in keeping with the will and mood of the Chamber.

[Mr. Barry Gardiner]

I, too, do not wish to detain the House for long. I wish the Bill the speediest of passages, both today and in future. However, many comments by hon. Members on both sides of the House related to the specifically Christian nature of the celebration of the high holy day of Christmas. I speak not simply as a practising Christian, but as a representative of the most ethnically diverse and multicultural borough in Britain and, indeed, Europe. Brent has more than 120 different first languages spoken in its schools. We have every faith that it is possible to conceive of in our borough. Yet not one person has opposed the Bill on the ground of respect for different cultures and faiths.

Helen Jones (Warrington, North) (Lab): Does my hon. Friend agree that many other faiths support the Bill because they also want Christmas day preserved as a family holiday? In addition, they do not want the taxpayer to incur the extra cost that would arise from large stores opening on Christmas day, which would require normal council services, such as waste disposal and street cleaning, to be in place.

Mr. Gardiner: My hon. Friend makes an important point. She encapsulates the one thing that I wanted to talk about: respect for the family, which underpins all the different religious traditions and communities that are represented in my borough. It is because of that respect for the family—because people realise that there should be, in any culture, one day on which the family is paramount—that people of different faiths have chosen to support the Bill, and I am delighted that they have done so.

It is clear from the nature of large work forces that the idea that shop workers can simply decide whether they want to work on Christmas day—that they can volunteer—is ridiculous. We all know the pressures that exist in any workplace. People who do not volunteer are marked down for the future and their managers look at them less favourably when it comes to promotions. It may well be that my own lack of volunteering is responsible for me languishing on the Back Benches week after week.

I hope that hon. Members who want to divide the House and who will go into the Lobby against the Bill will consider, when they think of the freedoms that they believe themselves to be fighting for, the way in which those shop workers are being denied their freedoms.

Mr. Forth: Will the hon. Gentleman comment on what I said about the effectiveness of the protections that are given in schedule 4 to the 1994 Act, and the role of the trade union? Is he completely happy that the trade union that is behind the Bill has done everything in its power to make the provisions effective? If not, what is the solution?

Mr. Gardiner: I have a different view of the role of trade unions in this country from that of the right hon. Gentleman. He always sees trade unions as an oppressive force in society.

Mr. Forth *indicated assent.*

Mr. Gardiner: The right hon. Gentleman acknowledges that he does so, but I see trade unions as the organisations that have fought for workers' rights for more than a century and achieved many progressive measures to emancipate the work force. It is essential to understand that trade unions, and particularly USDAW, seek to protect the situation of their members. They do not want workers in large stores and shops coerced, albeit by managers who say, "Of course you have a choice," in the full and certain knowledge that if they exercise that choice in one direction they will ultimately be penalised and have it marked on their cards against them. If the right hon. Gentleman is not prepared to accept that, I am sorry but we must disagree.

Many Labour Members have experience, to which the right hon. Gentleman has alluded, as members of USDAW or other unions or from a retailing background. They have seen such pressures being applied. They know that that is the way that things operate. Earlier in our debate, one of my hon. Friends commented on how this House operates—we all know the pressures that a one or two-line Whip can impose to make sure that Members are here. Even if a three-line Whip does not apply, there are always pressures on people to vote, and that happens with retail management too.

To return to my central point, all communities recognise the importance of family and of having one day on which people take care of each other, come together, and are not subject to the commercial pressures that we see throughout society during the rest of the year: one day on which family is sacred. The hon. Member for Bournemouth, East (Mr. Atkinson) spoke of his experience of opening a petrol station for just a couple of hours on Christmas morning. The service that he provided enabled families to come together. On Christmas day, families need to travel to see distant relatives or to come to the main family house for Christmas lunch, so that the whole family can be united on that day. That is why I agree wholeheartedly with him that that is an honourable and welcome exception to the Bill, which should not restrict petrol stations that provide that service. It goes to the heart of what the Bill is about: the nature of family and bringing families together on one day a year without commercial pressures.

It is wrong that people should be discouraged, that there should be alternative attractions to go out and engage in commercial activity on Christmas day and that large stores should be open, vying for custom. That is not why I support the Bill, however. I recognise what the right hon. Member for Bromley and Chislehurst says: if people want to go out and engage in commercial activity when it is available, that is a decision for them. But the point is that the work force are being coerced on those days when they find it difficult if not impossible to refuse. It is their families whom I seek to protect, and whom my hon. Friend the Member for North Durham (Mr. Jones) seeks to protect through his Bill.

Many stores have said that they have no desire to open and compete on Christmas day, but if one of them does, the others will feel obliged to do so to protect their position because commercial margins are so tight. They want us to legislate, to step in and say, "No. We will protect this time, which is for family." My hon. Friend has done the House a great service by promoting this Bill.

The Ministers on the Front Bench are raring to wind up this debate, and I have no intention or desire to prolong it. The House should have the opportunity to vote on this important matter, and I am confident that my hon. Friend's Bill will be passed.

11.15 am

Mr. Patrick McLoughlin (West Derbyshire) (Con): I want to speak briefly on this Bill. I will not speak for as long as the hon. Gentleman who spoke previously.

I welcome the Bill. Should there be a Division, I will support it. But I would also like one change to be made in Committee. A great number of people work on Christmas day in the catering trade, and in the forces, where cover must be provided. For the catering trade, I would like an amendment to protect those who work on Christmas day. At the moment, there is a national minimum wage, but it does not reflect statutory holidays or working on statutory holidays. I believe that Christmas day is particularly important, and there is a case for reflecting that in the Bill for people who work in the catering trade on that day. The matter should be discussed in Committee. I will not delay the Bill further, having made those small points.

11.16 am

Shona McIsaac (Cleethorpes) (Lab): I, too, shall be brief in my words of support for the Bill.

This is in essence a simple measure that deals with the anomaly of the Sunday Trading Act 1994 that prevents stores from opening on Christmas day unless it falls on a Sunday. I cannot understand how anybody can vote against a measure that puts right that anomaly, and neither will the millions of shop workers, who are largely women workers who already have a great deal of pressure on them at Christmas because they are responsible for organising Christmas day and bringing the family together. I therefore support the Bill totally.

Christmas is already the busiest time of year for shop workers, and most of them are not allowed to take annual leave in the final weeks of December because the stores are so busy. They must have Christmas day protected for that reason, too. I was imagining earlier what would happen if stores opened on Christmas day. I envisaged a scenario in which families would open their gifts in the morning, have their lunch and all be down the shops in the afternoon returning the Christmas presents they did not want. That would destroy the whole essence of Christmas day and family life, so I hope that this Bill speedily passes into law.

11.18 am

Mr. Julian Brazier (Canterbury) (Con): I congratulate the hon. Member for North Durham (Mr. Jones). As a fellow promoter of a private Member's Bill, let me say that he and I know how much skill it takes to succeed in the ballot.

This is a good Bill, and I am pleased to have the opportunity to speak on it. I make it clear from the outset, that since the events of 18 years ago, this has been a conscience issue in my party, so I speak purely in a personal capacity. We have had a good debate and interesting contributions from both sides. I did not agree with the bulk of the speech of my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth), but he brought to the House the erudition, knowledge and experience that he brings to all his speeches. This House is the better for having a strong defender of Parliament speaking out as he does five days a week, unlike the vast majority of us, who are only here on four days or even fewer.

My right hon. Friend was right about one point, which was echoed by my hon. Friend the Member for West Derbyshire (Mr. McLoughlin). This is a good time for us to remember those people who necessarily have to work on Sundays. As the son of a soldier, and with many relatives in the medical profession, I am very conscious of that as we discuss this matter.

I warmly welcome the Bill. It is intended to protect not only retail workers, but, more importantly, their families and those who live around major retail outlets. I supported the restrictions on Sunday trading and thought that the Sunday Trading Act 1994 was good because the old arrangements were being so widely breached. At least we now have some proper regulation to ensure that shops do not open early on a Sunday morning, which in practice many large shops were doing under the old arrangements. I should have liked greater regulation in that respect.

I make no bones about being pleased that the Bill publicly recognises the fact that we are still a predominantly Christian country, and I feel in no way embarrassed about that. Christmas is a very special day for families across the country—a day on which as many people as possible should have the opportunity to spend time with husbands, wives and children. We already have fewer public holidays than most other EU countries—eight, as opposed to 12 in Portugal and Austria, 14 in France and Belgium, and 15 in Germany.

The Department of Trade and Industry's work-life balance campaign recently found that nearly two fifths of adults in the crucial age group of 35 to 55—the majority of parents—feel that they spend too much time at work. Those people include the majority of parents. The DTI's second work-life balance study found that almost 38 per cent. of all employees work in occupations that from time to time involve working on Sundays. In the retail sector, the figure is well over that. It is staggering to think that, according to a survey by the Organisation for Economic Co-operation and Development, a higher proportion of people in this country than in any other feel that they have to work for longer than they wish for economic reasons. That has much to do with issues that go way beyond the scope of this Bill, such as overcrowding and the cost of housing. I do not think that it is a coincidence that our divorce rate is one of the highest in Europe—more than 50 per cent. higher than the average. The Bill seeks, in a modest way, to ease one strain on family life.

As the 24-hour society comes inexorably closer, partly encouraged by the instant nature of the internet, on which one can do or purchase almost anything 24 hours a day, it is inevitable that even Christmas day will come to be regarded by some as no different from any other day. I do not believe that, which is why I am glad to support the Bill. Shopping has become almost the new religion, and in the process we forget the retail worker. Almost any occupation that one cares to name will,

[Mr. Julian Brazier]

rightly, have its stout public defenders: nurses, doctors, teachers, farmers, alternative medicine practitioners, fisherman, police officers; the list goes on and on. There are always strong voices for those people in this House, but retail workers do not have a particularly loud voice, despite the large number of USDAW members. Yet roughly 10 per cent. of the work force works in the retail trade, the majority of whom are women. Many of those who already work on Sundays are single parents. A survey entitled, "The Changing Nature of Sunday 1994–1999" calculated that as many as 500,000 children could be deprived of their parent's or parents' attention on that common day off.

Of course, increased opening hours affect not only workers, but anyone living in close proximity to a large shop who has to deal with delivery lorries, customer traffic, increased pedestrian activity and so on. The fact that stores are not allowed to open until 10 am on a Sunday gives people some relief, and it is right that they should enjoy full relief on Christmas day.

I hope that the hon. Member for North Durham will find it useful if I draw his attention to three small defects in his Bill. First, it refers only to shops opening, which applies to retail workers but not to other activities. We do not want simply to transfer the burden so that Sunday becomes the big day for restocking, for example. That would affect storemen and drivers and, in areas such as mine, could result in increased, not reduced, nuisance to people who live nearby.

Secondly, I wonder whether a fine of the size specified in the Bill would act as a deterrent to a large store. I am genuinely puzzled as to why it is included.

Thirdly, I hope that what my hon. Friend the Member for North Shropshire (Mr. Paterson) said about rural exemptions will be picked up. It is anomalous that the only shop in a rural area could be affected if it wanted to provide a small Christmas service.

Shona McIsaac: But it is a large store.

Mr. Brazier: Perhaps the hon. Lady was not in her seat when my hon. Friend spoke. The point is that a shop that has just passed over the threshold might be the only one a rural area.

Mr. Paterson: It exceeds the threshold of 3,000 sq ft massively. Because it is such a successful family operation, it is now 22,500 sq ft. The definition is much too blunt. As my hon. Friend suggests, the shop provides a very valuable service in a thinly populated rural area. Another one further down in Shropshire called Harry Tuffins would also qualify. There must be several such outlets that began as little family businesses, and have all those characteristics, but are physically quite large.

Mr. Brazier: With respect to my hon. Friend, the history of the business is not the relevant point. If the shop is genuinely the only one serving a very large area and has, for example, a pharmaceutical side or sells other essential things that people might need at short notice, there is scope for an exemption. There may be several such shops around the country.

The Bill must not be seen as an attack on large stores. In supporting it, the House should commend the fact that just over 90 per cent. of them choose to close on Christmas day anyway. However, it is right to create a level playing field.

I want to close by making one more personal remark. Earlier, we discussed libertarianism. I, for one, am not a libertarian—I am an old-fashioned Conservative.

Mr. Stephen Pound (Ealing, North) (Lab): As are we all.

Mr. Brazier: I am delighted to stand shoulder to shoulder with the hon. Gentleman on an awful lot of issues, although not, following his correspondence with one of my constituents, on people defending their homes.

My attitude to regulation is that it should be principled. I am proud of the fact that I am part of the party that, in the middle of the last century, introduced the Clean Air Act 1956, which was the first such Act and the cornerstone of subsequent environmental legislation. I am proud of the fact that in the middle of the previous century it was a Conservative Government who introduced the Factory Acts that got children out of the most dangerous places of employment. But principled legislation must be separated from the absolute detritus of paperwork that is besieging our small businesses, hospitals, schools and police stations. The Bill is an example of principled legislation: it represents a thoroughly good principle.

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): Will the hon. Gentleman give way?

Mr. Brazier: Happily, although I was about to sit down.

Mr. Sutcliffe: I want to pursue the issue of regulation, because it is constantly raised by Conservative Members. Which employment regulations would the hon. Gentleman like to be withdrawn?

Mr. Brazier: Every time I visit a small business, a police station, a hospital, a school, or almost any other place where people are employed, they show me the huge quantities of paperwork that they are engaged in. It would go well beyond my brief in this debate—

Mr. Deputy Speaker: Order. The hon. Gentleman is spot on. He has allowed himself to be tempted into territory that is not covered by the Bill.

Mr. Brazier: I am grateful, Mr. Deputy Speaker, for your wise guidance. I shall avoid the hon. Gentleman's blandishments.

The Bill is an example of principled regulation. It is a good Bill that will have one narrow effect that I believe will be for the good of this country. I urge the House to support it.

11.30 am

Mr. Andrew Dismore (Hendon) (Lab): I congratulate my hon. Friend the Member for North Durham (Mr. Jones) on introducing the Bill and on putting up with all the vagaries of a Friday sitting. Some of us who are in the Chamber on Fridays more often than others are aware of the tactical to-ing and fro-ing and know how frustrating and frightening that can be. However, I am pretty sure that my hon. Friend will achieve his objective today.

I wish particularly to support the Bill because at Brent Cross in my constituency there is one of the largest shopping centres in the country. Retailing is the major employment sector in my constituency. There are more people employed in retailing than in any other form of work. The Bill is of great importance to those who work in the sector.

Those who work in retailing in my constituency come from many different faiths. The right hon. Member for Bromley and Chislehurst (Mr. Forth), in his peroration, set out all the different faith groups that we have in the UK. When I first read the Bill, I shared some of his concerns about whether we were doing enough to protect those of other faiths from being required to work on days that they regard as holy. However, that does not detract from the main thrust of the Bill, which is to preserve the special nature of Christmas day for families generally, not only for Christians, for people of no faith or for those with other faiths.

I think of the enormous stress and work that we place on those in the retail sector in the run-up to Christmas. People are working day in and day out, seven days a week, with no holidays. They work long hours and a great deal of overtime. It is only fair that we recognise the huge contribution that those people make, not only in making other people's Christmas happy and enjoyable but in contributing to the strength of our economy. We should recognise that by giving them at least one day off, which is absolutely clear, a year. I say to the Scrooge from Bromley—the right hon. Member for Bromley and Chislehurst—that his approach is not the way forward.

It is important to recognise that we are talking not only about shop workers but about all the other workers whose lives would also be affected if trading were allowed to continue on Christmas day. At present, transport workers will almost certainly not have to work on Christmas day. If trading were to continue on Christmas day, they would have to work. Other examples are street cleaners, parking attendants, traffic wardens and bank call centres.

Many people are affected indirectly by trading on Christmas day. They deserve the help that the Bill will give to them as well as to shop workers. The issue goes well beyond an USDAW pressure group. It affects a great many people throughout the country in all walks of life. I very much support the Bill.

11.33 am

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I congratulate my hon. Friend the Member for North Durham (Mr. Jones) on his success in the ballot and on introducing the Bill. It is an important measure.

As did my hon. Friend, I thank my hon. Friends the Members for Doncaster, North (Mr. Hughes) and for Crewe and Nantwich (Mrs. Dunwoody), who have raised the issue previously. They were unsuccessful in achieving what they wanted for reasons that we have heard this morning.

I respect the right hon. Member for Bromley and Chislehurst (Mr. Forth), who attends the House on Fridays when private Members' Bills are being discussed and advances his point of view. However, I suspect that some people will think of him as the grinch who stole Christmas, or as Ebenezer Bromley.

I pay tribute to the work of USDAW on this issue. I think that the right hon. Gentleman was unkind in his criticism of the union for the way it has tried to support its members and the industry by making Christmas a special day, as hon. Members have said it should be.

John Mann (Bassetlaw) (Lab): Will my hon. Friend take the opportunity to set the record straight by confirming that USDAW has been the fastest growing trade union and the best recruiter of any trade union over the past five years, and exposing the myth that has come from Opposition Members—that it has a problem in recruiting shop workers?

Mr. Sutcliffe: I am grateful for my hon. Friend's intervention. USDAW figures prominently in my ministerial responsibilities for employment affairs, consumer affairs and competition. My hon. Friend is right to draw attention to the growth of USDAW's membership.

The right hon. Member for Bromley and Chislehurst should reflect on his party's opposition, in terms of employment relations legislation, to the union modernisation fund. Other unions could learn from the work that USDAW has done in respect of recruitment. There is an involvement in social issues that applies throughout my portfolio. I pay tribute to USDAW and to all the other organisations that have campaigned to keep Christmas day a special day.

I agreed with the hon. Member for South Staffordshire (Sir Patrick Cormack) when he referred to the Wilde quote about the price of everything and the value of nothing. That counts in this debate and the hon. Gentleman was right to make that point. He had an interesting exchange with the right hon. Member for Bromley and Chislehurst about the historical consequences of some of the things that were done when the Conservatives were in government. It was interesting also to hear the hon. Member for North Thanet (Mr. Gale) talking about his name being on the list that was in a former Prime Minister's handbag.

My hon. Friend the Member for Stockport (Ms Coffey) put her finger on the pulse when she talked about the creeping commercialisation that has taken place and which has damaged—

Mr. McLoughlin: Will the Bill give the same legal ruling on Christmas day as that which applies on Easter Sunday? There are certain restrictions on

[Mr. McLoughlin]

Easter Sunday. Will the same restrictions be applied on Christmas day—in other words, the same rules and the same regulations?

Mr. Sutcliffe: As my hon. Friend the Member for North Durham said in introducing the Bill, that is the intention. I am sure that he will return to that matter when he replies.

My hon. Friend the Member for Stockport made the interesting and valid point about creeping commercialisation. The right hon. Member for Bromley and Chislehurst was right to support what my right hon. Friend the Chancellor of the Exchequer said about the role of the consumer and the role of the economy generally. I agree with the right hon. Gentleman on that point, if on nothing else.

There have been many interesting contributions to the debate. The hon. Member for Montgomeryshire (Lembit Öpik) supported my hon. Friend.

The Bill contains only five clauses. There is a limit to what I can say that would go beyond what my hon. Friend the Member for North Durham has said about the measure. I do not want to go over all the ground again but I shall make a few brief remarks. I am aware that there is a great deal of anticipation about what may be happening next.

Paul Farrelly (Newcastle-under-Lyme) (Lab): Does my hon. Friend agree that people in the UK already work some of the longest hours in Europe, and that that should not extend to forcing people to work on Christmas day? Furthermore, does he agree that far more women are employed in supermarkets than men, and that even in this day and age they carry the main day-to-day burden of bringing up families? They, most of all, deserve time off on Christmas day. Their families deserve to celebrate the day with them. They deserve the Bill and it deserves to pass through the House.

Mr. Sutcliffe: I agree with my hon. Friend. I am glad that he made the point about women workers. He will be proud of the Government's record on employment relations legislation and the introduction of the social chapter, which have developed and helped the lives of people at work.

As I have said, the Bill has only five clauses. There are 274 shopping days before Christmas, and some people may think that talking about Christmas now is premature. However, we must be aware in the context of legislation that time is an important commodity.

The purpose behind the Bill is simple. It would prohibit large shops—those measuring more than 280 sq m or 3,000 sq ft—from opening on Christmas day. The definition of large shops is the same as that which appears in the Sunday Trading Act 1994. As is the case with that Act, the Bill sets out a number of exemptions from the proposed prohibition. These are farm shops, shops whose trade consists wholly or mainly in the sale of alcohol, pharmacies, shops at airports and railway stations and shops servicing ocean-going ships, motor and cycle supply shops, stands at exhibitions and shops at petrol filling stations and motorway service stations.

The 1994 Act could be said to be one of the precursors of the Bill in so far as it prohibits the opening of large shops on Christmas day when it falls on a Sunday. However, the same prohibition does not apply when Christmas day falls on any other day of the week. I am sure that many hon. Members would agree that Christmas day stands apart from the ordinary days of the week and even other holidays; indeed an indication of this is the fact that many people—myself included—lose track of the days over the Christmas period.

In the debates that preceded Royal Assent to the 1994 Act, it was clear that there was a desire among Members that the prohibition should apply to this special occasion falling on any day of the week. Unfortunately, the very nature of the Act meant that its scope was limited to the regulation of trading hours on Sunday alone. Its provisions could not be applied to the regulation of shops opening on other days of the week and it was therefore not technically possible to extend the legislation to cover Christmas day on any day other than Sunday. I believe that applying a prohibition when Christmas day falls on a Sunday but not when it falls on any other day is an inconsistency that it is right to address; and that, while the House accepted the position in 1994, it is no longer tenable.

Enforcement of a prohibition on Christmas day trading by large shops would fall to local trading standards officers. Again, like the 1994 Act, the Bill applies only to England and Wales. With regard to Scotland, a Bill similar to this was introduced in the Scottish Parliament last year. The Bill has been put out for public consultation, after which the Scottish Executive will consider the way forward.

As my hon. Friend the Member for North Durham has already mentioned, the Government carried out a public consultation in the summer of 2003 on the proposals to keep large shops closed on Christmas day. The vast majority of responses received were supportive of such a law; specifically, 97 per cent. expressed their support for the measures.

It is not difficult to see why these measures would be popular among the general public, and I have been pleased to hear the support from so many hon. Members today. Christmas day, for many in our rapidly changing times, represents a traditional time for celebration and provides a focal point in a busy and often chaotic period. Christmas is a time for the family; particularly, as we all know, for the younger family members. Speaking personally as a father and grandfather—[HON. MEMBERS: "Never!"] It may come as a shock to some. We must not forget the importance of Christmas for parents to spend quality time with their children.

On the latter point, I understand that the majority of those who work in the retail sector—particularly in large supermarkets—are women, as my hon. Friend the Member for Newcastle-under-Lyme (Paul Farrelly) said. Many of them are also mothers. We want to ensure that the special nature of Christmas day is preserved and enable thousands of parents to continue to share quality time with their families and friends. In the absence of other legislation covering Christmas day trading, I believe that the Bill is the best way to achieve this.

In the summer of 2002, major retailers were consulted individually on their plans for opening on Christmas day of that year and in future years, to inform

consideration of whether legislation was necessary. To some extent the responses to this consultation from the retail sector itself were encouraging. It was found that the majority of large shops did not open and did not intend to open on Christmas day 2002. Nor did they have plans to open on Christmas day in the near future. However, this seemingly reassuring fact does not preclude the possibility of change were one competitor to decide to break with the pack and open. A significant number of retailers confirmed that their existing plans would be reviewed if competitors were to open. So inevitably, if one major retailer decided to open on Christmas day, the result could be a domino effect.

There have been instances since 2000 of large chain stores gauging consumer demand through market testing; that is, either through opening for a specific limited period on Christmas day or by conducting research on consumer habits and preferences in relation to Christmas day. That further validates the need for the Bill, as it seems inevitable that in the not-too-distant future large shops will begin to test the market, leading in turn to knock-on effects across the retail sector.

With this in mind, I believe that this is an opportune time to legislate. This is not only to preserve the traditional character of Christmas day but also, significantly, to avoid legislation representing a new burden for the retail sector. In other words, while it is currently the norm for large shops not to open on Christmas day, they will have little, if anything, to lose by this Bill becoming law. It will simply mean a continuation of current practice and maintenance of the status quo.

I acknowledge that there is an issue of consumer choice here—something about which certain Opposition Members are particularly concerned. This concept is important to our economy, and to some extent it is a reflection of a prosperous society, but it is also important not to be too dogmatic about it when there are other issues to consider. We have to strike the right balance between the rights of consumers and the rights of parents to spend time with their families. In this context, I believe that the right balance is in favour of the latter, as it is far more important to the fabric of our society than the desire to go shopping on Christmas day.

Rob Marris (Wolverhampton, South-West) (Lab): Does my hon. Friend think that it would assist the rights of consumers if we legislated to require that all toys and items of personal grooming should come supplied with batteries?

Mr. Deputy Speaker: Order. I suggest that the Minister should not be tempted down that line.

Mr. Sutcliffe: I accept what you say, Mr. Deputy Speaker. On regulation, however, we never hear from the Opposition which regulations they want to be passed.

There is a question as to why the Bill is concerned only with large shops. My answer is that of course we do not believe that every shop should be closed on Christmas day. We believe that the right balance is struck by the exemptions.

The Bill is important and I hope it gets the support of the House today. The vast majority of people—97 per cent.—want Christmas day to be kept special and we should support the Bill. In the past, Governments were neutral on the issue but this Government fully support my hon. Friend's Bill. That is why we have been working with him to make sure that the Bill is put together successfully. There is more work to be done in Committee, but I wish the Bill well.

11.46 am

Mr. Kevan Jones: With the leave of the House, Mr. Deputy Speaker, I wish to reply to some comments made in the debate today. It has been a good debate, showing the cross-party support for the Bill. The debate has also shown that support for the Bill is inspired not only by the trade unions. Many people support the Bill because of their religious convictions, while others want the traditional nature of Christmas day to be retained.

The hon. Members for Bournemouth, East (Mr. Atkinson) and for North Thanet (Mr. Gale) spoke about the special nature of Christmas from a Christian perspective, which is very important to many people from all Churches. We should not forget that we are a broadly Christian nation, something we should all cherish.

The hon. Member for South Staffordshire (Sir Patrick Cormack) holds deep religious beliefs, which came out in his speech today. The hon. Gentleman is a loss to the trade union movement, as he was eloquent about recruiting retail workers; USDAW will soon be knocking on his door for assistance.

The hon. Member for North Shropshire (Mr. Paterson) referred to Stan's Shop, I think on two separate occasions. He will be very popular the next time he goes into Stan's Shop for the free publicity that he has given that retail outlet today. He made a point about rural areas, and I accept that in some rural areas there are not the large retail outlets that exist in many urban areas. We could perhaps look at some of those issues in Committee, but we need to be careful. I know that there is a tradition in many rural areas—and also in many urban areas—of shops closing on a Wednesday afternoon to allow their workers to have time off because they work on Saturday mornings. That tradition still exists in some areas, and long may it be cherished, because it allows people who work in the retail trade to be compensated for having to work on a Saturday, a day that many other people—not Members of Parliament, I should add—can cherish. We already have a tradition in this country, which I think is more prevalent in rural areas, that shops do still close sometimes.

The reason why large shops are specified is quite clear. A small neighbourhood shop that is run by a family is mainly staffed by its owners and their family, whereas Stan's Shop and others of such a large size will have to bring in employees who are not family members. This Bill wants to protect those people from being forced to work on Christmas day.

Mr. Paterson: The hon. Gentleman is wrong on that point—most of the people who come in on Christmas day in the business to which I have referred are members of the original family. My point is that that is a small family business that has been immensely successful and

[Mr. Paterson]

is now a big one. It occupies a big area, but it has all the attributes of a small family business that the hon. Gentleman seems to admire.

Mr. Jones: The hon. Gentleman has now got his third plug for Stan's Shop in this debate; his discount is going to be very good when he next goes there. The important point is that that is clearly not a small shop if it is the size that he has claimed. I am quite prepared, however, to consider issues of rurality.

Lembit Öpik: The hon. Member for North Shropshire (Mr. Paterson) mentioned Harry Tuffins, which is a fantastic shop, but it originated in the constituency of Montgomeryshire.

Mr. Jones: At this rate, I am sure that some Opposition Members will get good discounts when they go in all these stores. However, I am glad that I have had the opportunity to allow the hon. Member for Montgomeryshire (Lembit Öpik) to make that point, so that he gets it recorded in *Hansard*.

I thank my hon. Friends the Members for West Lancashire (Mr. Pickthall) and for Stockport (Ms Coffey) for their contributions. They have a long, proud tradition of association with USDAW, and I know that my hon. Friend the Member for West Lancashire has been very active not just in helping to protect Christmas day but in other campaigns such as the "Freedom from Fear" campaign to stop violence against shop workers, which USDAW has rightly been pressing.

My hon. Friend the Member for Brent, North (Mr. Gardiner) referred to the multicultural nature of his constituency and the fact that people cherish Christmas day, irrespective of their religious faith. That is an important point. In the consultation, the Department of Trade and Industry received no representations from any groups objecting to the Christmas day provisions in the Bill.

Welcome points have been made about trade unions, and we had some good speeches in support of trade unions from Conservative Members.

Sir Patrick Cormack: I cannot let this opportunity pass without putting on record the gratitude that the House ought to feel to the late Sir Raymond Powell, who campaigned for so long against Sunday trading on behalf of USDAW.

Mr. Jones: I was only just elected at the time, so I did not have the honour of knowing Sir Raymond, but the work that he did to try to protect shop workers who worked on Sundays is on the record.

I welcome the important fact that some Conservative Members are now arguing for regulation. The hon. Member for West Derbyshire (Mr. McLoughlin) suggested that the legislation could extend to catering workers. I do not necessarily disagree with that, in that I want to protect people's employment rights, and I should be interested to see any regulations that Conservative Members wanted to introduce to prevent the exploitation of people who work in such trades.

The hon. Member for Montgomeryshire gave the Bill the support of the Liberal Democrats, which I welcome. That reinforces the fact that the Bill has cross-party support.

It would be remiss of me not to mention the right hon. Member for Bromley and Chislehurst (Mr. Forth), for whom I have much respect. I even have a sneaking admiration for the front that he puts on and his passionate beliefs. We saw today the divisions in the Conservative party—they exist in every party—between the traditional Conservatives represented by the hon. Member for Canterbury (Mr. Brazier) and the libertarian wing represented by the right hon. Gentleman. I do not agree that we want a society that allows people to do anything they want—that is the logical conclusion to libertarianism. That would mean youngsters still being put up chimneys and the excellent Factories Acts and other measures mentioned by the hon. Member for Canterbury not being on the statute book. That is not a society in which I would like to live.

Paul Farrelly: Does my hon. Friend agree that the so-called libertarian tendency really believes in freedom for the very few and a lack of it for the very many, and especially those on low pay?

Mr. Jones: Yes, that is reflected in the premise that we are all individuals and there is no such thing as society—something with which I do not agree. I think it was Hobbes who said that man's existence in such a situation was poor, nasty, brutish and short. I do not believe that many hon. Members would wish to live in such a society.

Mr. Forth: I am grateful to the hon. Gentleman for his kind remarks, but to put the record straight, even we libertarians occasionally see where our duty lies. I, for example, voted against the lowering of the age of consent, because I thought it proper for the law to protect young people, sometimes from themselves.

Mr. Jones: I am grateful for that clarification—clearly libertarianism has its bounds.

The right hon. Gentleman mentioned Costco. That is covered, because if people shopped there on Christmas day and purchased retail goods, the provisions in the Bill would apply. The only thing that would be excluded would be if they were buying goods for retail sale afterwards.

The hon. Member for Canterbury spoke well. He is a true believer in the Bill. He is possibly part of a dying breed, as a traditional one-nation Conservative with a compassionate side. That tendency was in the wilderness in the 1980s and the 1990s. I agree with him about the distribution industry. Pressure is not only on shops but on distribution networks to get the goods to those shops on Sundays. That is exacerbated by the procedure of delivering goods just in time rather than storing them at the point of sale. We cannot include the distribution network in the Bill, but I would be pleased to support any regulations suggested by the Conservative party or the hon. Gentleman personally to deal with the working hours of people employed in distribution.

The hon. Gentleman spoke about rurality. I accept, as someone with a rural constituency, albeit with urban problems, that there is a different dimension to life in rural areas. Perhaps we can examine that in Committee.

I again commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time, and committed to a Standing Committee, pursuant to Standing Order No. 63 (Committal of Bills).

Retirement Income Reform Bill

Order for Second Reading read.

Mr. Deputy Speaker (Sir Alan Haselhurst): Not moved.

Mr. Adrian Flook (Taunton) (Con): On a point of order, Mr. Deputy Speaker. I am sure that the House will wish to know my reasons for withdrawing my Retirement Income Reform Bill. Despite cross-party support for this legislation, the Government are still unwilling to back it, for the fourth time of asking. When I tabled the Bill in January, the Government had yet to introduce their Pensions Bill. They have now done so, but it remains deficient and will do nothing to help those who are forced to annuitise three quarters of their pension pot at the age of 75.

I am grateful to the Retirement Income Reform Campaign and to Cicero Consulting for their help. Having sought advice, I feel that the Bill would better continue its parliamentary life as an amendment to the Pensions Bill in Standing Committee and on Report. That will force the Government to confront its many merits, instead of relying on their Back Benchers to talk it out.

Genetically Modified Organisms Bill

Order for Second Reading read.

12 noon

Gregory Barker (Bexhill and Battle): I beg to move, That the Bill be now read a Second time.

The subject of genetically modified crops is a subject that can fill an MP with trepidation, and it is clear that it has so filled the Government deputy Chief Whip. *[Interruption.]* Indeed, I can see consternation on the faces of Government Front Benchers. Usually, it is the complicated science and the entrenched views held by those on both sides of the argument that put people off this subject. However, GM crops have potentially irrevocable consequences that could affect us all. Although I am only an arts graduate, when my name came up in respect of promoting a private Member's Bill, I was determined to tackle this subject, and I am jolly glad I did.

In the run-up to today's debate, I have been extremely gratified to learn of the support for my stand, not least from my own Rother district council, but also from the many letters and cards I have received from various other parts of the country. For example, my hon. Friend the Member for East Devon (Mr. Swire) has drawn to my attention the strongly worded resolution of Devon county council.

I am pleased to say that the Bill is sponsored by several members of the Environmental Audit Committee, of which I, too, am a member. I am delighted to say that our report, "GM foods—Evaluating the Farm Scale Trials", has been extremely well received by the public at large. I am sorry that the Government have not taken more trouble to take on board the Committee's views. I am also glad to say that one of the Bill's sponsors is my hon. Friend the Member for Rayleigh (Mr. Francois)—he, too, is a member of the Committee—who is in his place. Furthermore, the Chairman of the Committee wrote to the Minister yesterday in support of the principles of my Bill. I am pleased to say that several members of the Environment, Food and Rural Affairs Committee are also sponsors. Any mistakes in the Bill are mine, but their support—and that of other sponsors on both sides of the House—adds a great deal of weight to the fundamental principles that I will argue for today.

Without wishing to get bogged down in the complexities of GM crops, I should point out that, whenever any new technology or product is introduced, it has risks as well as benefits. As a point of principle, we must preserve consumer choice and allow people to choose whether they wish to use or consume a product. We must also ensure that, if the technology could have adverse impacts on our health, wealth or precious environment, those who introduce it and benefit from it must be properly held responsible, and if necessary required to pay damages, or to put right whatever harm is done.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): Will the hon. Gentleman give way?

Gregory Barker: Not at the moment; I want to make some progress, if I may. One does not need to be a scientist to understand that freedom of choice and producer responsibility underpin my approach. It does not matter whether one is in favour of or against the commercialisation of GM crops: those are the basic rules, and we should all subscribe to them. That is what my Bill seeks to achieve for GM crops.

Mr. Patrick McLoughlin (West Derbyshire) (Con): On a point of order, Mr. Deputy Speaker. My understanding is that this is a Department for Environment, Food and Rural Affairs Bill that would normally be answered by a DEFRA Minister. Do you know whether the Government will be providing a Minister at least to hear the arguments, if not to give DEFRA's opinion on the matter?

It was definitely the Secretary of State for Environment, Food and Rural Affairs who made the GM statement to the House. It is rather odd, therefore, that there is no DEFRA Minister present to hear the arguments.

Mr. Deputy Speaker (Sir Alan Haselhurst): I have to tell the hon. Gentleman that the Government are represented on the Front Bench, and the Chair cannot intervene beyond that. It needs to be well observed that events on Fridays sometimes do not follow an entirely normal course, which may explain the current absence of a DEFRA Minister.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Further to that point of order, Mr. Deputy Speaker. Following on from the point made by my hon. Friend the Member for West Derbyshire (Mr. McLoughlin), is it not at the very least a discourtesy, if not sheer indifference, to the House that the Government have not seen fit to provide a full team of Ministers to cover the full set of Bills before the House today? Surely the Government cannot make casual assumption that Bills will take this or that course. It must be right for the Government to supply proper Ministers to deal with Bills in the order in which they appear.

Mr. Miller *rose—*

Mr. Deputy Speaker: Order. Let me try to deal with the matter. There is no genuine problem of order. The Government are represented on the Front Bench, as I said. Whether or not the absence of a DEFRA Minister is intentional is entirely another matter. Circumstances are such that no DEFRA Minister is in his place at the present time, but that is not a point of order for the Chair because the Government are represented on the Front Bench.

Mr. Mark Francois (Rayleigh) (Con): I entirely accept your ruling, Mr. Deputy Speaker, that the Government are represented on the Front Bench. We all realise that, but as I understand it, the Minister present is from the Department of Trade and Industry. Have you, Mr. Deputy Speaker, or any other officials in the Speaker's

Office, been given any information this morning of a Government reshuffle, which would explain the change of responsibilities?

Mr. Miller *rose—*

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe) *rose—*

Mr. Deputy Speaker: Let me tempt Mr. Sutcliffe to contribute.

Mr. Sutcliffe: I am pleased, Mr. Deputy Speaker, that you protected my status as a proper Minister. I am a Minister based in the Department of Trade and Industry, which other parties are trying to do away with. The DTI is very interested in all aspects of the business of the House and will pass on to the appropriate Ministers anything that is raised in the debate.

Mr. Miller: On a point of order, Mr. Deputy Speaker. Is it not more appropriate—you, Sir, may wish to discuss the matter with the Speaker—when there is a change of business on a Friday brought about by the mechanism of Bills being withdrawn, that prior notice be given of that change? That is important, because it affects the workings of Front-Bench and Back-Bench Members.

Mr. Deputy Speaker: The Chair cannot control every event occurring in the House. Members sometimes take initiatives, involving motions to sit in private and so forth, which can completely alter the order and time taken on particular items of business. No one knows before the start of business whether a Bill will be dealt with in 10 minutes or five hours. In the best of all ordered worlds, both the Government and Opposition Benches should be manned for the appropriate legislation. The Chair expects that to happen, but nothing out of order has taken place and I believe that we should now move on.

Gregory Barker: Thank you, Mr. Deputy Speaker. I think I can shed a little further light on the matter. I received a letter from the Minister for the Environment at 6.30 yesterday evening, in which he said:

"I will of course listen carefully to what you have to say in support of your Bill on Friday and judge it accordingly."

What could possibly have happened to that Minister from 6.30 last night, when he said he would be in his place listening to the debate on my Bill? Perhaps it is a cause for concern or a cause of consternation for the Government Whips. Perhaps it explains why the Government deputy Chief Whip has scuttled off.

I want to press on, in the hope that at some point the DEFRA Ministers will turn up. I return to the issue of freedom of choice.

Mr. Tom Watson (West Bromwich, East) (Lab): Will the hon. Gentleman give way?

Gregory Barker: No, not on this point. We have done it to death.

All crop seeds have the potential to mix with other varieties, and GM crops are no different. They can be mixed by cross-pollination, when the pollen of one crop is blown or carried by insects from one plant to another. They can be mixed when birds or animals eat or otherwise transport seed to other fields. They can be mixed if a field is planted with a GM crop one year and a non-GM crop the next. Some of the seed will inevitably remain in the ground and grow later than intended, mixing with the following non-GM crop. Such plants are known as volunteers. Humans, too, can mix the seed, in farm machinery or silos that are not completely emptied of one batch of seed or crop before another is added or when seed is spilled in transportation. Seed can be mixed by accident at the grain merchant.

The point is that if GM crops are allowed to mix with non-GM crops, it will not be possible for a consumer who does not wish to eat GM food to be able to buy GM-free products. It is clear that many people want to continue to buy GM-free products.

Lembit Öpik (Montgomeryshire) (LD): Is the hon. Gentleman aware that the Welsh Assembly has had much debate about this issue, and it shares his concern that unless we do something about it now, our choice will be removed by default?

Gregory Barker: The hon. Gentleman makes his point well.

Mr. Watson: The hon. Gentleman has outlined the principles behind the Bill and some of the challenges that GM food poses for retailers. Has he managed to inform Greenpeace and Friends of the Earth about his Bill? What are their views on his Bill?

Gregory Barker: If the hon. Gentleman occasionally read the newspapers, he would know that Friends of the Earth has been extremely helpful in the drafting of the Bill. All the environmental groups have taken an interest, although they do not all entirely agree with what I am doing.

Mr. Miller: I am concerned not with the principle of what the hon. Gentleman seeks to do, but with the methodology. The Bill would regulate in a very prescriptive manner, but does that not go against the basic tenets of his party?

Gregory Barker: I do not intend to respond to time-wasting interventions. If the hon. Gentleman had read the Bill carefully instead of having just been passed it by the Whips, he would find that what he alleges is not the case.

The Government's "GM Nation?" debate found that 86 per cent. of respondents did not want to eat GM food, something that our retailers—even the large supermarkets—have long recognised. Indeed, none of the major supermarkets goes out of its way to stock GM food. To preserve the choice that our constituents clearly wish to continue to exercise, we have to prevent the contamination of non-GM crops with GM traits. GM crops must be required to be planted according to rules that govern separation distances and planting intervals, as well as according to farm hygiene rules that prevent equipment from being used for GM and non-GM crops simultaneously.

[Gregory Barker]

I hope that so far I have followed a logical path. I know from meetings with the Minister, who is unfortunately not in his place, that the Government agree with me that we need a co-existence and liability regime—

Mr. Andrew Dismore (Hendon) (Lab): On a point of order, Mr. Deputy Speaker. I beg to move, That the House do now sit in private.

Question put forthwith, pursuant to Standing Order No. 163 (Motions to sit in private):—

The House divided: Ayes 0, Noes 23.

Division No. 111] **[12:13 pm**

AYES

Tellers for the Ayes:
Mr. Barry Gardiner and
Rob Marris

NOES

Barker, Gregory
Brazier, Julian
Clarke, rh Kenneth *(Rushcliffe)*
Cormack, Sir Patrick
Davidson, Ian
Drown, Ms Julia
Flook, Adrian
Forth, rh Eric
Francois, Mark
Gale, Roger *(N Thanet)*
Hoey, Kate *(Vauxhall)*
Howarth, Gerald *(Aldershot)*
Kaufman, rh Gerald
Keetch, Paul
Lansley, Andrew
McLoughlin, Patrick
Öpik, Lembit
Paterson, Owen
Redwood, rh John
Robathan, Andrew
Skinner, Dennis
Teather, Sarah
Wilkinson, John

Tellers for the Noes:
Mr. Andrew Miller and
Mr. Andrew Dismore

It appearing on the report of the Division that 40 Members were not present, MR. DEPUTY SPEAKER *declared that the Question was not decided, and the business under consideration stood over until the next sitting of the House.*

Gregory Barker: On a point of order, Mr. Deputy Speaker. Through the most shameless and despicable use of House procedures, the Government have deliberately killed off my Bill and the debate on it before I had got even halfway through my speech. Yesterday, the Minister for the Environment wrote to me saying that he would be here to hear my Bill and to judge it accordingly. How can anyone ever trust not only this Labour Government but DEFRA, when a Minister deliberately tells untruths in a letter and refuses to come to the House?

Mr. Deputy Speaker: Order. The hon. Gentleman is going much too far in his remarks. It is certainly not a point of order for the Chair. The procedures of the House have been observed correctly and the Chair has no control over the actions that are taken provided that they are in order. What has happened has happened.

Mr. Owen Paterson (North Shropshire) (Con): Further to that point of order, Mr. Deputy Speaker. The issue of genetically modified organisms is a matter of enormous national controversy and the House is as divided as the general public. It is simply unacceptable that a Bill of this nature that asks Parliament to decide the nature of regulation should be closed down and that a Minister should not come to the House. Is it possible for you, Mr. Deputy Speaker, to make representations to the Minister that he should come in future to debates that concern his Department?

Mr. Deputy Speaker: The importance of a particular matter cannot be decided by the Chair. I suggest to the hon. Gentleman that any particular matter that hon. Members wish to have debated on the Floor of the House should be taken up with the usual channels.

Mr. Barry Gardiner (Brent, North) (Lab): Further to that point of order, Mr. Deputy Speaker. Is it not the case that it is, indeed, the role of Parliament to determine that? If the hon. Member for Bexhill and Battle (Gregory Barker) had secured the support of even 40 of his colleagues, he could have continued with his peroration and his Bill might have been able to proceed, but as he did not have the support of his own side, it fell.

Mr. Deputy Speaker: These points of order are turning into a debate. They are not for the Chair—*[Interruption.]* Well, we will try one more.

Mr. Dennis Skinner (Bolsover) (Lab): On a point of order, Mr. Deputy Speaker. In more measured tones, will you accept that on reading *Hansard* on Monday, people will find that 23 people voted in the No Lobby? It was not 23 Tories because, as a matter of fact, there were six or seven Labour Members. It was a cross-party Division. Let the facts speak for themselves—they only got about 16.

Mr. Deputy Speaker: I am sure that the record will show that. No hon. Member who is experienced in Friday sittings will be surprised by what happened, but what has happened has happened. It is in order and we should proceed with the other measures on the Order Paper.

Performance of Companies and Government Departments (Reporting) Bill

Order read for resuming adjourned debate on Question [30 January], That the Bill be now read a Second time.

Question again proposed.

12.31 pm

Andy King (Rugby and Kenilworth) (Lab) *rose—*

Mr. Eric Forth (Bromley and Chislehurst) (Con): On a point of order, Mr. Deputy Speaker. My recollection is that when the Bill was previously considered, the hon. Member for Rugby and Kenilworth (Andy King) had finished introducing it and the Minister was in the middle of his remarks. Surely the hon. Gentleman cannot speak again without the leave of the House, and, unless we hear from a Minister, should we not move on?

Mr. Deputy Speaker (Sir Alan Haselhurst): I am grateful to the right hon. Gentleman for making that plain, but we had to get the ball rolling. The Bill is now before us and we are continuing an adjourned debate.

12.32 pm

Mr. Andrew Dismore (Hendon) (Lab): This is something of an unexpected treat.

Rob Marris (Wolverhampton, South-West) (Lab): For all of us.

Mr. Dismore: For the whole House, no doubt. I had expected to speak at some length on the Bill before last, but happily I did not spend too much time preparing for it, and I have not spent much time preparing for this Bill. As will be apparent, I support it and regard it as important.

I want to draw attention to a few reports that show where companies fall short of the high standards that we expect of them. All the reports have been published since our last debate on the Bill. According to a report by the Catholic Fund for Overseas Development, labour standards in the high-tech computer sector are among the worst in the world. Systemic problems of unsafe working conditions, compulsory overtime and poor wages falling below the legal minimum are just some of the catalogue of examples found in factories in Mexico, Thailand and China.

In Brazil and Kenya, Christian Aid continues to report extreme health and safety violations of tobacco farmers who supply to major companies, such as British American Tobacco. In Nigeria, communities report ongoing problems with oil spills, emanating from Shell's operations there.

Mr. Barry Gardiner (Brent, North) (Lab): Is my hon. Friend aware of the report by the Public Accounts Committee, which looked in detail at the smuggling of tobacco? It specifically mentioned Imperial Tobacco and the lack of co-operation at that time with Her Majesty's Customs and Excise in reaching a memorandum of understanding. Is he aware of any information relating to China or anywhere else which would put Imperial Tobacco in the frame in the same way as BAT is now in the frame?

Mr. Dismore: I am grateful to my hon. Friend, who, as a former member of the Public Accounts Committee, is well placed to make that point. I am afraid that I have not read that report, but I am sure that the management and board of directors of the companies to which he has referred will be in some trepidation when they see the contents of this Bill, if those are the sort of business practices in which they are engaged.

Ms Julia Drown (South Swindon) (Lab): My constituents have written to me in support of this Bill. Does my hon. Friend agree that it is not only conditions of workers that are at issue, but activities such as supply of baby milk to countries where it can lead to deaths of infants and what companies are doing to promote GM crops, which perhaps our constituents would not want? What about the mining activities by companies in the great lakes region in Africa? Are those companies stimulating some of the civil war that has affected Burundi, Rwanda and the Democratic Republic of the Congo? People want some reporting on those issues.

Mr. Dismore: My hon. Friend makes the point strongly. There is a range of issues, such as those to which she refers, on which companies must take greater responsibility. My sole concern is that this Bill is only being introduced this year—we should have had such a Bill decades ago. I remember looking at reports of cases of asbestos workers in South Africa who were poisoned by big asbestos companies and are now trying to fight for compensation. Their claims were resisted tooth and nail by those companies all the way up through our courts here, until finally, for once, the judges got it right and allowed those people properly to bring claims for compensation. That is exactly the sort of problem with which we should be dealing.

Mr. Paul Keetch (Hereford) (LD): What would the hon. Gentleman say to the organic farmers of Herefordshire, which has more organic farms per hectare than any other county in England, whose crops might be contaminated by genetically modified crops? What would he say in defence of his Labour colleagues who have just caused a Division that has effectively meant that an important private Member's Bill has now been lost, which might have had a chance for further debate?

Madam Deputy Speaker (Sylvia Heal): Order. That intervention is way outside the scope of this debate.

Mr. Dismore: Thank you, Madam Deputy Speaker. All I would say is that the hon. Gentleman makes an important point about genetically modified organisms, which raises an issue in relation to corporate behaviour. He may be interested to know that I share his views about corporate behaviour in relation to genetically modified food, and I regret that he could not summon enough Liberal Democrat Members to support the previous Bill, or enough Conservative Members, or enough between them, to do so.

Madam Deputy Speaker: Order. I have just ruled that discussion on the topic of the previous Bill is outside the scope of this debate.

Mr. Dismore: I apologise, Madam Deputy Speaker. I was getting a little carried away.

Tony Cunningham (Workington) (Lab): I have in my constituency a running shoe manufacturer called New

[Tony Cunningham]

Balance. It is the only running shoe manufacturer that produces running shoes in the United Kingdom. All the other companies—Reebok, Nike, Adidas and the rest—produce in far-flung parts of the world. Is this Bill designed to look at those sorts of companies, which may be producing their running shoes in ideal conditions, while in some third-world countries workers could be suffering from poor health and safety and so on. Is this Bill designed to examine those issues?

Mr. Dismore: My hon. Friend makes an important point about looking at the performance of companies in this respect. We have all read stories and seen television documentaries about companies in the far east, for example, employing child labour on a penny or two a day. That is completely exploitative and outside any form of proper reporting and control. If companies are engaged in those practices, shareholders and the wider public ought to be aware of it. Of course, the issue goes beyond unfair labour practices elsewhere, to fairness of competition and trade with legitimate companies such as that in my hon. Friend's constituency. How can that company compete fairly when other companies behave so improperly and badly, undercutting its legitimate business?

Andy King: I am sure that my hon. Friend is also aware that large multinational companies do not just behave disgracefully towards their work force, as in terms of the computer issue. In places such as Plachimada in India, Coca-Cola took away drinking water, which is necessary to sustain life, and Shell is of course notorious for its activities in the Niger delta. Such companies put whole communities at risk, yet they are not held to account by their shareholders.

Mr. Dismore: My hon. Friend makes an interesting point about Coca-Cola and water. Recently, there was a scandal in our own country when Coca-Cola had to withdraw its bottled tap water because it was not safe. That was a rip-off, if ever there was one. That is an example from the developed world of a company that has misbehaved in the developing world, in India.

Mr. Gardiner: Does my hon. Friend agree that the Bill will provide tremendous assistance to pension funds? The Government introduced a provision whereby investment companies must issue a statement of investment principles by which the funds must abide, and which their trustees must observe. That is especially relevant in the context of exercising corporate social responsibility, given that those companies are some of the major shareholders in many multinational companies on the index. Having analysed their investments, their shareholders will be able to exercise their vote at annual general meetings. The Bill would allow the shareholders of those companies to analyse their investments and to vote at annual general meetings with a clear knowledge of the social responsibility of the activities in which they are engaged. That will—

Madam Deputy Speaker: Order. That is rather long for an intervention.

Mr. Dismore: I thank my hon. Friend for his excellent contribution. I hope that he will have the opportunity to develop it after I have concluded my remarks.

I want to put my hon. Friend's point in a slightly different light in relation to ethical investment companies and pension funds. When I recently had a financial health check with my financial adviser, who no doubt tried to bamboozle me, I was astounded, when I looked at my pension, that the small amount of money that I had put into an ethical fund had performed much better than the funds in the general market. That is a sign of the times. People are much more interested in knowing where their money is going and what the companies that they are investing in are up to. That is why my hon. Friend's Bill is so timely. It catches the spirit of the age—the zeitgeist that allows us, as investors, to ensure that our money is invested properly based on companies' reports of what they are doing.

Ms Drown: Does my hon. Friend agree that that is true not only of investment companies? Many people have expressed concern about call centres going abroad. Nationwide, whose headquarters are in my constituency, recently stated that it was going to keep its call centres in Swindon, which is a great reflection on the staff there. That is the sort of decision that people want to know about; certainly, Nationwide's financial performance is reflecting it. Similarly, there is huge increase in interest in fair trade. People want to know about what companies are doing, and the Bill would assist that.

Mr. Dismore: I am grateful to my hon. Friend; she makes a good point. The issue of call centres is a difficult and thorny one. Personally, I do not necessarily object to their going overseas. The real question is whether the people who work in them are being exploited, and that would emerge clearly from corporate reports that deal with the subject, as they would have to under the Bill.

Mr. Gardiner: On a point of order, Madam Deputy Speaker. You will recall that earlier in our debates a point of order was made to Mr. Deputy Speaker, who was then in the Chair, stating that there was not an appropriate departmental Minister on the Front Bench. That matter was pursued extensively by Conservative Members, yet the Members on their Front Bench are not the appropriate shadow Ministers for the relevant Department—the DTI.

Madam Deputy Speaker: Order. That is on the record, but it is not a point of order for the Chair.

Mr. Dismore: Thank you, Madam Deputy Speaker.

Before the last round of interventions, I was talking about the problems in Nigeria in relation to Shell's operations, especially in the context of oil spills. We have all read a great deal in newspapers recently about that company and its lack of social responsibility towards the people of Nigeria.

Tony Cunningham: Earlier today we had the successful Second Reading of the Christmas Day (Trading) Bill. It was helped through its Second Reading by a trade union, which provided support. If the Bill before us passes through the House, I hope that it would allow people to know whether companies that have dealings in other parts of the world accept and encourage trade union involvement and trade union

membership. We know that in this country that is acceptable. Would it not be as well if people knew what companies were doing in respect of trade unionism in other parts of the world?

Mr. Dismore: My hon. Friend makes an important point. When we are talking about organisations such as those in the oil industry, it is extremely important. We are not thinking only about terms, conditions and wages—we must also have regard to health and safety. Many companies operate in ways that are downright unsafe.

Recently, a multinational company was describing to me its health and safety record with particular reference to fatal accidents. In Europe, those accidents could be counted on one's fingers—that is if one still has them! However, there were more people killed by this one company worldwide than the whole of the people killed at work in the United Kingdom in a year, twice over. That shows that while in Europe we may have a strong attitude to health and safety, that does not apply in the rest of the world. My hon. Friend is right to highlight the role of the trade unions on health and safety. An inquiry into health and safety is being conducted by the Select Committee on Work and Pensions. Trade unions are important when it comes to terms and conditions, and especially important in the context of health and safety at work.

It is easy for us in the west to take for granted the right that is guaranteed by all the international conventions to organise as a trade union. We know that there are many dictatorships throughout the world that operate hand in glove with some rather despicable companies, which will deal only with sweetheart trade unions or which actively fight against trade unionism itself. Many people have died in the developing world, particularly in south America, for the right to be represented by a trade union. It is an issue on which companies should report back to their shareholders in the developed world.

Andy King: I am sure that my hon. Friend is aware that the Bill has the full support of every trade union in this country and that of the TUC, which has written to me offering its full and unqualified support because of the benefits that the Bill would bring to the very workers to whom my hon. Friend has referred.

Mr. Dismore: I am grateful to my hon. Friend for his intervention because it significantly emphasises the point made by my hon. Friend the Member for Workington (Tony Cunningham). The trade union movement is an international movement. An important reflection of the good work that our trade unions do is the attempt to promote decent labour conditions for workers internationally, often in circumstances where they are not able to look after themselves.

Amnesty International continues to be the leading source of information on human rights abuses, where business has failed to act within their sphere of influence, or sought to avoid responsibility altogether, through legal means. That includes, for example, BP's negotiation within the context of the Baku-Tbilisi oil pipeline.

If I were to draw a thread through all these different stories, including those to which I was referring before I was intervened on, I would ask what they all have in common. Concerns have been expressed by stakeholders who have been unable to articulate their concerns by issuing reports, by media attention or by direct lobbying. Most of these issues have failed to appear in corporate social reports. Why is that? Is it perhaps because those companies are unwilling to explain what has been going on? Is it because no one wants to be seen to be taking a lead for fear of creating a disadvantage for their company?

Mr. Gardiner: My hon. Friend has been most generous in taking interventions. Does he agree that some of the very principles with regard to stores that felt a compulsion as a result of their competition opening on Christmas day on the basis of which we were earlier urging this House to pass legislation to prevent Christmas day trading are exactly the same as those that apply here? There are companies that fear the impact on their own share price and operations from doing the right thing and publishing each year a statement of their socially responsible activities. They fear that unless we act, they will be disadvantaged in the commercial arena.

Mr. Dismore: My hon. Friend makes a strong point that I was starting to develop. Blue-chip companies may like to do that, but nobody wants to be seen to be the one putting a toe in the water. All our companies and employers—not just trade unions—would also see the benefits of the Bill.

Tony Cunningham: In Burma, Aung San Suu Kyi has been under house arrest for many years and democracy has broken down. Many people would not want British and European companies to invest there, but they need to know whether companies are investing in a country with such a regime. I hope that the Bill will provide them with the information.

Mr. Dismore: That is a strong point. The question is why people want to know that information. There are two or three different reasons. The first is whether they are happy with their money being invested in a country such as that. But there may be big corporate investors who are prepared to see that done for profit but also prepared to put pressure on companies in turn to pressurise the regimes to try to move towards democracy. My hon. Friend makes an important point about Burma, where a number of UK companies invest. If some of the shareholders, pension fund members and people with individual pension rights knew where their money was invested, they might well put pressure on those companies to improve standards throughout the developing world in their operations, as well as on Governments to clean up their acts.

Mr. Adrian Flook (Taunton) (Con): The hon. Gentleman may be a sponsor of the Bill and will be au fait with its contents. Companies such as Clarks of Somerset produce all their products in China and what are known as third-world countries, but comply with the Bill's provisions. What advice has he sought from such companies?

Mr. Dismore: The hon. Gentleman makes an interesting intervention. Such companies have a lot to

[Mr. Dismore]

gain from the Bill. The same situation applies to the company that makes training shoes, in the constituency of my hon. Friend the Member for Workington (Tony Cunningham). Companies with decent labour standards and proper health and safety regimes have nothing to fear and everything to gain from the Bill.

Andy King: In addition, decent companies in this country fully support the Bill. The Co-operative Bank, which is thriving, is fully behind us, as are British Telecom and B&Q. A lot of companies are saying that the time has come to act together so that they are not undercut by the worst.

Mr. Dismore: I am grateful to my hon. Friend for that intervention, because he mentioned some important companies. The Co-op bank is a major finance business, and B&Q brings in raw materials from all over the world, particularly timber, in respect of which there are issues involving hardwood. It is interesting that BT, a high-tech company, also subscribes to the Bill, which goes back to the point that my hon. Friend the Member for South Swindon (Ms Drown) made about call centres.

Mr. Stephen Pound (Ealing, North) (Lab): I am grateful to my hon. Friend for giving way; he shows extraordinary generosity of spirit. May I add Tetley, which is based in Greenford my constituency, to the list of companies that operate ethically? Tetley has been ethically sourcing tea for not the past five or 10 years but for the past 15 years, because it recognises that it has a global duty and an imperative to act as an ethical sourcer in the growth and boxing of loose tea. It has been extraordinarily successful, even though it has had to withdraw from some of its tea-growing operations in Zimbabwe and China. Does he accept that there are some good companies and that, in a reverse of Gresham's law, the good might possibly drive out the bad?

Mr. Dismore: I am grateful for my hon. Friend's intervention. When he mentioned Tetley's, I wondered whether we were going to go down the beer route, which would have been interesting.

Mr. Pound: Not during Lent.

Mr. Dismore: Given that we debated Christmas day earlier, we seem to be having a day of religious festivals.

My hon. Friend is involved in Labour Friends of India, and has a large Indian community in his constituency, so it is important to him that the tea company in his constituency is shown to be using proper practices in the region where many of his constituents have their roots. It is a double bonus for him to have such a company on his patch.

Why do such issues not at present appear in corporate reports? Is it really because companies do not think that they are likely to have any impact on shareholder value until they pose a clear financial risk? Shareholder value, however, is the starting point of the founding principle of the Government's proposed operating and financial review. Some people involved in the company law review process, such as civil society groups, are calling for an operating and financial review that addresses the interests of all relevant users, including shareholders, consumers, employees, communities and charities. The company law review has accepted that premise, and argues that an operating and financial review should be prepared for members and other users. However, the proposals are still aimed primarily at members' interests alone.

The proposed operating and financial review must ensure that companies take into account and disclose a range of impacts on relevant stakeholders, instead of perpetuating the status quo, which is based on companies' voluntary good will. Do businesses currently report on what is important to other users? Some might, but not all. Looking at the leaders in corporate social responsibility, there are significant gaps between companies' social and environmental concerns and their financial considerations. When a business makes a decision, it must arguably consider several issues beyond financial impact, including legal implications and the risk to its brand reputation, but business decisions rarely allow a stakeholder interest to overrule financial concerns if it has no proven financial bearing. In forward-looking strategies, unless there are clear financial risks, business will do what is best for business as it perceives that in its short-term, blinkered view of the world today.

Mr. Gardiner: Does my hon. Friend agree that there is a parallel with the change in the legislative and regulatory environment in local government from compulsory competitive tendering to the best-value regime that this Government introduced? Previously, local authorities were obliged simply to look at the cheapest price for delivering a service, whereas they can now assess "value" much more widely. Does not the Bill seek, in many respects, to do the same for business? A business should not simply consider the cheapest price at which it can produce its product in a given area but the overall value that accrues to the consumer, and to society in general, as a result of its interventions.

Mr. Dismore: Again, my hon. Friend makes a cogent point. That is the nub of the debate. We want companies to look more broadly at the wider range of stakeholders and people who may be affected by their operations.

We have had such laws for a very long time. The Health and Safety at Work etc. Act 1974 gives companies duties towards the general public. Here, we are asking companies merely to tell us what they are up to, and then perhaps market forces, paradoxically, will do the trick.

Mr. Pound: I do not have my copy of the Register of Members' Interests to hand, although I know that my hon. Friend knows it by heart. Does he agree that many right hon. and hon. Members who rightly list their directorships, in certain cases in companies dealing in tobacco, for example, might set an example to the House

and to the nation by insisting on this form of disclosure, and in the absence of legislation for it, perhaps even arranging to do so themselves?

Mr. Dismore: My hon. Friend makes an interesting point. I am a member of the Standards and Privileges Committee, but I do not know the register inside out. We consult it only when we are investigating someone.

It is amazing that the only representative of the Conservative party here today is the shadow Minister, and the same goes for the Liberal Democrats.

Mr. Gardiner: He is not a shadow Minister.

Mr. Dismore: Whatever he is, he is sitting on the Front Bench. Perhaps he will clarify what he is doing here.

Gregory Barker (Bexhill and Battle) (Con): I am a member of the Opposition Whips Office, and as such a shadow Minister.

Mr. Dismore: Perhaps the Liberal Democrat spokesman can make a similar declaration.

Mr. Keetch: As the Liberal Democrat shadow Defence Secretary, I have an important interest in defence matters in this debate, which is why I am listening attentively to the hon. Gentleman.

Mr. Dismore *rose—*

Gregory Barker: May I also add that, as a member of the Environmental Audit Committee—

Madam Deputy Speaker: Order. The hon. Member for Hendon (Mr. Dismore) must respond to the first intervention before taking a second one.

Mr. Dismore: Thank you, Madam Deputy Speaker.

The Conservative representative has clarified his position as a shadow Whip. Perhaps he can whip in some of his colleagues today, and in particular those who have the shareholdings that have been referred to by my hon. Friend the Member for Ealing, North (Mr. Pound). Perhaps then they can answer for the companies of which they are shareholders and, I suspect, directors, and defend them at first hand in relation to both the Bill and the issues that have been raised today. I suspect—my hon. Friend may be able to supply the detail shortly—that some of them may be a little worried about the Bill, because it may expose them as directors of companies involved in nefarious practices in the developing world.

Gregory Barker: As well as a shadow Whip, I am a member of the Environmental Audit Committee, so this is a subject that I am especially interested in and sympathetic to, but I caution the hon. Gentleman that, at his instigation, we have tested who is in the House today, and it transpires that only six Labour Members were prepared to go into the Lobby, versus 16 Conservative Members, so it ill becomes him to speak about Members not being here, especially as he has destroyed a very good Bill.

Mr. Dismore *rose—*

Madam Deputy Speaker: Order. I hope that, rather than responding to that intervention, the hon. Gentleman will continue with the debate on the Bill.

Mr. Dismore: Thank you, Madam Deputy Speaker.

The hon. Member for Hereford (Mr. Keetch) spoke about the interest of the defence industry in the Bill. He may wish to make a fuller contribution later, but I invite him to say a little more now.

Mr. Keetch: The defence industry clearly has an interest in the Bill, and I should point out that, as the Register of Members' Interests confirms, I am a non-executive director of two companies based in my constituency, neither of which has activities outside the United Kingdom. Indeed, one of them does not even have activities outside Herefordshire.

Mr. Dismore: I am sure that the House has heard the hon. Gentleman's declaration, and for the avoidance of doubt, I have no directorships whatsoever.

Mr. Pound: Is my hon. Friend aware that the hon. Member for Bexhill and Battle (Gregory Barker) has registered nine shareholdings in the current register, but that—

Madam Deputy Speaker: Order. We really must return to the debate currently before the House.

Mr. Dismore: I am sure that we can examine the hon. Gentleman's shareholdings in the Tea Room afterwards.

Ms Drown: I am grateful to my hon. Friend for giving way and to you, Madam Deputy Speaker, for intervening, as we were getting a little off track. That said, this is a good debate and I wish that we had more such debates. Does my hon. Friend recognise that the danger with a Bill such as this is that one adds more and more elements to it, and that it is important that regulation is not burdensome? Has he any thoughts on how we can encourage appropriate reporting without the system becoming too big, burdensome and costly to companies? A balance has to be struck in that regard.

Mr. Dismore: My hon. Friend makes a very important point. The Bill makes a useful contribution to the debate and is a good start. I suspect that it has little prospect of becoming legislation, but my hon. Friend the Member for Rugby and Kenilworth (Andy King) has done us a great service in bringing these issues before the House and at least kicking off the debate. The best way forward is for business to listen to this debate and to engage with those of us who feel strongly about these issues. It is clear from her interventions and her work outside this place that my hon. Friend the Member for South Swindon (Ms Drown) feels strongly about them.

[Mr. Dismore]

The CBI and the large companies represented by such organisations should engage with us and start to develop some solutions. We have witnessed the failure of voluntarism, but perhaps the one or two good companies that do want to make progress could become pilots and flag-bearers for business organisations. Notwithstanding the ignorance of the reporting, if shareholders were to say at annual meetings, "We know that there is no law requiring you to act in this way, but we as shareholders are insisting that you do," we might start to make progress. In that regard, and as my hon. Friend the Member for South Swindon says, this debate is important and valuable.

I was talking about business strategies and what business gets up to. A good example is the construction of an oil pipeline or dam. As we have seen throughout the developing world, such projects are often completely rejected by local communities. However, the voices of those communities are seldom, if ever, heard. If they are heard, they are seldom, if ever, the crucial factor in the business decision as to whether that oil pipeline or dam should go ahead. Such decisions are taken irrespective of environmental, cultural or social damage.

We have discussed the idea that the operating and financial review should not be a full social and environmental report, and that only key performance indicators should be included, yet some businesses will assume that if they have done the OFR, they have done the job. Furthermore, what they chose to include in the final report would be a matter for them. Such an OFR could therefore have an adverse effect, resulting in companies disclosing less, not more. However, the Bill requires an OFR that ensures that companies report on relevant social, environmental and economic impacts and performance, thereby providing both shareholders and stakeholders with an informed assessment of companies' operations and financial positions. The Bill also sets out the matters that should be included in the OFR, and those matters that directors have a duty to consider in order to allow an informed assessment. Moreover, it provides a process for signing off the review. It determines which major companies must publish an OFR—approximately the top 1,000 United Kingdom companies—but more importantly, it allows the OFR to bring in more companies in future.

In addition, my hon. Friend's Bill will amend the basic duties on company directors to include social and environmental impacts by requiring the director to promote the success of the company while having to consider all factors of potential risk, including impacts on communities and the environment, among other matters. Where possible, directors must also reduce damaging impacts on the environment and communities.

We have had some six years of consultation on the review of company law, and we should use every opportunity to ensure that legislation includes the requirements that many of my hon. Friends believe should be implemented, as we have heard in today's and previous debates. Regulations for the operating and financial review were promised in the 2002 White Paper, which has been followed by further consultation, and still more consultation is due when the review is published.

Tony Cunningham: The Government chief scientific adviser recently said that climate change was perhaps a greater danger to the world than terrorism. Does my hon. Friend agree that, if companies in this country are developing techniques—whether it be for oil, coal, gas or whatever—in other parts of the world, that contribute to climate change, shareholders and stakeholders should know that such activity is going on?

Mr. Dismore: My hon. Friend once again makes a cogent point. There is always considerable debate about climate change. We need only reflect on the weather to see how the climate has changed—whether it be the consequence of CFCs in the atmosphere or whatever. I believe that there is now overwhelming evidence that corporate activity, particularly in the developing world—logging, for example—can have a major impact on the climate not just for individual countries but worldwide. The British public should be aware, in taking investment decisions, of what contributions companies are making towards resolving that extremely serious problem that the whole world faces.

To conclude, I remind the Minister that commitments were made in 1994, reviews begun in 1997 when the Government came into office, and the challenge was put to business in 2001—

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): My hon. Friend is making an excellent speech on an important issue. Like him, I am pleasantly surprised to have an opportunity to debate the issues today. I hope that he is pleased to know that the Government were the first to introduce a Minister with particular responsibility for corporate social affairs.

Mr. Dismore: I hope that my remarks have done nothing to detract from the Government's achievements so far. We are now examining corporate responsibility in a wide range of matters, not least corporate manslaughter. I have taken a strong interest in that matter for some time.

The Minister is right that the Government have already done a lot, but what we are discussing now is very important, going beyond the narrow confines of company law. Even though the Bill amounts to company law reform, it affects the investment decisions made by everyone who has a pension fund. It affects the way in which our big companies behave worldwide. It is an essential reform. It is now opportune, after the challenge put to business in 2001, for social and environmental concerns to be crystallised into company law. The Bill will make that happen. I strongly support my hon. Friend, who has done the House a great service in introducing the Bill. I hope that he will make at least some progress today.

1.13 pm

Mr. Barry Gardiner (Brent, North) (Lab): I am delighted to follow my hon. Friend the Member for Hendon (Mr. Dismore). We have had an interesting

Friday morning. Friday mornings are a time when the House debates matters in a way—different from during the rest of the week—that few people see. We have had both good humour and bad temper in this morning's debates. However, we are now debating provisions on which there seems to be a good measure of agreement across the Chamber.

I want to focus my remarks on the importance of corporate social responsibility, reform and the wider impact of the proposals not just in our society, but throughout the world. The Government set up an independent company law review in 1998, and I commend them for that. It was intended to establish fundamental reform of the framework of core company law. The company law review published its final report in 2001, and the first part of the response was published in 2002, in the White Paper "Modernising Company Law". As I understand it, the Government remain committed to the implementation of their proposals for company law reform.

Two of the main recommendations of the company law review were, first, that there should be an accessible, codified statement of the general duties that directors owe to their company as managers and monitors, embodying a modern, inclusive view of the range of decision making and objective standards of professional skill and care, tailored to the role of the individual director. The second principal recommendation was that all companies of significant economic size should be required to produce, as part of their annual report and accounts, an operating and financial review—the OFR, as my hon. Friend called it. That recommendation is reflected in clause 1(1) of the Bill, which states that a major company must

"prepare an operating and financial review."

The intention of the Bill is not to focus on smaller companies. Right at the beginning, it explicitly mentions major companies and tries to recognise the impact that they have on the wider community.

Mr. Dismore: My hon. Friend is right to point out that the Bill imposes an obligation on directors to prepare the OFR. The review reports to the members of the company, but interest in it will go beyond those members. The Bill performs a neat conjuring trick, in that while remaining within the confines of company law, it will ensure that the wider public can have a greater understanding of how companies operate.

Mr. Gardiner: In a good debate, ideas feed off each other, and the intervention that I made in my hon. Friend's speech earlier has now come back to me. The wider interest that must be generated by an OFR is in the wider community's involvement as shareholders in the company. That will drive the company towards better and better practice, because it will know that when investors read the OFR and consider the wider implications of investing in that company, they will have some tough decisions to make. Investors will have to pay great attention to the sometimes damaging effects that a company can have before deciding whether to invest in it or not. That will promote better practice and companies will be forced on to their mettle to clean up their act.

A good example of that was provided by my hon. Friend the Member for Crosby (Mrs. Curtis-Thomas), who used to work for a multinational oil company. She and a number of other people were studying the plans for a new plant that was to be built in an African country. My hon. Friend felt that something was not quite right about the plans, and when the meeting broke up she kept the plans to study them overnight, and found out that there was no filtration plant at the appropriate point to stop effluent being gunked out into the local community. When she pointed that out the next day, there was a bit of a silence and the people responsible for drawing up the plans said, "That's quite deliberate". There was no law to oblige that company to include such environmental controls.

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I am sure that my hon. Friend will be pleased that the Government are supporting the UN global compact that Secretary-General Kofi Annan announced in 1999, which sets out principles for business on human rights, labour and the environment, and would cover the circumstances he describes.

Mr. Gardiner: Indeed. I wholeheartedly support the Government's actions in that respect. My hon. Friend is right to point out that those things need to be tackled internationally.

Andy King: It is important that the Government put their money where their mouth is. The Prime Minister issued a challenge to the top 350 companies in October 2000: to issue OFRs by the end of the 2001. However, only about 20 per cent. of them actually did so. We are lagging behind. Denmark has introduced mandatory reporting, as have the Netherlands, Norway and Sweden, yet the Department of Trade and Industry says only that we will soon be bringing forward OFRs. How soon is soon? It has taken six years so far—surely it is time to do something?

Mr. Gardiner: My hon. Friend makes a powerful point in support of his Bill and I agree; it is time to act. It is shameful that companies issued with that challenge have ignored not only the Government's directive, but also public will in this country. People certainly want OFRs to be set up so that there is a clear understanding of the impact of companies' practice in the areas and countries where they operate. It is a matter of the public right to know. Shareholders have the right to know what is going on so that they can make the appropriate decisions. They should be able to find out—if they want to know—how their money is being invested, and whether it is being invested in companies that behave in a socially responsible manner, as I believe the vast majority of shareholders want them to. We all have a stake in this matter; for example, those of us who share in pension funds.

Lembit Öpik (Montgomeryshire) (LD): I do not necessarily disagree with the general tenor of the hon. Gentleman's remarks, but I should like some reassurance. Will he confirm that he is not suggesting that legislation is required because we think that the majority of companies are irresponsible? From my

[Lembit Öpik]

experience in industry, I know that Procter and Gamble was always highly responsible internationally. Does he agree that, although there are details that could be discussed in Committee, the principle is not that everyone is guilty until proven innocent? The Bill would simply ensure that companies that transgressed internationally, perhaps significantly, were publicly brought to book.

Mr. Gardiner: I am most grateful to the hon. Gentleman for guarding my back. Before I became a Member, I ran an international company in the City for 10 years. In that respect, I am very industry-friendly. I understand the constraints of running an international company and am aware that the vast majority of such companies and their directors want to operate properly and ethically, for the benefit of the wider community. I welcome that. However, it sits ill with that when only a small percentage of major companies are prepared to prove their good intentions by producing an OFR.

Mr. Sutcliffe: Perhaps I can help my hon. Friend with some of the figures: 132 of the FTSE 250 companies report on environmental performance, with a further 100 reporting on social and ethical issues. So there is still a long way to go, but progress is being made.

Mr. Gardiner: Indeed, progress is being made, and I understand that, in many respects, it is better that companies willingly make progress. No one wants to drag companies kicking and screaming into declaring such matters. We want co-operation, and I am sure the Government want co-operation. Of course that is a tremendously sensible way to proceed, not just for FTSE 100 companies, but for all the companies involved who are saying, "This is what we want to do. We want to be open and transparent."

I remember speaking to Chief Justice Verma, a former chief justice of India, who is now a human rights commissioner there. He had a wonderful phrase, "Sunlight is the best disinfectant." That touches the heart of the matter. Putting forward the OFR and allowing transparency and all the facts to be available is the surest way of companies cleaning up their acts.

Lembit Öpik: As Sunlight is a Lever product, I would suggest that Fairy liquid is the best disinfectant. From my experience in Procter and Gamble, I think that that company would say that it could use its impeccable standards, especially in international investment, as a competitive advantage. I have not been asked to raise this on its behalf, but it might ask why it should be made to do something that responsible companies already do effectively, without being made to by law. Given the Minister's statistics, will the more successful companies not report anyway, over time, because they will understand that not doing so puts them at a competitive disadvantage?

Mr. Gardiner: I understand where the hon. Gentleman is coming from, but the counter-argument is, "Look, if you are already doing this as a responsible company in the community, what can possibly be your objection to the regulations stating that you ought to do it?" If companies want to do something, surely they cannot object to the regulations stating that they have to do so, particularly as their competitors, who may have good reason not to want to do it because they may be shown in a disadvantageous light by comparison, will be forced to do it.

The perverseness of the argument that the hon. Gentleman makes—I will not call him my hon. Friend, as that would only ruin his career—is that those good companies that are already happy to put such information into the public domain may perceive a benefit to them by being contrasted with their competitors who do not put it in the public domain. They may perceive that they can then claim that they are more virtuous and more likely to attract investments from the ethical funds and managed trusts that want to invest ethically, and hence that they may gain a competitive advantage over those who do not conform as they do; so they may be against such legislation for that reason. That may simply show the labyrinthine workings of my mind, but I am sure the hon. Gentleman would agree that that perverse argument may encourage companies to favour worse practices than those that they themselves carry out.

Mr. Dismore: There is another aspect to the debate. Clause 9 is entitled "Promotion of company's objectives", so is it not an enabling power? At the moment, directors may wish to do the socially acceptable things that we have been talking about, but may feel constrained by the existing restrictions of company law, which says that they must act in the best interest of shareholders. Clause 9 would enable directors to act in a socially acceptable way even though they may feel constrained from doing so at present. The problem is not just reporting, but enabling directors to act.

Mr. Gardiner: I am grateful to my hon. Friend for pointing that out. Clause 9 states:

> "A director of a company must in any given case . . . act in the way he decides, in good faith, would be most likely to promote the success of the company."

Mr. Sutcliffe: That throws up the question about the work that the Government have been doing on the Tyson report, on who should be company directors. Company directors should reflect society, and my hon. Friend may want to say something about that.

Mr. Gardiner: I confess to my hon. Friend that the Tyson report is not a part of the Government's work about which I have read a great deal. If he wishes to enlighten the House further, I shall be grateful to hear from him.

Mr. Sutcliffe: I thank my hon. Friend for allowing me to intervene. The Tyson report talks about who should be company directors. It says that they should reflect the make-up of society—for example, there should therefore be more women on company boards. The Tyson report, which the Government have accepted, is a major step forward, because it would help the way that people look at these issues—whether social, environmental or whatever. It is an excellent piece of work.

Mr. Gardiner: I am certainly happy to agree with the general thrust of my hon. Friend's remarks. A good

company will wish to reflect the community that it serves. It can improve its capacity to serve the community by more closely representing the make-up of that community. I certainly would not support any arbitrary notion of imposing directors on companies; that would be wholly redundant and not the way forward. The directors appointed should be those most capable of taking the company forward, but my hon. Friend makes a good point when he says that women are under-represented as directors in some of the major companies in the UK. I know that the Government are working to redress that problem, and we should support them.

Andy King: Does my hon. Friend agree that the issue relates not just to the directors but to the investors in companies? The Bill would give more power to shareholders so that they can become enlightened shareholders, obtain a true picture of the activities of their company and begin to shape those activities in a more sustainable way.

Mr. Gardiner: That is absolutely correct. One of the most significant changes that the Government have made on this issue is the vesting of responsibility in the trustees of pension funds to make a statement of investment principles. They must report on that each year in their annual reports, and the statements must take account of social and ethical matters. Exercising corporate responsibility as investors has now been placed on the trustees of pensions funds, and that will have one of the most dramatic impacts in improving the practice of companies. They will feel the heat from their corporate shareholders. They will have to act responsibly to attract the investment funds that they need to expand their businesses and to perform well in the market. They will have to ensure that their statement of corporate social responsibility is made public, and made accessible to shareholders; and that, when the shareholders read it, they do not blanch at what their money is used for. I have no doubt that that will create short-term turbulence in the stock market and in those companies, but the long-term impact will be highly significant. I welcome the Government's intervention.

Mr. Dismore: Does my hon. Friend also agree that it is important that the public know where the buck stops? Clause 10 is important. It significantly limits the powers of delegation of a director so that people know who is responsible for the decisions taken.

Mr. Gardiner: My hon. Friend is correct. He highlights the delegation and independence of judgment that is required. A company director must not, unless authorised to do so by the company's constitution, or as a result of any decisions as set out in clause 8, delegate any of his powers or fail to exercise his independent judgment in exercising his powers. The provision not to alienate his powers and not to be at arm's length from the decisions that his company makes is critical.

Clause 9 provides that a director must

"take account in good faith of all the material factors that it is practicable in the circumstances for him to identify",

and take

"all reasonable steps to minimise the impact of the company's impact on the communities that it affects and on the environment."

Let me give a good example of a successful company in the UK that operates in precisely that way and fulfils Government policy in, perhaps, unexpected ways in an unexpected area. Timbmet sources timber from around the world and supplies it to the building trade in the UK. The company recognises that people in the UK, and in particular their Government, do not want any destruction of the rainforests and want the continued growth of forests of hardwood trees, which, unlike pine tress, which grow within 20 or 30 years, cannot simply be cut down and replenished. Hardwood trees have lifespans of 200 or 300 years, and sometimes longer.

Timbmet has engaged in a careful programme of identifying sustainable ways of supplying timber into the UK market. On the other hand, the Department for International Development has included in its country strategy paper on Cameroon, which has substantial forest resources, the importance of considering the impact on wildlife and the environment of the interventions that it makes and of its development interventions through aid.

It is often the case that an aid programme, such as the promotion of a new road through a community, has great commercial benefits in linking towns and communities that were separated, and in enabling a country to develop. No one knows as well as the Minister the importance of transport infrastructure in facilitating development. However, roads can have a devastating impact on the environment and wildlife.

The bushmeat trade used to be localised within selected, very poor communities in that part of the world, which depended on it for protein and have done so for generations. They were tremendously badly affected, because hunters from the cities used the new highways to come into those communities, snare wildlife, take it into the cities, and develop what has become an international trade in bushmeat. That is an example of the unexpected and perverse impacts that can result from otherwise good and sensible development proposals that bring real economic benefits to a community.

To return to corporate and social responsibility, Timbmet has formed an alliance with the bushmeat campaign in this country, has initiated programmes and is working with the Government, who have just issued the AFLEG—African Forest Law Enforcement and Governance—declaration, which my hon. Friend the Under-Secretary of State for International Development signed a few months ago in Ghana. That company wants to maximise its beneficial impact on the community in which its centre of operations is located in west Africa. It has also recognised how the consumer market works in the United Kingdom. It has decided that it is imperative that it operates in those communities in a way that is beyond reproach.

Timbmet has thus established its credentials in the construction industry in this country and the rest of Europe as a supplier of timber that can be certified as coming from sustainable sources. I should mention in passing the tremendously good work of the Forest

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Stewardship Council in that respect, in providing one of the few effective certification processes for timber around the world. Timbmet is also able to match the Government's aspirations, as their procedures state that wood used in construction by the Government must come from sustainable sources. That completes the chain, which goes right back to some of the poorest communities in the world, by ensuring that the pathways opened up into the forest by Timbmet's work are not used by hunters. That initiative protects those local, indigenous people who have depended on bushmeat, cane rat, duika and bush antelope for years, as a way of topping up their protein intake, and who otherwise would have been forced into food poverty as a result of a timber trade that came in and merely allowed hunting to continue on the back of it.

The impact of industries and companies on communities is incredibly diverse. It is sometimes difficult for Members to appreciate just how far the ramifications of such a seemingly dry Bill can be felt in communities throughout the world.

Mr. Dismore: My hon. Friend is correct to draw attention to the breadth of the environmental issues that the Bill addresses. I want to point out to him an issue that has so far been omitted from our debate: protection of the marine environment. We have looked at forestry and land-based problems, but the marine environment is also significantly under threat. Does he have some observations about that?

Mr. Gardiner: My hon. Friend tempts me down yet another route on a matter that he and I have debated at great length in the past. He is absolutely right; one need only consider the pollution of our seas and waterways. In using the word "our" I do not mean to suggest that the situation is confined to the United Kingdom. I pay tribute to the work that the Environment Agency has done over the past few years to improve the watercourses in this country.

It is absolutely critical that companies take into account the water supply of the areas in which they operate. My hon. Friend the Member for Rugby and Kenilworth described how Coca-Cola's location of its operation in India used up the local people's water supply. One would think that those people must have felt great joy that a major multinational company was locating in their area as they thought of the prosperity and employment opportunities that it would bring with it. That is true, and it is welcome that such inward investment goes into developing countries. However, unless those companies operate within clear parameters that protect the local community and the very essentials of its life, they are not welcome, because they are not acting in partnership with that community, but behaving in the same manner as the Danes in this country 1,000 years ago by pillaging its resources.

Gregory Barker: I am struck by the hon. Gentleman's comments about procurement from the third world. I want to draw his attention to the report on Government procurement that was undertaken last year by the Environmental Audit Committee, which highlighted the scandal surrounding the procurement of wood for the Cabinet Office. Similar things have happened in other Departments. Does he agree that before hon. Members start lecturing business, the Government should clean up their act?

Mr. Gardiner: If the hon. Gentleman is an avid reader of parliamentary questions, he will know that I have tabled more than 120 on the timber sources used by the Government and by each Department—a subject that is very close to my heart. The hon. Gentleman is right that it is important that we in Parliament should get our act together—indeed, it is an absolute priority. It is difficult to stand up and preach to industry and the rest of the world about what should be done unless we are following those procedures ourselves. I am delighted to say that all the Departments to which I put my questions about the procurement of timber were able exactly to describe the parameters of those processes and to say that they specify that hardwood should come from sustainable sources.

As the hon. Gentleman is a member of the Environmental Audit Committee, he will recognise that it is very difficult to track back the certification process. I mentioned the Forest Stewardship Council and the tremendous work that it does on enabling that to happen, but it is one organisation and we are talking about a global trade. When a supplier presents somebody with a certificate saying, "This has come from sustainable sources," there are very few ways in which they can be 100 per cent. sure that that is the case. I am sure that the hon. Gentleman would pay tribute to the work that my right hon. Friend the Secretary of State for International Development did with the Government of Indonesia when he was in the more junior ministerial position in that Department. He worked with them to ensure that the entire process of governance within that country, including the timber industry, enabled proper certification to take place.

There are an infinite number of links in the chain following the moment at which a piece of timber is cut down in the forest until it takes the form of sawn timber and arrives at a building to be turned into a door, a door frame or whatever. Unless every link in the chain can be certified, it is difficult for us to say, "We rely on the fact that we have a policy. We rely also on the fact that we have a formula that states that the material has come from sustainable sources." It is not enough for us to adopt the right policy. There must be an onus at every stage in the commercial chain, which goes right back to the forest, to ensure that we can properly identify the product that we eventually use.

I rose to talk about the reform of company law and the Bill, and I fear—

Mr. Sutcliffe: My hon. Friend has made an excellent speech, as he always does in the Chamber, on a Friday and at other times.

We are talking about a global situation. That reinforces why the Government need to ensure that we have high-performance companies and high-performance workplaces. All the issues that my hon. Friend has raised are global and there needs to be a global solution. Is he proud of the fact that the Government, since 1997, have supported a global approach in every instance?

Mr. Gardiner: I welcome my hon. Friend's intervention. He draws me back to my theme and to one of the major points, and that is that the Government have sought to be what all Labour Members would welcome, which is an internationalist Government. We must recognise that there is no such thing as getting something right in one's own backyard because it is intimately connected with the rest of the world. For things to be right in our backyard, it is necessary to ensure that everybody else is operating to the same standard that we wish to see domestically. I know that that is what the Minister believes, and it is what I believe. Many Labour Members would say that it is simply the Socialist International working properly. It is what the Government are trying to do, and I am delighted to support my hon. Friend's remarks.

Mr. Mark Francois (Rayleigh) (Con): Like my hon. Friend the Member for Bexhill and Battle (Gregory Barker), I serve on the Environmental Audit Committee. I can confirm that the Committee has looked into these matters in detail and has expressed considerable concerns. There has been a lot of upset about the way in which the Government handled the procurement of some of the timber for the new Home Office building. Will the hon. Gentleman accept, without my wishing to make a particularly partisan point, that the Government need to try harder to put their own house in order? All members of the Committee have been pressing that point.

Mr. Gardiner: I hope that the hon. Gentleman will accept that I have been extremely upfront in my own acceptance that this is a matter that we, as a Government, have to get right. I am provoked to say that at least we have the right policies in place. At least we are setting the right standards and trying to abide by them. The hon. Gentleman must accept that for 18 years in this place that was not the case. We did not have those standards. Had I asked 100-odd written questions under a Conservative Administration 10 years ago, I would not have received the same answers from the Department concerned, setting out the good practice policy that we as a Government have implemented. I accept that it is not enough to have the right policies. We must ensure that we get things right, that we abide by our policies and that our suppliers abide by them. It is easy to say, "Well, it was in the contract. We did not realise that the suppliers were not doing what we wanted." Of course the Government must monitor their contracts properly. However, as I said to the hon. Member for Bexhill and Battle (Gregory Barker), sometimes, unless certification processes are in place, it is difficult to monitor effectively. That is why it is vital that the responsibility be placed on industry and carried down the chain; in large part, that is what the Bill will deliver in just one of its aspects.

Mr. Sutcliffe: On Government procurement, the Government's investment in the public services will give my hon. Friend more examples of how large amounts of money going into the public services will make things better, as opposed to the Conservative party's policy of reducing investment.

Mr. Gardiner: My hon. Friend is right. Awarding contracts and commissioning from companies and industry allows the Government to determine the terms of contracts and set the standards. The Government have spent billions on 14 new hospitals already built and 78—or is it 178?—in various stages of construction, as well as on new schools. It is open to the Government, quite properly, to specify the standards that they want and to ensure that corporate social responsibility and environmental standards are met. We have to follow that up by delivering the proper monitoring processes to ensure that that happens.

The Select Committee on Trade and Industry published the "Modernising Company Law" White Paper in May 2003, which, again, broadly welcomed the Government's proposals. What does the Bill propose on the OFR? The Bill reproduces the draft clauses on the OFR that were included in that White Paper, but with a few significant changes. Broadly, the Bill would require all major companies to publish an OFR, the objective of which was to permit the members—the shareholders—of a company to make an informed assessment of the company's operations, financial position, future strategies and prospects and impacts on the environment and on any communities in which the company operates.

Major companies are defined essentially as companies that will fill at least two of the following three conditions and are not subsidiaries of another European economic area-registered company. The first condition is that their turnover should be at least £50 million; the second is that the balance sheet total should be at least £25 million; the third is that they should employ at least 500 employees.

Opposition Members should not use that example to jump up and down to talk about red tape. From the remarks of the two Conservative Members who have spoken, I would not expect them to do so; they have indicated that they are broadly in favour of the Bill. I have no doubt, however, that should the Bill pass into law, it will be added to their list of red tape initiatives introduced by the Government. But this is red tape that the Opposition support and which we support; this is red tape that tries to improve the way in which companies operate.

Mr. Sutcliffe: My hon. Friend raises another important point on regulation. In an earlier debate, I tried to tease out from the Opposition which employment regulations they were against. That is a continual challenge that we put to the Opposition, who talk glibly about red tape but never tell us which regulations they want to get rid off.

Mr. Gardiner: That is absolutely correct. I look at all these dreadful regulations and red tape brought in by the Government and then I look at their effect. Their effect has been that we now have a national minimum wage for the first time, at £4.85.

Madam Deputy Speaker: Order. I think that we are wandering a little outside the scope of the debate.

Mr. Gardiner: I will observe your gentle caution, Madam Deputy Speaker, and return to the theme of our debate, because you are absolutely right.

The White Paper's proposals were far from perfect and it made it clear that they were a preliminary draft, designed to aid discussion rather than to give a

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conclusive view on the best legislative approach. The main changes from the White Paper proposals to the Bill are these. First, the OFR will always have to include information on the company's impact on the environment and on any communities in which the company operates. That is in clause 1(3)(d). Secondly, there is a power for the Secretary of State to make rules by negative resolution, although the purpose of such rules is not clear. That is in clause 1(9) and (10). Thirdly, the wording on employment, environment, social and community issues has been changed, I presume in an attempt to make it broader, although the effect is again uncertain. That is in clause 3(2)(c) to (e). Finally, the Bill would apply equally to private and public companies, whereas the White Paper proposed higher thresholds for private companies. I believe that the Government are in any case likely to propose different coverage in the draft regulations now being prepared.

Mr. Sutcliffe: My hon. Friend's speech is so excellent that I shall take the opportunity now, rather than mentioning this later, to announce that the draft regulations will be ready after Easter. The delay with the OFR has been raised with us before, but the draft regulations will be launched after Easter.

Mr. Gardiner: I am delighted to have that assurance from the Minister, and I know that my hon. Friend the Member for Rugby and Kenilworth will be as delighted as I am to hear that that is the case. We feel that the delay has been unacceptable, and it is good to know that there will be progress in very short order. We welcome the fact that the Government are going to publish their draft regulations in the near future.

The OFR will improve corporate governance by increasing transparency and accountability. It will provide better and more relevant information on businesses for shareholders and will enable investors to make better decisions, thus improving confidence in financial markets.

Andy King: I am extremely grateful to my hon. Friend for his excellent contribution to this excellent debate. I am also grateful to my hon. Friend the Minister for announcing that the Government will issue the draft regulations after Easter. My hon. Friend the Member for Brent, North (Mr. Gardiner) has teased out a few differences between what was in the White Paper and what is in the Bill. The Bill is not set in stone, and the whole point of producing it has been to get the debate going. I believe that we have gone a long way in that respect. We want to get the Bill into Committee so that we can put it into shape and adjust it as necessary. That is why I would be delighted dutifully to amend certain aspects of it in Committee.

Mr. Gardiner: I am sure that the Minister will have heard that offer from my hon. Friend. I pay tribute to him, because he has introduced his Bill in a most distinguished manner. He has argued his case with passion but also with the great reasonableness that the whole House recognises characterises him as a Member. He has put forward a strong case, and whether or not the Bill ultimately goes into Committee—I wish it a fair wind in that respect—I am sure that he will take great comfort from the fact that he has brought it to public attention. The Minister might not be able to accept it publicly, but my hon. Friend the Member for Rugby and Kenilworth has pressed the Government's heels on this matter, and he will be delighted when that bears fruit after such a short time in the publication of the draft regulations.

One of the main benefits of the OFR is that directors will need to identify and report on all factors that are key to the past, present and particularly future performance of their business. It is not intended to replicate or replace the social and environmental reports that many companies already publish. It is not the place for general reporting on environmental and social factors for the public interest. However, it will include disclosures on such factors where they are material to an understanding of the business, and it will be for the directors to decide what is material.

The Government have set up a working group, which will shortly publish guidance, and I am sure that the draft regulations will be significantly different from the White Paper and the Bill, partly in order to implement aspects of the EU modernisation directive of 2003, and partly to reflect developments in policy in the light of responses to the White Paper and further work, including technical improvement of the drafting. The intention is to publish a consultation document, including the draft regulations, as soon as possible.

What does the Bill propose on directors' duties? It reproduces part of the Government's draft statutory statement of directors' duties, but with one significant amendment.

Mr. Sutcliffe: Would my hon. Friend care to refer to consultation with organisations such as Business in the Community? We talk about regulation and red tape, but much good work is done in consultation with Business in the Community.

Mr. Gardiner: Of course, consultation with business is absolutely vital. We need business to be able to feed into legislation that concerns it. When its interests are to be materially affected, it is right to consult it at every stage, and I welcome the discussions that have already taken place.

The amendment to directors' duties is to impose a responsibility on them to take all reasonable steps to minimise negative social, environmental and economic impacts, while at the same time requiring them to act in a way that is most likely to promote the success of the company for the benefit of its members.

I believe that the Bill will create best value in companies. It tells them to look beyond the financial bottom line to the community bottom line. It says that they should not only maximise profit for shareholders, vital though that is, but consider how they are creating value in the community that they serve. A dry Bill alone cannot do that—it has to be at the forefront of directors' minds. I look forward to the day when Government, working with industry, can achieve that.

2.9 pm

Gregory Barker (Bexhill and Battle) (Con): I congratulate the hon. Member for Rugby and Kenilworth (Andy King) on securing this welcome debate. I am only sorry that it is being held at the expense of my own Genetically Modified Organisms Bill, but I guess that, as this is my Dispatch Box debut, from adversity springs opportunity.

As we have heard, the Bill would provide for the production and publication of annual reports on the social, environmental and economic impacts and performance of companies and Government Departments. As someone who is interested in the whole green agenda, I am very pleased to be able to respond to this debate.

I should like to begin by making it clear that I am well aware of the need to be concerned about the harmful impact that some corporate activities can have on the environment and on local communities. All of us who want to promote sustainability would welcome greater transparency and better practice. However, at the same time I believe that the main priority of business and its most important contribution to society is the creation of wealth and jobs and the provision of goods and services. Winning orders and contracts might sound mundane, but it is central to the success of our economy.

It is clear that a balance must be found. I have been struck by the wide consensus that exists in respect of this issue, which is indeed about finding the right balance. The Bill's aims are not in dispute, but there is a genuine debate about whether they should be pursued by encouraging and nurturing best practice, or through regulation. Corporate social responsibility is important, but we must also recognise the primary necessity of encouraging wealth creation, for it is only through wealth creation that we can fund all the improvements in public services that our constituents rightly demand.

Social responsibility can indeed aid productivity and enhance a company's reputation among consumers. Britain has a pretty good record in this regard; indeed, the best performing companies on the stock market are often those at the forefront of best practice. Yet initiatives such as this can also inhibit commercial success. Policy makers have two options: the first is to impose legal requirements that businesses must meet—the Government are very good at that—and the second is to promote a voluntary approach, outlining the responsibilities that businesses should accept in the interests of all shareholders and all stakeholders. The choice is the classic one between carrot and stick.

It is my instinct and that of my party to be very vigilant in respect of any measure that might increase regulatory burden. I know that the hon. Member for Brent, North (Mr. Gardiner), who spoke extensively, is very relaxed about increasing regulation, but we Conservatives do not share his laid-back attitude to the ever-rising burden of red tape on business.

Mr. Sutcliffe: I am grateful to the hon. Gentleman for giving way and I welcome him to the Opposition Front Bench; hopefully, this could be the start of a long career. Given that there have been some notably poor performances by major corporate companies, does he feel able to support the Government's efforts to improve public confidence in the way that they operate? How should one balance the use of regulation against the performance of certain companies?

Gregory Barker: I do not have enough time to discuss particular companies, and to be honest I am not sufficiently well briefed to give the Minister an expert answer on the performance of individual companies. However, as someone who has worked in the City and in business, my feeling is that, by and large, British companies do a pretty good job and can hold their heads up high in the world. Indeed, they have often been at the forefront in encouraging and nurturing best practice. We should not be ashamed of our businesses; rather, we should be proud of what they achieve daily. I am not here to berate businesses, but I do want to encourage them to be better, and to take that best practice abroad and share it more widely. We must continue to be vigilant in terms of increasing performance.

There is no doubt that socially responsible programmes have the potential to bring benefits to business and to society as a whole; as such, they are to be welcomed and encouraged. However, too much compulsion can hit competitiveness, particularly of smaller firms, give less responsible firms an advantage, and even give the whole agenda of corporate social responsibility a bad name.

Mr. Dismore: The hon. Gentleman talks about small companies, but has he read the Bill? If he had, he would know that we are talking about companies with turnovers of £50 million or balance sheets of £25 million or with more than 500 employees. Those cannot be viewed as small companies.

Gregory Barker: If the hon. Gentleman were familiar with the definition of small to medium-sized companies, he would know that by stock exchange standards that is typically taken to mean companies with a valuation of anything less than £250 million—or, in some cases, less than £500 million. That definition may exclude basic trading companies, but many small companies with a market capitalisation in excess of £100 million—perhaps on the AIM market or approaching a stock market flotation—could find their performance greatly inhibited by burdensome regulation.

My concern is that there are risks in the imposition of legal requirements, so it is vital not to force socially responsible initiatives on to business without proper and due regard to their impact on Britain's ability to compete. If business is faced with rising costs, the ability to win orders and create jobs is affected and all members of a community—rich and poor alike—may be made worse off. Regulation reduces economic freedom and deprives people of opportunities. That is the great risk of introducing a statutory approach to corporate social responsibility. The potential for harm caused by the imposition by the Government of a legal framework, including too many onerous standards and policies, is an important consideration.

As I said, it all comes back to a question of balance. I prefer to encourage business itself to take the lead in dialogue not just with politicians, but with other representatives and stakeholders in the community. A lightly regulated business environment, which promotes a dynamic economy, is the most important force in creating the fairer society to which we all aspire.

[Gregory Barker]

In summary, I am broadly sympathetic to the aims of the Bill and I am glad to see it debated here in the House, but I am keen to see that it is neither too bureaucratic nor too prescriptive. Accordingly, my party will encourage the Bill into Committee for further detailed debate. At the same time, we will insist on a proper regulatory impact assessment so that the costs as well as the benefits of the measures in the Bill can be rigorously scrutinised.

2.17 pm

Roger Casale (Wimbledon) (Lab): I congratulate the hon. Member for Bexhill and Battle (Gregory Barker) on his debut at the Dispatch Box. Given the strength and brevity of his contribution, I am sure that we will hear many more fine performances from him in the future. We can all agree that we have heard many fine performances in today's debate.

I am pleased to have this opportunity to make a brief contribution because I represent a constituency with a high percentage not only of shareholders, but of professional and managerial people who are active in international companies and in many Government Departments. It was interesting to hear the expertise and comments of my hon. Friends the Members for Brent, North (Mr. Gardiner) and for Hendon (Mr. Dismore), and I would also like to congratulate my hon. Friend the Member for Rugby and Kenilworth (Andy King) on introducing the Bill.

It has not featured much in today's debate, but my hon. Friend also includes the actions of Government Departments—the public sector, not just the private sector—in the scope of the Bill. Many examples spring to mind. From the recent Budget we know about job changes in the Department for Work and Pensions—and other Departments—that will affect many of my constituents who live close to, and work in, central London. There is also the action of St. George's trust in disposing of land in my constituency, which will have considerable environmental implications. I would certainly like to see a more rigorous approach towards assessing the environmental and social impact of various Departments.

My constituents, like those of my hon. Friends, will be attracted by the touchy-feely appeal of the notion of corporate social responsibility, but the hon. Member for Bexhill and Battle was right to say that we should be cautious about what that will mean in practice and, in particular, for the bottom line. However noble our social and environmental objectives, we have to let businesses be run as businesses. We must not give them any other objective than being successful as businesses. To be successful, they must aim at maximising shareholder value and making a profit. Some directors and shareholders may go into business because they want to make a wider contribution to society, but the way to do that is to run a successful business and then invest the money made in other social projects—give it to charity or invest it in other ways.

At the same time, however, we must realise that the notion of shareholder value—which companies and directors have to maximise—is changing, in a changing world. My hon. Friend the Member for Brent, North spoke about best value, but I prefer to refer to the notion of enlightened shareholder value that recognises that if businesses are to be successful in the long term and in a sustainable way, they must be held to account in relation to wider objectives such as those that we have debated today. The Bill is desirable for exactly that reason.

The Bill is necessary, but when we review it in Committee we will need to take a cautious approach to how it will work in practice. One of the issues that will enjoy closer scrutiny in Committee is the question of whether the regulation should be mandatory or voluntary. We should not be too inhibited by the prospect of regulation because the Bill does not seek to introduce more red tape. Instead, it would introduce what may become known as green tape—something that will help companies to resist actions that would be damaging to the environment and, therefore, to the relationships that they have with clients and suppliers. Green tape could also prevent companies from damaging their reputations and, therefore, their long-term business interests, as well as assisting long-term sustainability.

Should the legislation be mandatory or voluntary? Well, we are talking about minimum standards. We want to encourage best practice, and Business in the Community has been mentioned as one vehicle among many that does that. However, we should not forget the extent of malpractice that occurs. We have seen several terrible business failures, with consequences on a massive scale, including Enron and Equitable Life. The people most affected are often those with investments—the rich and powerful—but we are considering the impact on local communities from job losses and environmental problems. Just as we seek to be tougher in the regulatory framework on business malpractice in the financial sector, we should introduce proper measures to prevent malpractice in relation to social and environmental concerns, which may affect all of us. I favour a mandatory approach, but we will return to the matter in Committee. The other aspect that we should focus on is the criteria. When the Bill was debated in January, it was made clear that whatever regime is introduced, it must be transparent and fair.

The point about consultation with the business community has not been made strongly enough. The Government have not said, "We know all the answers, we're smarter than everybody else. We know what to do, thank you very much. Here are our laws." They want to work in partnership to solve the problem. The Government will listen carefully to any proposals for legislation to bolster corporate social responsibility and will build on the excellent relationships that they have forged with the Federation of Small Businesses and other bodies representing business. The same thing applies locally. I am in close consultation with the Merton chamber of commerce in my community, which helps us in our work. I am sure that business representation will be clear and helpful and will assist us in framing transparent, specific legislation.

To return to my original point, society has changed. Sustainability is at the heart of our considerations on how best to secure the future of our local communities and on ensuring a fairer global business community. Our market economy must be underpinned by a strong and effective regulatory framework. Citizenship

involves rights matched by responsibilities. The idea that such responsibilities and duties should apply to corporate entities is much stronger than ever before.

Much of company law is backward looking. These proposals are forward looking and will help companies to prepare for the future and could have a positive impact on their business success, which has to be the bottom line. I am delighted to add my contribution to a debate in which there has been a high degree of cross-party support for an important measure, and I congratulate my hon. Friend the Member for Rugby and Kenilworth on introducing it.

2.26 pm

Lembit Öpik (Montgomeryshire) (LD): I think we all agree with the intentions of the proposals; the question is the degree to which they should be mandatory.

As hon. Members may have realised by now, I once worked for a multinational—Procter and Gamble. I chose to work for the company because I thought it acted with social responsibility, even though that was not mandatory. Members may not know that when there is an oil spill, Fairy liquid is used to wash the birds—not for public relations but because Procter and Gamble believes in doing the right thing. It is a shame that we seem to be saying that people will only start to act responsibly if it is made mandatory.

Employees are more inclined to stay with a company if they feel good about its values and feel that it is making a contribution to the community. Procter and Gamble did a lot of outreach work in schools and so on. When the Minister responds, I hope that he will assure us that the Government are not as cynical as that mandatory approach might imply and that he believes that good, responsible companies will act positively because they and their staff want to do so.

I came into politics because I think that human nature is basically good and that people will generally try to do the right thing without needing to have the Government breathe down their neck. Those who want to do otherwise will always find a way through and, looking at some of the provisions, I am worried that words such as "fairness" could be interpreted negatively by cynics. If the Bill goes into Committee—I am sure that the Minister will keep his contribution brief enough to allow that to happen—it is on such points that we shall push the most.

I agree with the intention behind the Bill but, as a Liberal Democrat and a positive politician, I still think that the human race is generous-spirited enough to do the right thing without always having to look over its shoulder for the law.

2.28 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): Things are improving. The last time we debated private Members' Bills, I had a minute and a half to wind up the debate; today, I have two minutes.

I never cease to be amazed by the way we manage to get things done in this place. I anticipated making long speeches on previous Bills this morning, but that I would have no opportunity to speak on this Bill. I am delighted that we have been able to debate it, and I congratulate my hon. Friend the Member for Rugby and Kenilworth (Andy King) on introducing it. My Department has had a previous opportunity to respond to it, and I am grateful to be able to talk on it today.

There have been tremendous contributions from lots of hon. Members—notably, my hon. Friends the Members for Hendon (Mr. Dismore) and for Brent, North (Mr. Gardiner)—and I would find it difficult, even in two minutes, to respond in the necessary detail to the many issues that they have raised.

There is always a balance. That is why I tried to draw the hon. Member for Bexhill and Battle (Gregory Barker) on his views about regulation—

It being half past Two o'clock, the debate stood adjourned.

Debate to be resumed on Friday 30 April.

Remaining Private Members' Bills

PROPERTY REPAIRS (PROHIBITION OF COLD-CALLING) BILL

Order read for resuming adjourned debate on Question [12 March], That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 30 April.

Tyrannical Regimes

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Heppell.]*

2.30 pm

Mr. Graham Allen (Nottingham, North) (Lab): One year ago, I helped to organise the largest revolt within a governing party in modern parliamentary history: 140 Labour Members of Parliament. We sought to dissuade the Prime Minister from joining President Bush's premature, counter-productive and premeditated war on Iraq. We failed, but those who won the vote also failed. Lessons must now be learned by all of us. Humility is not a quality for which politicians are renowned, but perhaps all of us ought to take a step back to see how we can learn the lessons, how we can move on from where we are now and, above all, how we can unite on how we can better meet the challenge of tyranny next time around.

I totally endorse the Prime Minister's call to reform international law and on the United Nations to find a better way to deal with the next Iraq. Sadly, that was not attempted in the six years before the conflict. In his Sedgefield speech a couple of weeks ago, the Prime Minister certainly talked the talk, but if it is to be more than the rhetoric of triangulation, it must be the prelude to decisive, vigorous executive action, led by the Prime Minister, of the sort that he demonstrated so ably in the prelude to the Afghanistan conflict.

The Prime Minister is right to state that the old doctrines of state sovereignty and territorial immunity are inadequate to tackle tyrannies. Those doctrines should be replaced by international standards, defined and enforced by the United Nations, not by the Bush doctrine—a blanket authority for any strong country to shoot its way into any weak one and depose its Government at a time of its choosing. That way lies international anarchy and the law of the jungle in which terrorism breeds so virulently.

My first question to the Minister runs through my contribution: what action have the Law Officers and the Foreign Secretary and his team taken in this field over the past year? Despite the time that Her Majesty's Government have had to devote to much of the media trivia on Iraq over the past year, can he demonstrate that we have moved on, that we are already acting on the big picture and that we are not just waiting until the Secretary-General's high-level panel reports some time next year?

The Prime Minister's call could not be more timely, for while the Bush doctrine is dead, it needs someone of international stature and a friend of America to give it the last rites and move on to something more sustainable. The Democratic challenger in the American presidential race, John Kerry, has already made it clear that he favours international, rather than unilateral, action to deal with the threats of terrorism and weapons proliferation that confront the United States and the world. That is a key battleground for the American election, and all the American people are looking for a more effective way to protect their security over the next four troubled years. The Prime Minister, therefore, has

a time-limited opportunity to rally American and world opinion behind the logical and compelling proposal to reform international law and to confront the weakness of the United Nations.

A robust legal and institutional basis is needed to allow the international community to act quickly and decisively—not qualities that were evident over the past 18 months. However, at the same time, it should not allow individual states to take the law into their own hands. In the terms of the old-fashioned western, nations should act together as a posse not as a lynch mob.

One of the tragedies of the US neo-conservatives' learning-on-the-job philosophy was that the decision to go to war was settled long before the public justification had been devised. From axis of evil to regime change to humanitarian intervention to weapons of mass destruction, the public reasoning and the supporting evidence that was required changed constantly—sometimes from day to day—often contradicting itself, and that inspired the mistrust that divided our Parliament and, indeed, the world.

Where do we go from here? It might be helpful to start from first principles. When might it be right for one state to use force against another? International law already recognises the right of a state to defend itself against actual or imminent attack and the right and duty of a state to defend another from attack. After 9/11, the Security Council acknowledged a new principle. A state attacked by terrorists may take action against any state that harbours them even if that state did not play any direct part in the terrorist attack.

Another situation is when a state commits abominable crimes as an act of policy against people within its own territory. If those people have no hope of relief from those crimes in their own country, they must look outside for protection. States have regularly intervened to protect their own citizens from the crimes of another state, but increasingly they have shown themselves willing to protect other people to whom they have no direct obligation. That has happened in many places, often belatedly: East Timor, Kosovo, and Iraq in relation to the Kurds. There is an underdeveloped but none the less evolving law of humanitarian intervention. It provided the best reason for a timely invasion of Iraq rather than a premature one, although, sadly, that was not the pathway chosen by the allies last year.

The right or duty of humanitarian intervention has also been applied to states living under anarchy rather than tyranny—"failed states" whose Governments lack the strength or will to protect their citizens from civil war, lawlessness, disease or famine. In all those cases, there was a developing international consensus before Iraq that national sovereignty has limits and is subject to conditions.

Indeed, the Prime Minister, by his gruelling efforts on behalf of us all on Afghanistan, had done more than anyone to help the world to build a global coalition against the threat of terrorism. Building that global coalition against terrorism was tragically interrupted and discredited by the misjudgment over Iraq. That coalition must be rebuilt. Our Law Officers and Foreign Office Ministers must now enter a permanent session with their international colleagues to reform international law and provide a ratchet of graduated practical action through the United Nations.

Some of what I propose already exists, but what we need most at the table is the political will to make it work—determined yet painstaking. That is the Foreign Office's, the Prime Minister's and Britain's greatest challenge but potentially their greatest contribution to the new global order. This is not some starry-eyed utopianism that goes back to the League of Nations in the 1930s, but a tough, practical necessity as we count down to the next crisis—and we do not know where that may come from.

A right of intervention, especially armed intervention, must be codified in a reform of the United Nations charter. One possibility is that the UN could declare a state of emergency, but I think that the words have a legal connotation and may not be appropriate. I am sure that the Foreign Office can come up with a better formulation, but that will do me for now. A state of emergency could require the restriction or even suspension of the sovereignty of a member state. It would cover the use of that member state's resources by terrorists, gross human rights abuses by its Government, or an actual or incipient humanitarian catastrophe. Such a declaration might be sought by any member state, including the proposed subject, so that countries in the grip of famine, plague or civil war could ask the United Nations to take control of all or part of their territory.

It should also be possible for the United Nations to hear appeals for such a declaration from oppressed peoples—whether from exile groups or human rights organisations—and to satisfy itself that such appeals are authentic and representative. If we can build a United Nations capable of making such a declaration, it could authorise or enjoin member states to take action to remedy the conditions that had led to it. That might include armed intervention, but the UN would decide what action to take, not individual member states.

The UN might decide not to declare an immediate state of emergency, but to establish instead a clear set of escalating conditions that would lead it ultimately to make such a declaration. The escalator must be made unequivocal. It must be clear to all those, wherever they are on the globe, who tune in to see the debates and hear the decisions that the UN makes on behalf of us all. As far as possible, it must be made invulnerable to the lawyer's wriggles and political spin that so discredited UN resolution 1441, which was twisted into an excuse for war despite earlier categorical assurances that

"it was not the trigger for war".

In future, the UN should set out its decisions in clear language, understandable to anyone in the world, and try, as far as is humanly possible, not to use diplomatic double-talk such as "serious consequences" or "all necessary means", which involve so much interpretation and misinterpretation that they engender mistrust and discredit the process that we must rebuild for all our futures.

The proposal does, of course, raise difficult questions, and it will not be easy. None the less, the concept of a UN state of emergency offers some hope and a way of tackling 21st-century problems by consensus. Its very existence could induce Governments to behave better,

[Mr. Graham Allen]

whether towards their own subjects or the outside world. That influence would be reinforced if all member states, including President Kerry's America, accepted the jurisdiction of the International Criminal Court and stripped members of vicious Governments of any immunity from prosecution.

Much more could be said on the matter, but I shall be brief. There is certainly a case for random UN inspections on the use and control of traded weapons of any kind. However, weapons of mass destruction entail a threat of immediate devastation to civilian life on an altogether new and frightening scale. The risk of them falling into the hands of a vicious Government—still more into the hands of terrorists—requires new forms of action by the international community.

Every state in the world should subject itself to a compulsory random and intrusive UN inspection of the kind that we all demanded of Saddam Hussein. The inspectors should verify not only whether a state possesses or produces weapons of mass destruction, but also its systems for controlling them and its doctrines for their use. Biological weapons must also be properly included in such an inspection regime. The UN produced a model of how to do that when the inspectors returned to Iraq and imposed increasingly demanding conditions on Saddam Hussein. Indeed, it is ironic that almost everything that was done in Iraq was a triumph of principle and of lawful and effective action until the premature invasion.

All those ideas are embryonic, but they are not novel. They represent a continuation of valuable developments, from which the Iraq war was an irrelevant aberration, that could quickly be revived and taken forward. They could reunite us behind the lessons learned from error and division.

The task is daunting and epic. It needs prime ministerial focus and energy. The Bush doctrine is dead, and I hope that the proposals that I have set out may form the basis not of the Bush doctrine but perhaps of a Blair doctrine—a return to a strong, independent British foreign policy, making a telling contribution in an ever more interdependent world.

2.45 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): I congratulate my hon. Friend on raising what is an exceedingly important subject. Never has the debate about the circumstances in which it is right and appropriate to intervene in tyrannical regimes been more important. I have some sympathy with the view that my hon. Friend has expressed—that the international community should act earlier and more firmly to assist those who are subject to oppressive regimes. I think genuinely that the terms of the global debate are changing.

The Government want to be at the forefront of that debate. As the Prime Minister made clear in his speech in Sedgefield on 5 March, Britain's role should be

"to construct a consensus behind a broad agenda of justice and security and the means of enforcing it."

Before I discuss that agenda further, I feel that I must respond to some of my hon. Friend's criticisms about the decision to go to war with Iraq.

I respect my hon. Friend's integrity, and have always made clear my view that we were right to go to war, although I fully respect the right and belief of others who reached a different decision. I would not accept his arguments that the actions that we took were counterproductive or that we failed. If he does not believe me or the Government when we say that life is better for the people of Iraq today than it was under Saddam, I urge him to listen to ordinary people in Iraq, where a majority say that life is better than a year ago under Saddam, and more than 70 per cent. say that they think that it will continue to get better. That is the polling evidence, and what Government colleagues who visit Iraq find, and it is backed up by what ordinary people are saying on the ground.

My hon. Friend has also made the case that the international community's response to oppressive regimes has not evolved sufficiently. While I accept that it needs to evolve further, over the years, there has been evidence of significant change. First, political pressure has always been a powerful tool in facing up to tyranny, and it has become more so. Anyone who doubts that ought simply to witness the huge, extraordinary lobbying effort at Geneva at the moment by those nations that fear that they risk being criticised for their human rights records. When I delivered our contribution to the debate in Geneva last week, I saw that at first hand.

Within the European Union, we now build dialogue on human rights into our relations with third countries, and bring the economic and political weight of the EU to bear by linking those dialogues to wider relationships of trade and other assistance. That is absolutely right. Through NEPAD—New Partnership for Africa's Development—African countries have established a peer review mechanism to pressure each other, rightly, into better governance. The African Union is playing an increasingly confident role in enabling dialogue to resolve disputes peacefully. Such collective political action can and does shame Governments into better behaviour, opening the doors to external monitoring, and can be used by reformists and civil society within a country. International institutions such as the UN play a key role in this: setting the standards of acceptable behaviour; providing independent monitoring mechanisms as well as assistance; and finally, providing external legitimacy to successful political reforms.

Sanctions also have a role to play, which we see with regard to the situation in Burma and Zimbabwe. Increasingly, sanctions regimes are better targeted to ensure that their effects are concentrated on the leaders and regimes responsible for repression, and their sources of wealth and influence, rather than on the people suffering under such regimes.

Other forms of direct action have grown in volume and effectiveness, including governance support and reform programmes, economic adjustment, security sector reform, police training and peace support operations. The establishment, now supported by more than 60 countries, of the proliferation security initiative will help further to prevent trafficking of weapons of

mass destruction and related materials through enhanced interdiction efforts, which can help us to face up to tyranny.

Let me turn to the issue of reforming the international system. We have achieved a great deal through our efforts to strengthen the international systems and structures that are needed to deliver results. I agree with the thrust of my hon. Friend's comments about the establishment of the International Criminal Court, which marks a new step in the long battle against impunity for the perpetrators of the most serious international crimes. I want to take this opportunity to make it very clear that we urge all states to sign up to the ICC, which we believe can be a key tool in the fight against tyranny.

In the final analysis, when we are facing up to tyranny, military action can be used, in accordance with international law, against those tyrannical regimes. For us, military action has been, and will always remain, a last resort. Over recent years, the UN has been developing its thinking, based on individual cases, on where military intervention is justified for humanitarian purposes. The Security Council can authorise the use of force in response to threats to international peace and security, breaches of the peace or acts of aggression. It has explicitly determined that widespread violations of human rights and international humanitarian law have contributed to situations threatening the peace, and mandated enforcement action in former Yugoslavia, Rwanda and East Timor. I think that most people regard that as essentially just and correct. The Security Council also supported enforcement action to return to power an elected Government that had been overthrown, such as in Sierra Leone and in Haiti. Again, I think that most people would accept those actions and propositions.

On occasions—thankfully rare—the Security Council does not authorise actions that we consider necessary. In a sense, that is the nub of some of the issues that my hon. Friend highlighted. There are no easy solutions in those circumstances. For instance, in the case of Kosovo, we had to ask ourselves how to respond when a Security Council decision could not be reached in the face of an imminent humanitarian crisis in the form of appalling ethnic cleansing the like of which we had not seen on our continent since the second world war. At that time, we made clear our view that states do have a right, in exceptional circumstances, to take military action when it is the only way to avert an overwhelming humanitarian catastrophe, and that that is the case even in the absence of explicit authorisation from the Security Council. My hon. Friend is nodding; I know that he supported that action at the time.

Since 1999, our view has been increasingly supported, although it is not universally accepted. We continue to work to build up a consensus on the circumstances in which a right to intervene applies. My right hon. Friend the Prime Minister made that very clear in a speech that he made in Chicago in April 1999, in which he rightly suggested the five broad guiding principles that should, in an international context, be the framework within which decisions on whether to intervene for humanitarian purposes are taken.

It is worth repeating those principles. First, we must decide whether we are sure of the case and sure that armed force is the only means of dealing with the problem. Secondly, we must assess whether we have exhausted all diplomatic options. Thirdly, on the basis of a practical assessment of the situation, we must judge whether there are military operations that we can sensibly and prudently undertake. My hon. Friend suggested that intervention should be applied universally and impartially to all states. The logic of such an argument is strong, but the benefits of intervening have to be weighed against the risk of creating a threat to peace and security. As I said, other options, such as political pressure and sanctions regimes, are available when intervention would be unwise. Fourthly, we must decide whether we are prepared for a long-term commitment once the military action is over: that is critical. Finally, we must assess whether we have national interests involved.

That speech was a major contribution to the evolution of international thinking since the end of the cold war. In 1999, we put forward similar suggested criteria to the Security Council, although they did not prosper in discussion at the time. Nevertheless, we are still advancing the case and will continue to do so. At the same time, important work is going on to ensure better action against the threat or use of genocide, most notably to create a focal point for genocide prevention within the United Nations framework.

Mr. Allen: I thank my hon. Friend for a thought-provoking speech so far. May I bring to his attention again the question of trust? The British Government, in particular, are seeking concrete and practical steps to realise some of the things that he is talking about. He alluded to the Prime Minister's Chicago speech. Not a great deal may be seen to have been achieved by the British public and the global public from that speech, good as it was. Is my hon. Friend aware that some of us want to take matters further and ensure that the Sedgefield speech is looked back on as one of the landmarks that moved our country forward in real, practical steps, so that we do not refer to it as a good speech but as something that started a lot of practical action?

Mr. Rammell: I understand my hon. Friend's point. We cannot just make speeches; we must follow things through. We are attempting to do that, but we cannot do it on our own. We must seek international consensus and support. We are taking this debate and the need for change internationally extremely seriously. My right hon. Friend the Prime Minister is rightly taking a lead in setting out the framework of our thinking and the challenges that the UN need to face. My right hon. Friend the Foreign Secretary is taking that agenda extremely seriously. We are continually discussing these issues and this agenda with our partners.

I have visited the UN on a number of occasions in recent months. I recently met leading members of the Secretary-General's high level panel, all with a view to pushing forward this debate and trying to engage others to support us. We have also published a Command Paper on our relations with the UN, and we shall shortly be submitting formally our views to the Secretary-General's high level panel.

The nub of the debate, given what my hon. Friend has said, is his wish to create an international framework in which unilateralism, by whatever state, does not take

[Mr. Rammell]

place. He wants to see agreed collective international action under the auspices of the UN. Ideally, those are the circumstances in which I would always want us to operate. It is not as easy as just wishing that to happen. I think that the Secretary-General got it absolutely right when he spoke to the General Assembly in September 2003:

"it is not enough to denounce unilateralism unless we also face up squarely to the concerns that make some States feel uniquely vulnerable."

It is not just a simple equation between unilateralism and internationalism. If we want the UN to be the key agency that affects and governs the decisions, it has to demonstrate that it has the collective will and political capacity to face the key challenges that are to be found in the modern world, principally international terrorism and the proliferation of weapons of mass destruction. In making that case we must convince those countries that are sceptical about it, at the same time, that we are prepared to take their concerns seriously—global poverty, inequality and injustice—and follow through significantly on achieving the millennium development goals. That is the other side of the bargain in taking these issues and this debate forward.

In that context, and in facing those challenges, I believe that the decision of the Secretary-General to appoint a high level panel to look at how the UN can improve its response to the broad range of threats to international peace and security has been a positive development. The panel is likely to take a broad view of the current threat to peace and security. That is surely correct. Terrorism, the proliferation of weapons of mass destruction, threats to the environment, AIDS, poverty and disease were not considered part of the security agenda when the charter was drafted, but they manifestly are part of the agenda and the challenge that we are now facing.

Mr. Allen: I am sorry to spring this one on my hon. Friend. I hope he will take the matter away and consider it rather than giving an answer from the Dispatch Box. Will my hon. Friend consider how we might involve Parliament in feeding ideas into the high level panel as it goes about its work? I do not know how that might best be done. It might be by way of pre-legislative scrutiny, meetings or whatever. However, it is important that all parties in the House have the opportunity to make a contribution.

Mr. Rammell: I agree with my hon. Friend. We have already been doing that in Westminster Hall and in Government time on the Floor of the House. We have initiated a debate on UN reform and enabled Members to come forward with their views. That is the right way forward. I have met the all-party group in the context of the UN and will seek to do that further.

We are facing critical challenges. The world we live in today is enormously more dangerous than it was even in the most recent past. It is critical that we face these questions, and we need all parliamentarians, the whole of civil society and the whole of the international community if we are to respond to them. In a small way, debates such as this one give us—

The motion having been made at Half-past Two o'clock, and the debate having continued for half an hour, MADAM DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at Three o'clock.

House of Commons

Monday 29 March 2004

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

DEFENCE

The Secretary of State was asked—

Sea Harriers

1. **Mr. Mark Prisk** (Hertford and Stortford) (Con): When the first Sea Harriers will be withdrawn from service. [163773]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The first of the three Sea Harrier squadrons will be withdrawn from service on 31 March 2004. It is planned to retire the second squadron in March 2005 and the final squadron in March 2006.

Mr. Prisk: I am grateful to the Minister for that reply. His plans seem to rely on replacing the Sea Harrier with the GR7/9, yet, as many people know, that aircraft is not designed for the same purpose. It is designed to attack slow-moving tanks on land, not to defend against high-speed missiles at sea. Without the appropriate radar and missiles, how exactly is the Minister's plan going to work?

Mr. Ingram: I do not think that the hon. Gentleman has followed the progress of the decision. This was a balance of investment decision. In looking at the upgrade of the Harrier fleet and/or the continuation of the Sea Harrier, the cost of retaining the Sea Harrier was deemed prohibitive, and it would also have been technically difficult in terms of the upgrade programme that was envisaged. There was no certainty, having spent the money or having spent some money some way down the line, about getting the upgrade with the aircraft that he may now wish to see remaining in service. I suggest that he raise the matter with his shadow Chancellor, who envisages a cut of £1.5 billion. The cost of the upgrade is about £0.5 billion, with other whole-life costs attached. I only put the information to him; clearly, he has not been following it.

Mr. Gerald Howarth (Aldershot) (Con): The Government's own strategic defence review recognised in 1998 that air superiority and air defence would be essential for maritime operations, yet this week, Ministers will start removing air defence from our maritime forces, deliberately taking risks with men and ships by exposing them to air attack. The Minister knows that the GR7 is no substitute for the Sea Harrier and that there will be a serious capability gap between now and the arrival of the new carriers and the joint strike fighter, assuming that, as is planned, they are not delayed beyond 2012. Perhaps that is why HMS Ark Royal is now to be put in mothballs this month—because it cannot be protected by Sea Harriers. Even at this late hour, may I urge Ministers to keep to their original policy—

Mr. Speaker: Order. The supplementaries from the Front Bench are far too long.

Mr. Keith Simpson (Mid-Norfolk) (Con): That is just the Minister.

Mr. Speaker: Order. I will not be long in taking care of the Minister when the time comes.

Mr. Ingram: I will be very brief. I refer the hon. Member for Aldershot (Mr. Howarth) to the answer that I gave to the hon. Member for Hertford and Stortford (Mr. Prisk) a few moments ago.

Married Quarters (Policing)

2. **Mr. Robert Key** (Salisbury) (Con): What assessment he has made of the policing of service married quarters in Salisbury constituency. [163774]

The Parliamentary Under-Secretary of State for Defence (Mr. Ivor Caplin): While no specific assessment has taken place of the policing of service family accommodation in Salisbury, the policing requirements at all service family accommodation, including that located in Salisbury, is kept under review by the Ministry of Defence police commander responsible for public safety. I can assure the hon. Gentleman that the safety of service personnel and their dependants remains a matter of significant concern to Ministers and the Department.

Mr. Key: It ought to be of first concern to the Minister. Is he aware that, in the redeployment of the Ministry of Defence police and the cutting of their presence in the Salisbury area—only 14 MDP officers will be available to cover the Salisbury area—he is putting a new burden on the Wiltshire constabulary for the 300 or so criminal acts that require police presence every year in just the Amesbury area, and that this is no time to be cutting any of our security forces?

Mr. Caplin: The hon. Gentleman will be aware of these issues, because he and I have corresponded long and hard over this matter in the past six months, but I can say to him that the divisional support group will, as he knows, be located at Larkhill. It will have 22 officers, and I am confident that it will provide the type of policing that those families expect in Salisbury.

RAF Stafford

4. **Paul Farrelly** (Newcastle-under-Lyme) (Lab): What consideration he has given to representations made to him on the future of RAF Stafford. [163776]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): At a recent meeting, I advised my hon. Friend the Member for Stafford (Mr. Kidney), who was accompanied by senior local authority representatives, that I am considering carefully all representations from areas potentially affected by the review of the air combat service support unit and will take them into account when making my decision. I expect to make a decision after the Easter recess.

Paul Farrelly: The Minister will know that RAF Stafford has a long and proud history as an important civilian and military employer in the north Staffordshire area. My granddad worked at RAF Stafford, and my cousin from Stafford joined the RAF as a pilot and flew Tornadoes in the first Gulf war. We are currently trying to attract much-needed government jobs into north Staffordshire for regeneration, so before my right hon. Friend the Minister makes his decision on RAF Stafford will he please consider carefully the demoralising effect of moving jobs not from south to north, but from north to south?

Mr. Ingram: That concern must form part of our consideration, but my hon. Friend knows that operational effectiveness is the main driver in the process, which is one reason why we have examined the distribution of those units. We fully recognise the impact on local communities of closing particular stations, but we must face up to such tough decisions in government and consider what is right in terms of operations and the balance of the arguments. Many areas of the country have given loyal support and service to the armed forces, but over the years the armed forces' presence in those areas has contracted. I will take all my hon. Friend's points into account—indeed, I am doing so.

Mr. A. J. Beith (Berwick-upon-Tweed) (LD): In considering the future basing study, of which the possible closure of RAF Stafford and, indeed, RAF Bulmer are a part, will the Minister carefully examine the capital costs, which would take a very long time to pay off, in the investment appraisal? The alternative is to leave important facilities on sites where investment has already taken place.

Mr. Ingram: I had a useful meeting about the Bulmer station with the right hon. Gentleman, where he made those points. I gave him a commitment that I would meet all local interests at each station that could be affected by the decision, and I have done just that. I am taking my time to trawl through all elements of the matter because of those stations' importance within their local communities.

Mr. David Kidney (Stafford) (Lab): I thank my hon. Friend the Member for Newcastle-under-Lyme (Paul Farrelly) for supporting RAF Stafford. Indeed, all Staffordshire MPs—Conservative and Labour—have been united in their support. Will the Minister acknowledge that RAF Stafford is the last surviving military presence in Staffordshire's county town, that it has accepted its responsibility for tri-service working, and that it has been militarily effective? Will he make a commitment that a military presence will remain in Stafford after the end of the review in April?

Mr. Ingram: I pay tribute to the way in which my hon. Friend has campaigned with his local authority colleagues on a cross-party basis. They have made a cogent case, which must be set against the operational imperatives that I referred to earlier and the overall balance of the decisions that must be taken. I note what he says, and he made the same points when he attended the meeting that I referred to earlier. After any decision is taken, I would obviously be willing to meet interested parties again to talk through the implications.

Shoeburyness Ranges

5. **Sir Teddy Taylor** (Rochford and Southend, East) (Con): If he will make a statement on the future use of the new ranges in Shoeburyness. [163777]

The Parliamentary Under-Secretary of State for Defence (Mr. Ivor Caplin): Shoeburyness provides a unique capability for test and evaluation activities and makes a vital contribution to national security. The ranges are included in the long-term partnering agreement that has been negotiated with Qinetiq for the delivery of a long-term test and evaluation capability to the Ministry of Defence. This agreement came into effect on 1 April 2003 and is intended to continue for 25 years.

Sir Teddy Taylor: As the Office of the Deputy Prime Minister, in consultation with Thames gateway, has just announced the expenditure of £2 million on a study of access to and the use of Shoeburyness, can the Minister give an assurance that Southend borough council and Rochford council will be fully consulted if there are any proposals for development of unused land on the new ranges?

Mr. Caplin: I can give the hon. Gentleman that assurance because my Department is in discussions with the Office of the Deputy Prime Minister about many land issues.

Balkans (British Deployment)

6. **Rachel Squire** (Dunfermline, West) (Lab): If he will make a statement on the work of British forces in the Balkans. [163778]

The Secretary of State for Defence (Mr. Geoffrey Hoon): British forces are deployed in both Bosnia and Kosovo under NATO command to provide a safe and secure environment there. They are assisting the international community in creating conditions that will support eventual self-sustaining security in the region.

The purpose of the recent deployment of NATO's operational reserve force to Kosovo is to restore calm to the province and to prevent unrest from spreading to

areas outside Kosovo. The 1st Battalion, Royal Gloucestershire, Berkshire and Wiltshire Regiment is providing the core of the battalion group. UK troops will conduct routine patrolling, the guarding of sites such as the UN mission and public order duties, as tasked by commander KFOR.

Rachel Squire: Will my right hon. Friend join me in paying tribute to the excellent and rapid response of our armed forces, particularly in dealing with the latest crisis in Kosovo? Does he agree that the announcement that Bowman has achieved its in-service date months ahead of schedule will be very good news for our troops in the Balkans and elsewhere, as it will improve their vital personal communications technology? Does he further agree that that is one example of where the Government have acted on lessons learned in previous Balkans operations and delivered with remarkable success?

Mr. Hoon: I am grateful to my hon. Friend for her remarks. Dealing specifically with the Bowman development, we made it clear in the lessons learned exercise on Kosovo in 1999 that there had been shortcomings in our tactical combat radio capability. The Bowman system is designed to provide a modern, secure successor to Clansman, and I am delighted to announce that Bowman has today achieved its in-service date ahead of target.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Last week's announcement that further troops are to be sent to Kosovo only adds to the overstretch that our military already face. Can the Secretary of State give an assurance that he will look carefully at the tasks that our armed forces are expected to undertake throughout the world to ensure that that overstretch is not added to; otherwise, a time will come when it bursts completely, which would be unacceptable?

Mr. Hoon: First, there is no overstretch. Secondly, this deployment does not add to any apparent overstretch, not least because the troops that were sent were held at very short notice. High-readiness forces are available there for precisely this kind of deployment, as the hon. Gentleman should know.

Mr. Jim Marshall (Leicester, South) (Lab): I welcome my right hon. Friend's remarks about progress in Bosnia, and I am sure that we all welcome the improvement in its political and security situation. However, can he give any reasons why similar progress is not being made in Kosovo? Perhaps one reason is that NATO has not placed as much emphasis on the political situation as it should. Will my right hon. Friend comment on that?

Mr. Hoon: I do not entirely agree with my hon. Friend's conclusions. One difference between the two situations may be owing to no more than the passage of time. In both places, there were appalling incidents involving attacks on rival ethnic communities, but in Bosnia more time has passed and some of the wounds have healed, whereas in Kosovo, as we saw last week, those wounds are still very painful to the two communities. That is not meant in any way to suggest to my hon. Friend that we should not proceed in Bosnia and in Kosovo with a political and constitutional settlement that allows all the communities in the Balkans to live peacefully together.

Patrick Mercer (Newark) (Con): The Secretary of State will know that at the end of the year SFOR hands over to the EU in the Balkans. Can he tell us under whose command British troops will then fall—that of the EU or of those NATO forces remaining?

Mr. Hoon: The hon. Gentleman is usually slightly more precise than his question would suggest. As he will be aware, there has not yet been a decision by NATO to take the responsibility and to pass it across to an EU operation. The United Kingdom has indicated that, were that to happen, it would be willing to lead such an EU operation. As the arrangements develop and are decided, I will of course inform the House about the circumstances.

Mr. Nigel Beard (Bexleyheath and Crayford) (Lab): Can my right hon. Friend say why it is proving so difficult to arrest General Mladic and Radovan Karadzic?

Mr. Hoon: The short answer to that is that they are not telling us where they are. I assure my hon. Friend and the House that determined efforts are being made, and will continue to be made, to bring both those men to justice.

Warship Procurement

7. **Mr. Peter Luff** (Mid-Worcestershire) (Con): If he will make a statement on the progress of the procurement of new warships for the Royal Navy. [163779]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The Ministry of Defence has embarked on the largest procurement programme of new ships for the Royal Navy in many years, including orders for six Type 45 destroyers, three Astute class submarines and four landing ships dock, auxiliary.

Future plans include the purchase of two new aircraft carriers, further orders of Type 45 destroyers and Astute class submarines, the joint casualty treatment ship, and the progressive replacement of existing Royal Fleet Auxiliary Service vessels through the military afloat reach and sustainability project.

Mr. Luff: I am grateful for that detailed reply, but is the Minister confident that the planned pattern of future warship procurement and development remains appropriate in the light of increasingly asymmetrical, non-state warfare?

Mr. Ingram: Yes, but everything must be kept under review.

Mr. Peter Mandelson (Hartlepool) (Lab): Alongside his plans for procurement, will my right hon. Friend disclose those for decommissioning? In particular, will he state what is intended for HMS Intrepid? Will it be

scrapped in the UK as a matter of Government policy, and will that policy apply to all other Navy vessels in the future?

Mr. Ingram: I understand my right hon. Friend's interest and the campaign in which he has become involved. I appreciate the strength and the merits of his case in terms of the total fleet—merchant and naval—that requires decommissioning in the years ahead. The best that I can offer is to hold a meeting with him and any interested parties to talk through his proposal so that it could help us to reach a decision on the matter.

Mr. Colin Breed (South-East Cornwall) (LD): How can the Minister reconcile paying off four Type 42 frigates as surplus to requirements? If they are no longer required, why was HMS Nottingham, which is about to emerge from a £26 million refit, brought all the way back from Australia?

Mr. Ingram: If I read the comments of the hon. Member for Mid-Worcestershire (Mr. Luff) correctly, he suggested that, in one sense, we should not have any such ships because the asymmetrical threat means that we do not need that defence element. On the other hand, the hon. Member for South-East Cornwall (Mr. Breed) says that we should keep everything. We cannot live in such a world. We must judge what is appropriate in the light of future threats and make appropriate decisions at the right time. What happens to specific ships therefore becomes a matter of military assessment and judgment about what the size of the fleet should be, set against the new procurements that are coming on stream, to ensure that we have a significant naval force—indeed, perhaps the second biggest and best in the world.

David Cairns (Greenock and Inverclyde) (Lab): My right hon. Friend doubtless recalls the warm welcome given to the Government's warship building programmes in the areas that can reasonably expect to play a part in constructing the new vessels, such as my constituency and others on the River Clyde. He will also know that media speculation in recent weeks has added some uncertainty to that role, especially in relation to the aircraft carrier programme. Will he restate firmly the Government's commitment to proceed with the warship building programme in its entirety and thus reassure workers in Greenock and Inverclyde and elsewhere that the Government's commitment to British shipbuilding is as strong as ever?

Mr. Ingram: My hon. Friend is another intrepid campaigner, not only on behalf of his area but of shipbuilding throughout the United Kingdom. We have a firm commitment to retaining design and construction in the UK shipbuilding industry. That is why the RAND report was commissioned. Its purpose is to examine how best we can position the UK shipbuilding industry to meet the growing demand that I outlined in my earlier answer. It will conclude shortly, and the findings will be published, with commercially sensitive information taken out. I pay tribute to my hon. Friend for continuing to push for such an important industry.

Mr. Nicholas Soames (Mid-Sussex) (Con): Will the Minister confirm that, such is the uncertainty that surrounds the future carrier programme, it is now said that the Ministry of Defence will become the prime contractor? Is he aware that such a situation flies in the face of all previous experience and advice? How does he intend to proceed with the contract? What are the timing implications as a result of the disastrous way in which the matter is being tackled?

Mr. Ingram: The hon. Gentleman appears to want to talk down all the significant projects. We are considering a major procurement. Of course, when he was doing my job, he had a history of cutting and slashing defence expenditure. We have announced the largest shipbuilding programme for many years—I thought that he would welcome that.

On aircraft carriers, the hon. Gentleman should know that stage three of the assessment is due to continue until spring. It is therefore reaching a conclusion. Rather than respond to press speculation, why does he not wait for the outcome? Work on the design is progressing and all the parties are actively engaged in discussions on that alliance strategy. That is the important way forward, as is the need to get it right, to keep to budget and, most important, to ensure that we get the necessary capability for the Royal Navy.

British Infantry

8. **Mr. Tim Boswell** (Daventry) (Con): What assessment he has made of the adequacy and availability of British infantry to respond to additional urgent deployments. [163780]

The Secretary of State for Defence (Mr. Geoffrey Hoon): A number of British infantry units are routinely held in reserve, at very high readiness to deploy. That ensures that the Army always has prepared troops available to respond to additional urgent deployments. The effectiveness of those arrangements was demonstrated by our rapid response to the recent troubles in Kosovo. The spearhead land element was deployed to theatre there in less than 24 hours and undertook its first patrol the very next day.

Mr. Boswell: While I agree with the Secretary of State that it was very welcome that the spearhead battalion was able to get to Kosovo so quickly and to be so effective, does he not agree that serious issues could arise in the slightly longer term in relation to the relief and rotation of forces, to resupply and, ultimately, to the ability to retain forces in the service under their present working conditions? Is not the reality that the thin red line of the British infantry has been stretched for a considerable time, and has in effect been running itself on red?

Mr. Hoon: Of course, I answered that question a few moments ago, but let me explain to the hon. Gentleman that this deployment of operational reserves is likely to be in theatre only for a matter of weeks, as I said to the House last week. Therefore none of the resupply or replacement issues that he mentioned will arise in this case.

Bob Russell (Colchester) (LD): The Secretary of State referred to the increasing number of commitments that the armed forces face around the world. Does he agree that retention is of major importance, that the strength of the Army is still below what it should be, and that the Government should therefore be considering ways of increasing the number of soldiers? As his colleague, the Under-Secretary of State for Defence, the hon. Member for Hove (Mr. Caplin), will know, one way of doing that would be to reinstate the 3rd Battalion, Royal Anglian Regiment, which would go a long way towards redressing the shortfall.

Mr. Hoon: I certainly admire the hon. Gentleman's persistence. I seem to recall that he asked precisely the same question at the previous Defence questions. He is right to emphasise the importance of retention and recruitment, and I am pleased to be able to tell the House that we have seen a creditable improvement in performance in both those areas over the last year. With the hon. Gentleman's help and encouragement, that will no doubt continue.

Mr. Nick Hawkins (Surrey Heath) (Con): The Secretary of State will be aware that I have a very military constituency. Indeed, his junior Minister, the Under-Secretary, visited Army cadets there last Thursday. Does the Secretary of State recognise the great concern among the many service families in my constituency that those deployed to Iraq did not have the appropriate kit? Indeed, I am getting many letters from those families. Can he reassure them that in any future deployments of infantry, the kit will be there at the same time as the men?

Mr. Hoon: The kit was in theatre, as I am sure the hon. Gentleman will know, as he will have read the National Audit Office report on the subject. I am sure that, when he responds to constituents expressing their understandable concerns, he will put those concerns into context, because it is clear from a series of reports on the deployment that, overall, this was an outstanding success, including—as the NAO noted—an outstanding logistical success. There were, however, deficiencies that must be addressed, and I assure the hon. Gentleman and the House that they will be.

Mr. Nicholas Soames (Mid-Sussex) (Con): In respect of the Secretary of State's earlier answer, the spearhead battalion is held specifically for the kind of task in Kosovo that he described. Will he accept the view that the Chief of the Defence Staff made quite plain last week to the Defence Committee that the overstretch currently being experienced by the armed forces as they undertake their extremely onerous task is such that, in these dangerous times, we would not be able to mount a similar operation to Telic until approaching the end of the decade?

Mr. Hoon: To be fair, as the hon. Gentleman usually is, the CDS went on to say that it would be possible to mount such an operation if we were to redeploy forces from other obligations and operations. That has always been the case, and it remains so.

Mr. Soames: But given the scale and size of the obligations, do not the observations of the CDS reveal in the starkest terms the folly of cutting the trained strength of the armed forces from 194,600 to 182,800? That is a cut of 12,000 over seven years, the equivalent of nearly 15 infantry battalions.

Mr. Hoon: I will not embarrass the hon. Gentleman by telling him the number of cuts made in the trained strength when he was the armed forces Minister, but the margin was rather larger than the one he has just set out. I know that that is embarrassingly inconvenient for him, but the answer he gave when he was asked about that issue remains valid today, which is that assessments are made on a military basis of the requirement for forces in the light of the overall capabilities and equipment available to our armed forces at the time. That is the answer he gave, and I am delighted to repeat it.

Mr. Lindsay Hoyle (Chorley) (Lab): Has my right hon. Friend considered forming a Commonwealth regiment to ease the pressure? Is not that, or increasing the number of Gurkhas, a way forward on returning to the strengths of previous years?

Mr. Hoon: As my hon. Friend will be aware, there is already significant recruitment from the Commonwealth. We have given this matter some consideration, but I am not necessarily sure that it is appropriate to try to replicate the arrangements under which Gurkhas are recruited to Britain's armed forces. I am content that elements from the Commonwealth join a variety of regiments and add their particular contribution in a number of different ways. That seems to me to be the best way forward.

Mr. Julian Brazier (Canterbury) (Con): Does the Secretary of State accept that for our armed forces to maintain their cutting edge, those in the infantry, like those in other parts of the services, must have two things: a lifestyle that their families can put up with in the long run and regular, high-intensity exercises? What is the tour interval for infantry battalions and what major exercises are planned to keep those excellent skills well honed over the next year?

Mr. Hoon: I cannot give the hon. Gentleman that list today, but I can write to him with all those details. I am sure he is aware from his excellent contacts in the armed forces that proper leave was provided—for example, after the deployment to Iraq. That continues to be the case. Obviously, it is important that we maintain a proper balance between leave entitlement and regular high-intensity exercises as well as deployment on operations of the kind that have been so successful in Iraq. That balance must be continued if we are to retain the right people in our armed forces.

D-day Anniversary

9. **Shona McIsaac** (Cleethorpes) (Lab): If he will make a statement on recent progress with plans to celebrate the 60th anniversary of D-day. [163781]

The Parliamentary Under-Secretary of State for Defence (Mr. Ivor Caplin): I am confident that the organisation we have in place will ensure that the events in Normandy are properly organised, carefully planned and appropriate for the occasion.

At the last Defence Question Time on 1 March, my hon. Friend asked about "Heroes Return". That was followed up by a question from my hon. Friend the Member for Thurrock (Andrew Mackinlay), whom I see in his place, on Irish citizens who served in the British armed forces during the second world war. I took the issues raised very seriously and undertook to investigate. Consequently, I am pleased to inform the House that in recognition of the unique circumstances that set Ireland apart from other countries, the Ministry of Defence and the national lottery's New Opportunities Fund have put in place special arrangements with the Royal British Legion to allow Irish veterans who volunteered for service in the British armed forces and are now resident in the Republic of Ireland to be included in "Heroes Return". I am sure that the whole House welcomes that outcome.

Shona McIsaac: I am very grateful to my hon. Friend for that news. I know that many families will appreciate being able to travel back for the celebrations.

Will my hon. Friend take a little time to read the excellent coverage of "Heroes Return" and the D-day celebrations in the *Scunthorpe Evening Telegraph*? I have the cuttings here for him if he wants to read them. The paper has been following former seaman Arnie Marshall in getting his money and the journey he will make back to Normandy. Will he wish Mr. Marshall well and praise the local newspapers that have been giving the initiative such excellent coverage?

Mr. Caplin: I certainly hope that Mr. Marshall enjoys his return to Normandy, which I am sure will bring back good memories for him. I am pleased to hear about the coverage of the D-day events and "Heroes Return" in the *Scunthorpe Evening Telegraph*, which, I have to say, has not been high on my reading list recently. However, I detect that my hon. Friend will ensure that I read it in future.

Sir Sydney Chapman (Chipping Barnet) (Con): The Minister will know that an estimated 10,000 British Normandy veterans survive 60 years after the event. When I secured an Adjournment debate on 25 February, it was estimated that about 3,000 of those had already made plans to visit Normandy in June. Since then, how many more have applied or expressed an interest in visiting the Normandy beaches? Will the Minister assure the House that they will have been given full information about the one-year passports available and how to claim, for part of their expenses at least, on the New Opportunities Fund?

Mr. Caplin: I can reassure the hon. Gentleman on the last two points. At the last Defence questions, I also gave the freephone number for the Veterans Agency, which will handle calls and deal with any issues that veterans have. We think that the number travelling to Normandy that weekend will be between 5,000 and 10,000. That figure is likely to include carers and members of the families who will be accompanying veterans.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): My hon. Friend will know that my constituency was slightly ahead of the game on the heritage lottery fund, led by the sterling work of Ernie Innes, who sadly died recently. Will he place on record his condolences and thanks for the sterling work done by people such as Ernie, who give up so much of their time as volunteers, and set out what a strong example he was for many young people in constituencies such as mine, up and down the country?

Mr. Caplin: I had the privilege of visiting Chester earlier in the year, and I know of the work of the Chester and Wirral branch of the Normandy Veterans Association, which Mr. Innes founded. I pay tribute to his work and send the whole House's condolences to Mrs. Innes and her family at this difficult time. Certainly, "Heroes Return" is about bringing veterans and young people together to preserve the history of what happened in 1944 and 1945 and to pass on the baton of remembrance to future generations.

Andrew Mackinlay (Thurrock) (Lab): I thank the Minister for his announcement in relation to the Irish veterans. In relation to what he has done today, I would use the words of Tim Healy, a famous former Member of the House, who said:

"so long as water runs and grass is green Irishmen will always be grateful".

It also allows us to do two things. One is to reinforce the important bilateral relationship with the Irish Republic—but, most importantly, it allows us to recognise that the 32 counties of Ireland are still a rich and proud reservoir of servicemen in our British armed forces today, which we must celebrate, welcome and do everything we can to encourage, bearing in mind particularly the sacrifice of one very brave Irish Guardsman in the recent Iraqi conflict.

Mr. Caplin: I thank my hon. Friend for his sterling efforts on this matter. He raised the issue on 1 March, and he has constantly badgered me and other Ministers to make sure that we came to some conclusion. I am glad that he is pleased with the eventual outcome.

Afghanistan

10. **Kali Mountford** (Colne Valley) (Lab): If he will make a statement on the role of the armed forces in Afghanistan. [163782]

The Secretary of State for Defence (Mr. Geoffrey Hoon): The United Kingdom has about 460 personnel deployed to Afghanistan. About 360 of those are serving with the international security assistance force—ISAF—which is assisting the Afghan transitional authority to maintain security in Kabul. The remainder are serving with the US-led coalition, including 90 deployed to the provincial reconstruction team in Mazar-e-Sharif. The team aims to assist in extending the authority of the Afghan Government in northern Afghanistan, to facilitate security sector reform and to create the conditions necessary to assist reconstruction.

Kali Mountford: I am grateful to my right hon. Friend for that answer. I am sure that the whole House recognises the important work done by our forces in Kabul and in ISAF. Will he update the House further on the work of provincial reconstruction teams, and in

particular on the protection of local personnel in elections and the protection of humanitarian aid? Is it not important that that work continues until local security and police forces are fully operational?

Mr. Hoon: I am grateful to my hon. Friend for her question. The United Kingdom Government strongly support the need further to expand the international security assistance force beyond Kabul, and particularly to demonstrate our concern that the security situation, especially in the south, should not deteriorate. We therefore believe that NATO's plan for ISAF progressively to assume control of groups of regional PRTs presents the best way forward for security across the country. For that reason, the United Kingdom has indicated its willingness to build on the success of our provincial reconstruction team by, together with partner nations, playing a leading role in the expansion of ISAF, particularly, in the first place, into northern Afghanistan.

Mr. David Heath (Somerton and Frome) (LD): I think that everyone wants to celebrate the professionalism of the British forces who have been working in Afghanistan. Nevertheless, a strategy that would apparently bring peace and security to the area around Kabul while allowing the return of the warlords and drug growers and, indeed, the re-formation of the Taliban throughout the vast majority of Afghanistan surely raises more questions than it answers. When will we actually see the war that was started in Afghanistan finished?

Mr. Hoon: As I just said, that is not the strategy. We are seeking to extend the impact of ISAF beyond Kabul, to other parts of Afghanistan. The provincial reconstruction teams are already achieving that, but we recognise the need to expand their number and range of activities.

I do not accept the hon. Gentleman's description of Afghanistan. Certainly there are security problems in the south, but elsewhere the security arrangements are very good. People are able to continue their ordinary way of life quite satisfactorily.

Mr. Keith Simpson (Mid-Norfolk) (Con): In answering this and earlier questions, the Secretary of State has rightly praised the role of our armed forces in Afghanistan, the Balkans and Iraq. I fear, however, that servicemen in Afghanistan and their families would have been amazed to hear what I imagine to have been an off-the-cuff comment from him. His statement that there is no overstretch in the armed forces flies in the face of all the evidence—the evidence of every previous Chief of the Defence Staff, most retired serving members of the armed forces and, indeed, those currently serving. What does he say to servicemen in Afghanistan and their families who rightly suggest that there is overstretch, and that it is getting worse?

Mr. Hoon: Perhaps the key indicator of overstretch, in the past at any rate, has been the retention rate. The hon. Gentleman is right: if there is significant overstretch, one of the consequences is that people believe they are no longer valued and leave the armed forces. The position today is the reverse, however. More people are staying for longer, essentially because they appreciate the conditions under which Her Majesty's armed forces are operating and the challenge with which they are being presented.

Formation Training Cycle

11. **Mr. Crispin Blunt** (Reigate) (Con): If he will make a statement on the effectiveness of the formation training cycle. [163783]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The formation readiness cycle is the means by which the Army prepares its six non-specialist brigades to meet commitments. It has served the Army well, giving the flexibility to deliver appropriately trained and prepared units to meet a variety of commitments, in accordance with the aims of the strategic defence review.

As we explained in the recent White Paper, we are examining possible changes to the current and future capabilities of the armed forces and supporting infrastructure that are required to deliver a network-enabled capability. Part of this work will be to consider the effect that those changes will have on the formation readiness cycle.

Mr. Blunt: The truth is that the formation readiness and training cycle has not been able to work because the Government have taken the Army into war four times in the past five years. Does the Minister really stand by the Secretary of State's comment that there is no overstretch? Is not the truth that there is a huge hollowing out of training in the armed forces because the formation training cycle cannot work? That is why the Chief of the Defence Staff says that we will not be ready to man Telic again until 2008–09.

Mr. Ingram: The hon. Gentleman has raised an interesting point, which was covered in my reply. We need to examine the current operation of the formation readiness cycle to establish whether it is robust and meets the needs of the armed forces, and what should take its place if that is not the case. It is important for the whole training cycle, along with preparedness and deployability of forces, to accord with the proposed force restructuring. That will not happen overnight; it must be planned in the context of the changed force structure and the various requirements that will then confront us internationally and at home.

I take on board what the hon. Gentleman has said, although I do not necessarily accept all of it. I hope that my explanation has been sufficiently detailed.

Troop Deployments

12. **Jane Griffiths** (Reading, East) (Lab): If he will make a statement on the future deployment of UK troops stationed in Germany. [163784]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The 4th Armoured Brigade, currently based in Germany, has been earmarked for future deployment in Iraq, in November 2004, as part of Operation Telic. In addition, 26 Regiment Royal Artillery will deploy to

Cyprus in September 2004. A number of other supporting units based in Germany are likely to deploy to Bosnia, Kosovo, Iraq and Northern Ireland in the course of the next 18 months.

Jane Griffiths: Norman Mailer once wrote a book called "Why are we in Vietnam?", and I have been tempted to ask the Minister, why are we in Germany? However, I welcome his answer that there is to be more rational deployment, as I would describe it. When will the targets for redeployment finally be met, and when will the last British soldier leave Germany?

Mr. Ingram: There are a number of questions involved, and the issue of why we are in Germany is fundamentally different from that in Norman Mailer's book, "Why are we in Vietnam?" I suggest that Europe is somewhat different from the situation that Norman Mailer was looking at. We have a considerable amount of infrastructure in Germany, as does the US, and we have very good relationships with our German allies. My hon. Friend asks when the last troops will leave Germany, but I do not think that I can give her an answer. We have met the commitment laid down in the strategic defence review to withdraw certain posts—that is, a reduction of 2,100 posts by 2005. That target has been met, with the exception of the return of two Royal Tank regiments, involving 600 personnel, who are due to return in the third quarter of 2005, when they will be based in Tidworth. The delay in their transfer is due to the fact that the required living accommodation is not yet ready.

Hugh Robertson (Faversham and Mid-Kent) (Con): If the Secretary of State is right that there is no overstretch in the Army, why is it that the tour interval for Army infantry battalions in Germany, which was two years in the mid-1990s, is now down to nine months on average, and six months for some, including the 1st Battalion Irish Guards? They returned from Iraq, attended the state opening of Parliament, and were out in Northern Ireland a matter of months later.

Mr. Ingram: The answer is that those troops have been busy. We would not deny that fact, and that has put pressure on them. It has certainly put pressure on certain key enabler functions—*[Interruption.]* I notice the hon. Member for Mid-Sussex (Mr. Soames) shouting that there has been overstretch. However, it might be worth while examining some of the decisions that he took when he was Minister for the armed forces, and some of the problems that we are now having to correct.

Territorial Army

13. **Mr. Bill Wiggin** (Leominster) (Con): How many Territorial Army personnel are members of civil contingency reaction forces. [163785]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): There are 14 civil contingency reaction forces, each with a complement of 500 Territorial Army personnel. There are therefore 7,000 Territorial Army personnel who are members of the civil contingency reaction forces at any one time.

Mr. Wiggin: If the armed forces are not overstretched, I do not understand why civil contingency reaction force troops are serving abroad when, I presume, they are supposed to be here to react to any civil contingencies. How can it possibly be the case, as I read in *The Sunday Telegraph*, that Private Kitulagoda, who was tragically killed in Kabul on 28 January, was a member of a CCRF?

Mr. Ingram: Yes, he was a member. We recognise the circumstances of that tragic death and pay tribute to him for his sacrifice, and also to his family for what they have had to cope with. However, the hon. Gentleman misses the point— Members of the CCRF units are also Territorials and are expected to carry out their normal Territorial functions. They are not dedicated wholly to CCRF work. About 852 members of those units have at present been deployed to other duties and backfill has taken place, but we are satisfied that if there were a requirement to call out those units they would be fully manned.

Sir Patrick Cormack (South Staffordshire) (Con): Is it not true that many Territorials are serving us very bravely in Afghanistan and Iraq, and are suffering financially in doing so? When is the Minister going to do something about that?

Mr. Ingram: My hon. Friend the Under-Secretary has been looking at that issue and he hopes to announce some progress on it in the autumn.

Budget (Armed Forces)

14. **Miss Anne McIntosh** (Vale of York) (Con): If he will make a statement on the impact on the armed forces of the Budget statement on 17 March. [163786]

The Secretary of State for Defence (Mr. Geoffrey Hoon): I welcome the comments of my right hon. Friend the Chancellor of the Exchequer in his statement to the House on 17 March. His announcement of a further real-terms increase in defence spending reflects the Government's commitment to further investment in strong defence and to the continued modernisation of our armed forces.

Miss McIntosh: By how much does the Chancellor of the Exchequer intend to increase spending on the armed forces? What proportion of that will go towards medical cover for the services, so that my constituents will not have to seek private medical cover in order to discover whether they have a medical condition?

Mr. Hoon: Obviously, the amount of the increase that the Chancellor proposes will be decided through the normal process of discussions between him and the Departments, before he makes an announcement in July. However, as my hon. Friends know, that is in stark contrast to the Conservatives, who, in the unlikely event that they were elected, would cut defence spending in real terms. Indeed, they have made an announcement to that effect. Given that, as we all recognise, the armed forces are busy—they are engaged around the world and

have to provide their own medical cover—it is astonishing that the Conservatives should propose to cut in real terms the amount spent on defence.

Angus Robertson (Moray) (SNP): Will the Secretary of State take this opportunity, in the context of the Budget, to confirm that there will be no negative impacts on the armed forces pension scheme, which is currently being updated? Is the Ministry of Defence undertaking, or has it completed, a study of the scheme's local economic impact, and in particular the impact of early retirement provisions in areas of significant military population, such as Moray?

Mr. Hoon: As the hon. Gentleman is aware, a Bill dealing with modernisation of the armed forces pension arrangements is currently going through the House, and he will have the same opportunity as other Members to make a contribution to it. However, I can assure him and the rest of the House that this legislation is designed to improve the terms and conditions of the great majority of those on active service.

Iraq

15. **Mr. Andrew Robathan** (Blaby) (Con): What assessment he has made of when all British troops will be withdrawn from Iraq. [163787]

The Secretary of State for Defence (Mr. Geoffrey Hoon): Our contribution to the multinational force in Iraq will continue for as long as the Iraqis wish, and until the Iraqis themselves are able to take responsibility for their own security. Changes in force levels will depend on the progress made in achieving our objective, not on arbitrary targets for force reductions.

Mr. Robathan: We know that our troops are doing an excellent job and we all pay tribute to them for that, but it looks like a pretty long-standing commitment. Among others, my hon. Friends the Members for Mid-Sussex (Mr. Soames), for Reigate (Mr. Blunt) and for Faversham and Mid-Kent (Hugh Robertson) have spoken this afternoon of overstretch in the armed forces; moreover, there is no training cycle and the Territorial Army is being cut. If there is overstretch, does the Secretary of State recognise that we need either to cut commitments or to have more troops? Will he consider raising a couple of extra battalions, because that is what is needed in the current climate? Will he not simply keep saying that the Army is "busy", which seems to be his excuse?

Mr. Hoon: Fortunately, I do not recognise the hon. Gentleman's description of our armed forces. It is simply not the case that no training is taking place; indeed, I recently saw soldiers busily engaged in training on Salisbury plain. If he examines the Army's activities throughout the country, he will see that it is busy preparing operations that soldiers are very successfully conducting.

International Terrorism

16. **Mr. David Borrow** (South Ribble) (Lab): What role the armed forces are playing in combating the threat of international terrorism. [163788]

The Secretary of State for Defence (Mr. Geoffrey Hoon): The new chapter to the strategic defence review and the defence White Paper entitled "Delivering Security in a Changing World" set out the significant contributions that the armed forces can make to how the Government deal with international terrorism. These contributions range from defence diplomacy and stabilisation operations in tackling the conditions that promote terrorism to large-scale combat operations such as those in Afghanistan, which destroyed al-Qaeda's training camps and disrupted its leadership. They also include assisting other nations in developing their capacity to tackle terrorism.

Mr. Borrow: I thank my right hon. Friend for his reply. In the light of the tragic events in Madrid, what steps is he taking to ensure effective co-operation by armed forces across Europe to combat terrorism?

Mr. Hoon: I am sure that, in a few moments, my right hon. Friend the Prime Minister will be explaining to the House the decisions taken at the European Council to improve co-operation and co-ordination. I know that that includes the appointment of an official with the specific job of ensuring greater and more effective co-operation between the Governments of the European Union.

Iraq

17. **Bob Spink** (Castle Point) (Con): How many Ministry of Defence personnel are serving in Iraq. [163789]

The Secretary of State for Defence (Mr. Geoffrey Hoon): There were 8,827 members of the United Kingdom armed forces and 67 Ministry of Defence civilian personnel serving in Iraq on 21 March 2004.

Bob Spink: We are seeing on the TV—even now—British troops under attack in Iraq. It is clear that they responded without firing a single bullet, demonstrating the superb professionalism and expertise, not to mention the great courage, of our armed services. Notwithstanding the obvious overstretch from which we are suffering, we must keep our nerve. Will the Secretary of State resist any siren voices to remove troops early from Iraq, which would threaten both that country's longer-term stability and the development of a democratic solution for the whole region?

Mr. Hoon: I am grateful for the hon. Gentleman's observation that British troops are doing a superb job. This morning's incident was a typical example of the sort of incident with which British forces have to deal—not so much terrorist activities as maintaining law and order in the south. Our forces were removing squatters from a local government building that was required for other purposes. Members may have seen the television pictures showing the reaction to that. Our forces are providing an essential contribution to law and order in the southern part of Iraq, and I am grateful to the hon. Gentleman for his commitment to them.

Redundant Land

19. **Paul Flynn** (Newport, West) (Lab): What recent assessment he has made of the scope for sale by the services of redundant land. [163791]

The Parliamentary Under-Secretary of State for Defence (Mr. Ivor Caplin): The Ministry of Defence continually reviews the size and location of the sites on which it operates and disposes of any surplus assets as soon as practically possible. Indeed, in the past five years the Department has generated disposal receipts totalling about £1 billion. Further work is now under way to examine the scope for consolidating defence activity at a smaller number of more densely utilised locations, in order to achieve the optimum use of land and facilities. No decisions have been reached and each proposal emerging from this work will be subject to full consultation.

Paul Flynn: The Norwegian defence department is on a standstill budget and intends to expand its valuable work in peacekeeping and providing winter training facilities for many forces, including our own, by getting rid of a third of the land it occupies. That will provide a huge sum and put the land to more useful and profitable purposes. No Government Member would want to support the totally irresponsible policy of the Conservatives to have a standstill defence budget, but could we not emulate the Norwegians by finding some land that could be sold for the benefit of the environment and other services that require extra financing?

Mr. Caplin: I can assure my hon. Friend that we take our commitment to the environment very seriously indeed. I certainly recognise the points that he makes in respect of land sales and I will take them into account as we consider the review that is under way.

Eurofighter

20. **Chris Grayling** (Epsom and Ewell) (Con): If he will make a statement on the number of Eurofighters the RAF will purchase. [163792]

The Minister of State, Ministry of Defence (Mr. Adam Ingram): The United Kingdom remains committed to the Typhoon programme. Fifty-five aircraft are being delivered to the RAF under the tranche one contract. We are in the process of negotiating with partner nations and industry a sound contractual basis for the second tranche of 89 aircraft. I hope that we will be in a position to place an order as soon as possible.

Chris Grayling: The Minister will be aware of anxieties within the RAF that, during a period of pressure and busyness for the armed forces, it will be the service to bear the brunt of any future cuts. Can the Minister give an assurance that the Typhoon Eurofighter programme is sacrosanct and that the number of aircraft eventually ordered and delivered will be the originally envisaged total?

Mr. Ingram: We are firmly committed to that. Negotiations have been proceeding with such intensity—to get the capability into service as soon as possible, and to ensure that we secure the right price. Tough negotiations are going on with the providers of the aircraft. I do not believe that the hon. Gentleman would expect anything different from the Government on that.

Kosovo

21. **Mr. John Randall** (Uxbridge) (Con): If he will make a statement on the current situation in Kosovo. [163793]

The Secretary of State for Defence (Mr. Geoffrey Hoon): The situation in Kosovo is relatively stable after the violent outbreaks of last week. The UK fully supports NATO's response to the situation and calls on all parties to reject violence as we continue to build a peaceful, stable Kosovo.

Mr. Randall: I thank the Secretary of State for that answer. Has he had any more intelligence about, or an assessment of, whether the violence instigated by the Albanians was spontaneous or co-ordinated beforehand?

Mr. Hoon: As I indicated to the House on Thursday in the defence debate, there is no specific evidence that the violence was co-ordinated or planned, but it suggests underlying tension between the two communities. Certainly, some organisations were ready and willing to take advantage of the tension, and that is something that we deprecate. It is important that we continue to take effective action against those organisations that would seek to undermine our efforts to promote constitutional and political settlement in Kosovo.

European Council/Libya

3.30 pm

The Prime Minister (Mr. Tony Blair): With permission, Mr. Speaker, I shall make a statement about the European Council that I attended in Brussels on 25 and 26 March. I wish to pay tribute to the excellent organisation and chairmanship of the Irish presidency and of the Taoiseach, Bertie Ahern, in particular.

We met in the aftermath of the bomb attacks in Spain. We expressed our sympathy and solidarity with the Government and people of Spain. Co-operation in the fight against terrorism in Europe was stepped up after 11 September 2001 with the establishment of joint investigation teams, the freezing of terrorists' assets, the establishment of the European arrest warrant and a number of measures of co-operation with the United States and other countries. However, we recognised that not nearly enough had been done, especially on implementation of agreements, the provision of information to Europol and co-operation with third countries.

At this European Council we set deadlines for the implementation of EU measures. We set out further measures on counter-terrorist legislation in all member states: confiscation of crime-related proceeds, creating a comprehensive database of forensic material, strengthening border controls, better intelligence sharing, transport security, and a number of other matters that are listed in the text that we adopted at the Council. We have appointed a single person to co-ordinate the Union's work in that area and are establishing a new counter-terrorism intelligence assessment cell so that, combined with effective police co-operation through Europol and co-operation among prosecuting authorities via Eurojust, we will have the means of assessing intelligence.

I also briefed my colleagues in the European Council on my visit earlier on 25 March to Libya. I made clear to Colonel Gaddafi our support for Libya's decision to abandon voluntarily its weapons of mass destruction programmes, and our welcome for the full and transparent co-operation that Libya has subsequently given. Libya's actions in the past have caused grief and pain to many individuals and families, which we cannot forget. I raised the matters of Lockerbie and WPC Fletcher with Colonel Gaddafi, stressing the importance of the forthcoming visit to Libya by the Metropolitan police team investigating WPC Fletcher's murder. We shall stay in close touch with the families in both cases. If change in Libya is real, we should support it. It is the beginning of a process, and we should take it step by step, but I believe that a Libya free of weapons of mass destruction and with no links to terrorism is overwhelmingly in our interest and that it is right to pursue that dialogue—and we will.

What has happened over the past few weeks has reinforced the determination of all member Governments to equip a Union of 25 member states to be able to operate efficiently and effectively. As hon. Members will see from the conclusions, the Council took substantive decisions on growth, employment, research and development and on how to equip our citizens with the education, training and access to lifelong learning that are vital if Europe is to maintain its competitive edge. It is already clear that in a Europe of 25, and then of 28, decision making cannot remain as it is. The result would be paralysis of Europe and an inability to make progress in vital areas of co-operation that are emphatically in the British national interest. We need to be better able to set priorities, pass simpler laws, and have a completely different system for the day-to-day running of the European Union. That includes Governments setting the strategic direction in the European Council with a full-time chairman of the Council, chosen by Governments, to take forward that programme.

In almost every field—job creation, sustainable development, the environment, the fight against terrorism, illegal immigration and organised crime—we need to work together as one in the European Union. That is what the constitutional treaty is about and we shall seek to negotiate it to a successful conclusion under the Irish presidency. Britain will ensure that we keep control over our tax and social security systems, over the future of the UK abatement, over our own criminal justice system and over defence and foreign policy, as we said we would. Provided we do so, this treaty is right for Europe and right for Britain because, in today's world, particularly after the events of recent months, Europe needs to work more effectively to protect and enhance the lives of its people.

The European Council gave its continued strong support to the efforts of the United Nations Secretary-General to bring about a comprehensive settlement of the Cyprus problem. This is a historic opportunity to end the long division of the island and we urge all the parties to seize it.

The European Council also welcomed the recent positive political developments in Iraq and the UN Secretary-General's acceptance of the Iraqi governing council's invitation to help. It condemned the recent terrorist attacks in Iraq, which had as their aim maximising the number of civilian casualties. The European Council also expressed grave concern over the situation in the middle east.

The European Council strongly condemned the recent ethnically motivated violence in Kosovo. All leaders locally must now take responsibility for the situation to ensure that there is no repetition.

By negotiating within the European Union, we have succeeded in establishing common policies to deal with terrorism, crime and illegal immigration. We are taking forward a programme of economic reform—long overdue. We have a common European stance to deal with the challenge of climate change. Last year, in the context of the World Trade Organisation negotiations, we achieved the biggest ever reform of the common agricultural policy—not enough, but a substantial step forward. We are developing a common foreign and security policy to tackle the common global threats that we face. Our security, stability and prosperity depend on our successful membership of the European Union. Under this Government, it will not be put at risk.

Mr. Michael Howard (Folkestone and Hythe) (Con): May I associate Conservative Members with the words in the European Union communiqué expressing sympathy and solidarity with the victims of the terrorist attacks in Madrid, their families and the Spanish people?

[Mr. Michael Howard]

We welcome the improved relations that both the British Government and the United States Administration have established with Libya, and of course we welcome the new attitude shown by Libya in giving up acts of terror and weapons of mass destruction. There are differing views about dealing with Colonel Gaddafi, and we have to handle these matters with sensitivity and care. Does the Prime Minister still think it was right to describe Colonel Gaddafi as "courageous"?

We welcome also the practical measures that the European Union is taking to combat the threat of terrorism. Those measures include the appointment of a counter-terrorism co-ordinator. If it is right to have one figure co-ordinating the fight against terrorism at the European level, why is not the same true nationally? May I urge the Prime Minister to look again at the need for a Minister for homeland security?

Are there not important lessons to be learned from the agreement that has been reached on co-operation in the war against terrorism? Regardless of whether one agrees with each and every item, is not that an example of the way in which the countries of Europe can co-operate and work together to meet an urgent threat without constitutional change and without the need for a majority to impose its views on a minority?

The Prime Minister himself once agreed that there was no need for a constitution. At the start of that process he said that the British way for Europe was not for a

"single, legally binding document called a Constitution",

so why does he now support a constitution that would give the European Union many of the attributes and trappings of statehood—a President, a Foreign Minister and a new legal status? Why did he change his mind?

The Prime Minister once agreed that the constitution was not essential for enlargement. In December, he said that

"this is not constitutionally necessary in order for enlargement to take place",

yet now he says that it is essential for enlargement. Why did he change his mind?

The Prime Minister once said:

"We have also ruled out other potentially damaging proposals. For example, others wanted to give the European Union explicit legal personality across all the pillars of the treaty. At our insistence, that was removed."—[*Official Report*, 18 June 1997; Vol. 296, c. 314.]

But in the draft constitution that provision is back, meaning that the EU would have legal status on measures on criminal justice and immigration. Why did the Prime Minister change his mind?

The Prime Minister once said,

"Our case is that"

the charter of fundamental rights

"should not have legal status, and we do not intend it to. We will have to fight that case."—[*Official Report*, 11 December 2000; Vol. 359, c. 354.]

In the draft constitution, however, the charter will be incorporated into EU law. Why did he change his mind? He once said that there was

"no proposal, no desire or decision for a separate European military planning capability",

then he agreed it. Why did he change his mind on that?

Just last December, the Prime Minister told the House:

"If it proceeds on the basis outlined by Prime Minister Berlusconi . . . criminal law will . . . remain the province of the nation-state—namely, subject to decision-making by unanimity".—[*Official Report*, 15 December 2003; Vol. 415, c. 1320.]

Now, his spokesman says that there is "wiggle room", and his Minister for Europe says that Britain might look favourably on a common European arrest system.

Why did the Prime Minister change his mind on that?

As for timing, in December the Prime Minister's spokesman said that there "wasn't any great urgency", but now the Prime Minister wants ratification as soon as possible. Why did he change his mind on that? Could it, by chance, be connected with his desire to bounce Britain into the constitution before the general election? Nearly a decade ago, he promised:

"I will never allow this country to be isolated . . . in Europe."

Ten years later, we know what he meant by that: he meant never leading, always following others on Europe.

Last week, the Prime Minister said that there was

"widespread concern about the future of the UK's fishing industry".

What a surprise! There is indeed widespread concern—and there has been for many years now. The question is, why has the Prime Minister not done anything about it? Last week, he said:

"I want the UK to give a lead in reforming the Common Fisheries Policy—by pushing the European Union further down the path of managing fish stocks on a regional level".

The constitution does indeed change the basis of the common fisheries policy—it reinforces the Commission's role. Why did the Prime Minister not take advantage of the opportunity available to him when the constitution was being negotiated, not by giving the EU more control, but by giving this Parliament more control? Was not that another example of the Prime Minister's opportunism—his readiness to jump on any passing bandwagon, only to jump off when the issue stops hitting the headlines?

The Prime Minister says that his policy of following, not leading, gives him more influence, but this summit was meant to be about economic reform—so where has that got to? The red tape continues—his own Members of the European Parliament keep voting for even more—the EU is not on track to meet the targets that it set at Lisbon, and 14 million Europeans are unemployed. So much for the Prime Minister's leadership.

The Leader of the House once claimed that the constitution was just "a tidying-up exercise", but the Prime Minister told a Cabinet committee that the

outcome of the Convention would be absolutely fundamental and would last for generations. The German Foreign Minister said:

"We have a draft constitution that is worthy of the word historic."

The Belgian Prime Minister describes it as the "capstone" of a "federal state".

Let us remind ourselves of what the Prime Minister once said:

"Where there is clear constitutional change . . . the case"

for a referendum

"is very strong . . . Many other countries do it. It's entirely sensible if you're deciding how a country is governed".

The constitution will indeed decide how this country is governed. The Government have held 34 referendums, including one on a mayor for Hartlepool and another on a mayor for Sedgefield. Soon, there will be a 35th on a mayor for Ceredigion, and three on regional government are to follows this autumn, but on this historic issue he refuses the British people a say.

Let me make it clear: any proposal for a new constitution must be put to the British people. At least seven other member states of the European Union are giving their people a say. The Irish Government will trust the Irish people; the Dutch Government will trust the Dutch people; the Danish Government will trust the Danish people; and the Portuguese Government will trust the Portuguese people. Why will the right hon. Gentleman's Government not trust the British people? The Prime Minister says, trust him: we say, trust the people.

The Prime Minister: The right hon. and learned Gentleman is absolutely right that there are two differing views on handling Libya—and he holds them both. It is better that we continue sensibly, and with our eyes open about Libya's record, on the path of constructive engagement that, since December, has already yielded a substantial amount of benefit and progress in respect of Libya's chemical and nuclear weapons.

On counter-terrorism here, there is a security co-ordinator, Sir David Omand, and there is a politician in charge—the Home Secretary.

The constitution is not essential for enlargement to take place, but it is essential to make it work, which is what is important. A Europe of 25 will not be able coherently to take decisions unless it reforms the way in which it works.

The right hon. and learned Gentleman said that nothing had been done in respect of economic reform. I think that he is wrong. He referred to the number of unemployed people in Europe. It is true that there are a large number—far too many—but there are 6 million fewer than there were a few years ago before the onset of the Lisbon process. I remind him that in Britain there are 1.75 million more people in jobs and that there has been the biggest reduction in unemployment since 1975.

On the details of the constitutional treaty, I make it clear again that we will protect each one of the red lines that we have set out—on tax, social security, our abatement, foreign policy and defence, and our criminal justice system. Our ability to determine those matters is part of our nationhood, and we shall insist on them.

I shall also deal with some of the myths that the right hon. and learned Gentleman has raised. He criticises us over the European Union arrest warrant. There already is a European Union arrest warrant. He criticises us over the common fisheries policy. I remind him that it was his Government who negotiated the terms of the CFP.

The one area that I noticed that the right hon. and learned Gentleman did not raise was that of asylum, although he has been speaking about it recently—most recently on "Today", when he accused us of having to give in to EU standards of asylum and of being forced to accept quotas on asylum from the EU. It is odd that he did not repeat that charge today in the House of Commons. The reason he did not, of course, is that he knows perfectly well that we have an opt-in to any measure on asylum that we want. It is absolute rubbish to suggest that Europe can determine our immigration and asylum laws. We secured that, whereas his Government failed to do so during the Amsterdam negotiations in 1997. Let us hear no more of the Conservative party trying to run the issue of asylum into the issue of the European Union.

Let us make it clear again that, on crime, the treaty is not acceptable at present. That is why we will not accept anything that overturns habeas corpus, trial by jury or sentencing. Where there are, however, cross-border issues to be dealt with, we will be perfectly happy to deal with them.

I shall deal with another myth that the right hon. and learned Gentleman expounded today: that the charter of fundamental rights somehow enlarges the jurisdiction of the European Court of Justice. The terms of the treaty expressly state that it does not do so.

As a result of what we managed to negotiate, it is absolutely clear that NATO is the cornerstone of our defence, and that nothing that is inconsistent with NATO can be done through the EU.

Other myths, to mention some of the others that the Conservative party has been trotting out recently, are that we would give up our UN Security Council seat—not true; that we would surrender control over our borders—not true; and that there would be a European diplomatic service to replace the British Foreign Office—not true. The Conservatives want to fight the issue on myths, not on the reality of what is proposed.

Let us deal with some of the other myths not always mentioned by the Conservative party—[HON. MEMBERS: "Answer the questions."] I am indeed answering the questions. There are the myths that we are to be told to switch to driving on the right; that the Queen is to be stripped of her powers; or that the Germans are to take over our nuclear weapons. *[Interruption.]* Yes, it is fantasy rubbish, and it comes from the Conservative party.

There is now a clear divide between the two parties. The Opposition's position, announced a few days ago, is that, if elected, the right hon. and learned Gentleman will re-open negotiations on the treaty. Indeed, he disagrees not just with the contents, but with the very idea of a constitution, so if the rest of Europe agrees it, he will renegotiate it out of existence.

What referendum did the right hon. and learned Gentleman give people over the Maastricht treaty? He went into the Lobby to vote against a referendum on the

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Maastricht treaty. He would have to renegotiate the constitutional treaty with every other member of the European Union, and now, instead of 15 members, we have 25. Which Government from the other 24 supports the position of having no constitution? Even if we expand Europe so that there are 28 countries, not 25, which of the 27 agrees with his position? None. He said the other day on "Today" that he thought that the German Conservatives might agree with his position.

Mr. Howard: Some of them.

The Prime Minister: Ah, "Some", he says. This is what the leader of the German Conservative party said a few days ago:

"Without the European constitution, Europe doesn't have a future",

which is not a ringing endorsement of the right hon. and learned Gentleman's position, is it? Let me read what the German Conservatives say in their manifesto for the European Parliament:

"We strongly support the draft European Constitution".

So he does not have the support of the German Conservatives. What other party in Europe supports his position?

We now know that the right hon. and learned Gentleman would renegotiate the treaty without the support of any other Government in the EU, despite the fact that he would need the agreement of every other Government to make that stick. What would he do? He would either have associate membership, as urged on him by the right hon. Member for Wells (Mr. Heathcoat-Amory), who represented the Conservative party on the Convention, or he would have to back down and we would face humiliation. Let no one forget that when the right hon. and learned Gentleman was Home Secretary, and when there was the great non-co-operation over BSE—do we remember that?—he made a British proposal in the Justice and Home Affairs Council, but then had to go along to the Council and veto it on the basis that he was not co-operating. That is what the Opposition would reduce our country to.

We will protect our essential national interests and no positions will be taken that are inconsistent with that. However, our national interest also means accepting that a Europe of 25 must work more effectively. That position—between constructive engagement and renegotiation of our essential membership of the European Union—is the dividing line between the two political parties. That is a debate in the country and in the House to which we look forward with enthusiasm.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): On behalf of my right hon. and hon. Friends, I welcome the Prime Minister's statement and the underlying sense of regained political momentum that underpins it at a European level. That is particularly encouraging after the recent stalls and setbacks, both those of a political nature and those arising from the dreadful terrorist atrocities in Spain.

On Libya, we support the Prime Minister and the Government in their initiative. The House will understand that those of us who view such matters from a Scottish perspective will never allow the dreadful memories and images of Lockerbie to fade. It was significant last week that, despite the understandably divided opinions among those who were most directly affected by that dreadful event, a degree of welcome and understanding was none the less expressed about the need to establish dialogue. Does the Prime Minister agree that it is not good enough to will the ends from the sidelines, only to carp and criticise about the means?

In his discussions with Gaddafi, did the Prime Minister touch on the vexed issue of possible weaponry sales to Libya? Was any level of detail entered into in those discussions concerning, for example, the types of systems involved and the use to which they might be put?

On terrorism generally, a very broad welcome must be given to the declaration on combating terrorism and, as he is a former leader of the European Liberals, to the appointment of our friend Gijs de Vries as the first terrorism co-ordinator. We wish him every success. The Prime Minister will be aware that the Liberal Democrats, both in Brussels and here in Westminster, supported the European arrest warrant at the time of its introduction—not all did so, it must be remembered—but I hope that he recognises that it is important to continue to stress that that measure and several others have been fast-tracked since the atrocious events of 11 September. Will he bear in mind throughout the need to keep a judicious balance between the safety of European citizens and their civil liberties?

In broad terms, EU co-operation on the crackdown on financing terrorism and on shared intelligence and existing legal instruments deserves support at that level, but at this level, in Westminster, we do not feel that the rushed responses of the Home Secretary limiting the right to trial and appeal, limiting access to evidence and lowering the burden of proof deserve support. That will remain our position.

Finally, on the fresh impetus that has now been given post Convention to the work on the constitution, we have always argued that a constitution is necessary and welcome because it will define and make clear the limits of European Union power. Indeed, as somebody who is unequivocally pro-European, I have always been puzzled about why somebody of a more Eurosceptical disposition—a perfectly honourable view to take—is not more in favour of a defined constitution that allows us to know the limits and legitimacy of the European operation and the transparency and accountability of those limits, and builds in an appeal process for the individual citizen to follow when they feel that the European Union, through whichever of its component institutions, is overstepping the mark.

The constitution is necessary to help to build in stability, not least after enlargement. There has been a bit of an ongoing cultural revolution about Europe, which never seems to end, and a period of stability would be welcome. The Government's red lines are welcome, and we continue to endorse them, as the Prime Minister knows. Looking back to the experience on Maastricht—on behalf of our party, I spoke and voted in favour of a referendum at the time, and noted those who did not find the idea of a referendum at all attractive or favourable—surely, if the new revised constitution that emerges from the further discussions

that are to take place involves constitutional implications, as the present one does, a referendum would be the right way to go.

I think that the Prime Minister would agree that consistency is a good thing in these matters. Will he assure us that, whether on Libya or the need for a referendum on the eventual constitution, all of us as party leaders should avoid the trap of saying one thing in one place, and another thing in another?

The Prime Minister: First, in respect of Libya, I welcome the right hon. Gentleman's statement of support, for which I am grateful. In respect of anything to do with weapons sales or military and defence co-operation, as I said last week, I have appointed General Searby to handle these issues for us. Obviously, this has to proceed in a very careful way, and we are at the beginning of the process.

It may be worth pointing out to the House that part of the reason why I felt that it was possible to go to Libya last week and, in a sense, make a formal statement of support for the process is what Libya has done between its decision in December and now. It has taken measures that augur extremely well for the future—they must be maintained, but none the less they are specific—for example, providing unrestricted access to facilities and giving full answers to the questions that have been posed. The Libyans have actually volunteered information that has allowed us to know the proper extent of their chemical and nuclear weapons programmes; they have signed the additional protocol to the International Atomic Energy Agency safeguards agreement, which allows intensive, even intrusive, inspections; they have ratified the comprehensive test ban treaty; they have deposited the instrument of ratification for the chemical weapons convention; they have made a full declaration to the Organisation for the Prohibition of Chemical Weapons of their production of chemical weapons; and they have facilitated the removal from Libya of highly sensitive documentation and literally tonnes of WMD-related equipment. As a result of those changes, we felt that going to Libya was the right thing to do.

In respect of the European issues, the right hon. Gentleman and I will probably disagree about terrorism and legal powers. The arrest warrant is a necessary part of ensuring that we make Europe work more effectively. Of course, it is right to say that the constitutional treaty makes it expressly clear for the first time that the only competencies that the European Union will have are those that are conferred on it specifically by member states, which is an important development and change.

The reason why I disagree so strongly with the Conservative party about a full-time chairman of the European Council—a proposition, incidentally, opposed by the federalists in Europe—is that it gives the Council an opportunity to draw up a coherent agenda, which a rotating six-month presidency simply will not do. A full-time chairman is an important measure for efficiency in a European Union of 25.

Joyce Quin (Gateshead, East and Washington, West) (Lab): I welcome my right hon. Friend's statement and indeed his actions, particularly with regard to Libya.

Amid the hysteria of some sections of the press and of the Leader of the Opposition, does he welcome the editorial in Saturday's *Financial Times*, which describes the draft treaty as

"giving clearer decision-making procedures; a clarification of who does what in the EU; and a greater involvement for national Parliaments",

and

"that it therefore presents the EU as it is... and not as the 'superstate' of eurosceptic myth"?

Does he agree that exaggerating the effect of the constitution does British citizens a disservice?

The Prime Minister: Yes. That is exactly what the Conservative party said about the Amsterdam treaty and the Nice treaty, which were also supposed to be the end of Britain as we know it. Those who are now in charge of the Conservative party were the Eurosceptics who caused such difficulties for the previous Government on Maastricht. If we attempted to renegotiate the essential terms of Britain's membership of the European Union, it would be a disaster for this country, and it would put at risk all the gains that Britain has made in the European Union.

Sir Peter Tapsell (Louth and Horncastle) (Con): Did the Prime Minister discuss with his European colleagues the excellent suggestion, which he is reputed to have made to President Bush, that monitors from well-disposed countries should be interposed by agreement between Israel and the Palestinian state to stop further death and destruction in that area?

The Prime Minister: I did not discuss those proposals specifically. If there is a chance of getting the process restarted, however, we are looking at how we ensure that the Palestinian Authority can take security measures that give confidence to everybody that what they say they are doing on security is actually done, so that next time there is a suicide bomber or a breach of security, there can be some clear way to determine whether the Palestinian Authority are complicit—as they say they are not—or not. We will continue to discuss that matter not only with the Americans but with the Israeli Government and others.

Mr. Dennis Skinner (Bolsover) (Lab): It will come as no surprise to the Prime Minister if I say—as a long-standing opponent of the Common Market and the European Union, even when the Tories were in power and voting for it—that we need this argument like a hole in the head. I am amazed that this matter has been brought forward once again. Is it not indicative that yesterday the author of the new constitution, Giscard d'Estaing, was defeated in the French elections? He has been put out to pasture; I suggest to my right hon. Friend that the best thing we can do with this issue is to put it into the long grass, as well.

The Prime Minister: My hon. Friend has been entirely consistent on this issue from the very outset, but I am afraid that I have to disagree with him. One need only

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sit round the table with 25 other states in the European Union to realise that it simply cannot work without changes to the way in which it operates.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): But if there were to be a referendum, does the Prime Minister think that he would win?

The Prime Minister: I believe that the vast majority of people in this country think it is sensible that we remain part of the European Union. *[Interruption.]* No, no. Let us be clear about this. The position that has now been adopted by the leader of the Conservative party is that the Conservatives want to reopen negotiations on the constitution, that they disagree with many of its contents, and that they oppose the idea of having a European Union constitution. So in any debate that takes place in the country, the choice is absolutely fundamental: it is between those who want to renegotiate Britain's essential terms of entry and those who believe that Britain's future lies in Europe. I believe that that is a debate that we can and will win.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): I think that all parties would welcome my right hon. Friend's statement regarding counter-terrorist legislation, the database of forensic material and better intelligence sharing. However, does he agree that the matching pair to go with those measures is an acceptance that there must be a strong European agreement based on principles such as those in the Data Protection Act 1998 to ensure that privacy and data protection are also dealt with on a pan-European basis?

The Prime Minister: In any actions that are taken, it is important that we carefully balance civil liberties with the need to take strong measures against terrorism. Of course, those measures will essentially remain our decision. In so far as we co-operate with other countries in Europe, it is of course important to respect people's civil liberties.

Sir Teddy Taylor (Rochford and Southend, East) (Con): Has the Prime Minister closed his mind completely to the possibility of a referendum on this important treaty? Does he not think that it would create a new sense of unity in all the parties if he let the people decide on this important issue? On a detail, can he at least give me a promise that he will not sign the treaty if any attempt is made to remove article 59 on page 32, which for the first time since the treaty of Rome makes legal provision for countries to withdraw from the European Union if they wish to?

The Prime Minister: What the hon. Gentleman says in the last part of his question is one of the advantages in making that quite specific. Of course, countries can withdraw from the European Union if they want to. That is precisely what the hon. Gentleman and some of his colleagues in the Conservative party want. I understand and respect that; we simply disagree about it. In respect of the referendum, my position remains unchanged.

Mr. Frank Field (Birkenhead) (Lab): Is not the real reason why the Prime Minister will not commit the European constitution to the people the fact that he knows that he would lose that vote?

The Prime Minister: No. I believe that in the end, faced with a decision on whether to remain part of the European Union, which is in effect the position— *[Interruption.]* I am afraid that the Conservative party will have to—

Mr. Speaker: Order. It is getting to the stage where every time the Prime Minister speaks, certain Members wish to shout him down. There is a danger that I will go on to the next statement and hon. Members will not get an opportunity to question the Prime Minister.

Mr. John Maples (Stratford-on-Avon) (Con): Can the Prime Minister think of a single country in Europe where the news of the European Union's failure to reach agreement on the constitution last December was met with public dismay?

The Prime Minister: Across Europe, there was an understanding that we needed to have a change in the European Union, but there is no doubt that some countries—for example, Poland and Spain—had genuine difficulties with some of the issues. However, I remember being told on 15 December by the Conservative party—indeed, possibly by the hon. Gentleman—that we should have followed the lead of the plucky Poles and said no to the constitution. It was never the case that anyone else in Europe would say no to the whole document because everybody who is trying to make the EU work knows that a Europe of 25—and perhaps subsequently Bulgaria, Romania and Turkey—cannot work in the same way as it does now.

If we want Europe to be effective, we must make the changes. The Conservative party wants not only to renegotiate the terms of the treaty but to renegotiate so that there is no constitutional treaty. That is its position. The reason why I say that that would lead to a fundamental reconsideration of our terms of membership is that no other country in Europe is in that position. We would thus be left with either a fundamental pledge—doubtless what many people in the Conservative party want—or a swindle because people will not get a fundamental renegotiation of the treaty.

David Winnick (Walsall, North) (Lab): Most would support the Prime Minister's visit to Gaddafi for the reasons that he stated. However, is it not the case that the Libyan regime is brutal, denies all forms of rights and hunts down dissidents, even when they have fled abroad? Did my right hon. Friend discuss human rights with Gaddafi, and what was Gaddafi's response?

The Prime Minister: We certainly did discuss human rights, democracy and freedom. I expressed my clear view that, ultimately, the best guarantor of our security is the spread of those values—the rule of law, human

rights and democracy. I do not pretend that things in Libya are as they should be but when a country that has been developing chemical or nuclear weapons for a significant period of time offers voluntarily to give them up, we should be prepared to help it to do that and then to help it develop in a way that hopefully moves towards human rights and democracy.

Mr. Edward Leigh (Gainsborough) (Con): Was there any discussion in the European Council or in its margins about financial accountability and management? Does the Prime Minister recall that, last year, the Comptroller and Auditor General asked the Government to apply pressure to ensure that financial accountability was improved in the 10 new states?

Closer to home, was there any discussion about the fact that the European Commission's accounts have been qualified every year for the past nine years? Before we load more functions on the European Commission, does the Prime Minister agree that we must improve its financial accountability?

The Prime Minister: I agree that the Commission's financial accountability should be improved and we are working for that. The same is true of the 10 new member states.

Mrs. Alice Mahon (Halifax) (Lab): The Prime Minister will know that the Secretary-General of NATO and senior UN officials laid blame for the latest outbreak of violence in Kosovo firmly at the door of Albanian extremists who want separatism. Three thousand more Serbs have lost their homes, adding to the 200,000 who already live in camps in Serbia and Montenegro. More churches and monasteries have been attacked, adding to the 154 that have been burnt out in the past five years. When will Europe arrest those criminals? Let us have a genuinely peaceful settlement in Kosovo.

The Prime Minister: Europe is taking the measures that can be taken to prosecute those responsible. I agree with my hon. Friend that there can be absolutely no support for or tolerance of what we have seen in Kosovo. It is important to recognise that, compared with our position a few years ago, substantial progress has been made, but I am afraid that it will take a long time for some of the ethnic disagreements that have marked the Balkans for a long time to be properly cured. It will probably happen only when those countries and parts of Europe see their future in the European Union.

Angus Robertson (Moray) (SNP): At a time of unprecedented crisis in the fishing industry and unparalleled mismanagement of the common fisheries policy, is not it noteworthy that the Prime Minister did not mention fisheries in his statement? Will he confirm that the Government are still prepared to enshrine fisheries as an exclusive competence in the EU constitution and that Scottish voters will have no say in the matter in a referendum?

The Prime Minister: There is not a change to the commons fisheries policy, but it is important to understand that it would be a disaster for the fishing industry if Britain were to withdraw from the policy. We would then be completely unable properly to organise the destiny of our fishing industry, because the rules that no longer applied to us would no longer apply to other member states. That is why no Government have responsibly advocated or done such a thing. We know the reasons for the problems in the fishing industry: they have arisen because of the overfishing of certain areas for a long period, not because of the common fisheries policy. It would be a cruel deception to tell the people working in the industry that if we withdrew from the policy we would somehow be able to protect their jobs. We would not.

Mr. Win Griffiths (Bridgend) (Lab): Will my right hon. Friend undertake to publish a plain person's guide to the draft treaty and, in an appendix, provide a comparison between the extension of powers in this draft treaty and those in the Maastricht treaty, to expose the synthetic indignation and fury of the Leader of the Opposition, who was implacably opposed to a referendum on Maastricht but who seems to think it essential to have one now?

The Prime Minister: My hon. Friend is absolutely right. It is a sensible idea for us to publish a guide so that people can see exactly what is in the treaty, and so that we can debate the matter as the treaty goes through the House of Commons. He is also right to say that the previous Conservative Government agreed huge extensions to qualified majority voting. The Single European Act was probably the biggest such extension, and that was a perfectly sensible thing to do. I have to point out, however, that a major part of the present problems—in so far as there are problems in this regard—come from the working time directive, and it was the Leader of the Opposition who, as Employment Minister, spent a significant period of time in charge of that.

Mrs. Angela Browning (Tiverton and Honiton) (Con): The Prime Minister said that he hoped to sign the treaty by the end of June. Is there not, therefore, a certain sense of urgency surrounding this matter? When are we going to see a Bill before the House? Will it be before the next Queen's Speech or after it?

The Prime Minister: We shall have to wait until the constitutional treaty is agreed. Once that has happened, we shall proceed in the normal way.

Kate Hoey (Vauxhall) (Lab): In his discussions with the leader of Libya, did the Prime Minister raise the question of that leader's continued support for Mugabe in Zimbabwe? What discussions did he have about that support now being withdrawn so that we might begin to influence some of the African leaders to take a much more robust stance against that dictator?

The Prime Minister: As a matter of fact, we did have a discussion on Zimbabwe, in which I made plain our disagreement with things that Colonel Gaddafi has said. I hope that, as one part of the dialogue that we have with Libya, we can change his mind on that issue. The position that the Libyans adopt at the moment is not right. It is based on a false understanding of the situation, which is that Britain is somehow not prepared

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to help the resettlement of the farming issue. We are prepared to help in that way; we have set aside money for the United Nations Development Programme to administer, but we are not prepared for that money to go to Mugabe's henchmen. That would be corrupt and wrong. Libya is not in the same position as us at the present time, but I hope that it will be possible, partly through this dialogue, to change minds.

Mr. Eric Forth (Bromley and Chislehurst) (Con): The Prime Minister said that he wanted to maintain Europe's competitive edge. What is that edge?

The Prime Minister: Europe is a highly competitive economy.

Mr. Forth: What?

The Prime Minister: I am sorry; I have no doubt that Europe has its economic problems, like lots of other places. But the notion that Europe as a whole is a failed economy is completely absurd. The fact is that the European Union single market will be the biggest commercial market in the world. The right hon. Gentleman is unable to accept anything good about the European Union at all. He and many other Conservative Members have a position on the European Union that everything in Europe is wrong and that it has nothing to offer. Actually, it has a great deal to offer in terms of the economy, security and political influence.

Ann Clwyd (Cynon Valley) (Lab): My right hon. Friend is absolutely right. Some of us were in the European Parliament in 1979, and we remember the attitudes of the Conservatives at that time. They have not changed one iota. They were so extreme in 1979 that none of the right-wing parties in Europe wanted anything to do with them, and they had great difficulty forming any partnerships whatever. This new constitution is a plus for the 25 European Union countries, and it also addresses traditional British concerns. I very much welcome it.

The Prime Minister: I thank my hon. Friend for her support and I believe she is right.

Mr. John Bercow (Buckingham) (Con): Given that the Prime Minister told the House on 18 June 1997 that the subsidiarity and proportionality protocol of the treaty of Amsterdam would have "real teeth", and that the Foreign Secretary said on 21 May last year that in practice the protocol had proved unsatisfactory and that they are now trying to dream up a new blue print for the future, has the Prime Minister the good grace to admit that his gung-ho optimism in June 1997 was misplaced? Alternatively, can he identify three examples of successful legislative repeal under the terms of the protocol?

The Prime Minister: The constitutional treaty will make the situation better because, for the first time, there will be the ability, if a third of national Parliaments wish it, for the European Union and the Commission to be made to reconsider any proposal. That, precisely, is where the teeth are. I agree that we have taken a long time to get round to it—that is absolutely true—but I have to say to the hon. Gentleman that it is surely better to have such a provision than not to have it.

Of course, if we adopted the position that the hon. Gentleman's party has outlined, we would be left without the constitutional treaty—at least Britain would be; I think other countries would simply move ahead without us—and the provision that allows, for the first time, national Parliaments a proper say in the issue of European legislation.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): When the right hon. Member for Ross, Skye and Inverness, West (Mr. Kennedy) advised against speaking with one voice in one place and with another in another, I wondered whether that same discipline applies to his Members in the House and in the European Parliament when they talk about Europe.

The Prime Minister referred in his statement to the changes in the Council of Ministers. As he goes on to improve the draft that was handed to him last summer, will he pay attention to whether the institutions of Europe are fit for purpose? I am not entirely convinced that the way in which either the Commission or the European Parliament works is fit for purpose as it stands.

The Prime Minister: First, I thank my hon. Friend for the work that she did as a Convention member, which was excellent, particularly on the praesidium. She is also right in saying that neither the Commission nor the Council as they currently function will be able to carry out their work as effectively as they need to. That is precisely the reason for the change. If anything, the constitutional treaty needs to go further in the direction of a more streamlined Commission and to make it absolutely clear that the Council of Ministers is the body that will set the agenda for the European Union.

One reason why the treaty is so important—if it were only possible to debate what is in the treaty as opposed to what is not—is that with a rotating presidency whereby a different country takes over the presidency of the European Union every six months, owing to the fact that 10 new countries, many of which are very small, are about to join, the EU simply would not be able to function. Already round the table are 25, or 28 for some discussions, so the impossibility of the situation comes home very clearly, which is one reason why we need the treaty.

Andrew Selous (South-West Bedfordshire) (Con): Does the Prime Minister believe that article 3 of the European convention on human rights should be amended so that the provisions of the Geneva convention can be complied with—provisions that give the countries concerned the right to return refugees regarded as a danger to security?

The Prime Minister: Of course, that convention is not an issue to do with the European Union, as the hon. Gentleman will know, but I think it is important that we balance the right of those people who are genuine refugees who seek asylum in this country with the

interests of national security. That is one of the issues that we will be thinking about very carefully when we come to look at new laws in relation to terrorism.

Tony Lloyd (Manchester, Central) (Lab): Does my right hon. Friend agree that for every citizen in this country we want and need a European Union that works efficiently and effectively—whether that is on jobs, terrorism, security or anything else—and that the rule book is no longer up to the task? We need the new constitution to ensure, in an enlarged Europe, that the EU works for every man, woman and child in our country.

The Prime Minister: That is exactly why we need it.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): Will the Prime Minister bear it in mind that many of us who strongly support his stand on terrorism and on giving the opportunity of democracy to the people of Iraq are concerned that he has set his face so firmly at this point against a referendum on the European constitution, although the issues are potentially far more significant than anything entailed in the Maastricht treaty, with the two opt-outs negotiated for Britain?

The Prime Minister: Quite simply, I disagree profoundly with the hon. Gentleman in relation to Maastricht and the Single European Act. Precisely the same points were made about the Amsterdam treaty back in 1997, when we were told that it would mean the end of Britain as a nation state and it meant no such thing.

Jane Griffiths (Reading, East) (Lab): May I congratulate the Prime Minister on going to Libya as he has done? As the UK's relations with Libya develop, as we all hope they will, may I ask him and his colleagues to listen to the voices of the Libyan exiled community in the UK, many of whom have worked over the years at BBC Monitoring in my constituency, providing information on that country?

The Prime Minister: My hon. Friend makes a fair point.

Mr. John Redwood (Wokingham) (Con): Will the Prime Minister agree that it would be far better to delay legislation in the House until the results of the referendums in the free countries of Europe on this subject are known? Indeed, would it not be better to delay it until the general election, so that we can have a vote to sort it out? His journey might not then be necessary.

The Prime Minister: All that I can say is that the 10 new member states of the European Union are all proud nations, many of which have effectively just achieved nationhood as a result of their liberation from old-style communist rule. It is extremely important to recognise that each one of those 10 countries is in favour of having this constitutional treaty. It is not true that a majority of countries are having referendums—actually, a majority probably are not. What is important, however, is that we have this debate on the basis of what the treaty actually says. In the course of that debate, it is important that people such as the right hon. Gentleman—whose view I respect in terms of it being very clear, but the fact is that he would renegotiate our essential terms of membership—express their view. That debate is well worth having, but we can have it in the House.

James Purnell (Stalybridge and Hyde) (Lab): On the middle east and Libya, does the Prime Minister see a prospect of similar progress on Syria and Iran, which would be key to unlocking progress on the road map between the Palestinians and Israelis? Did he notice that the Leader of the Opposition barely even mentioned the middle east? Is that not symptomatic of his knee-jerk opposition to and obsession with Europe and all things European?

The Prime Minister: My hon. Friend is absolutely right in saying that the position of Syria and Iran will be important, particularly if we manage to restart some process to resolve the Israeli-Palestinian issue. It will be important that they co-operate fully, as they should be doing in any event, in stopping all sponsorship and help towards terrorist organisations. One thing that is for sure is that the single biggest obstacle at the moment to real movement on the middle east is the existence of those terrorist groups, financed and sponsored from abroad.

Mr. George Osborne (Tatton) (Con): How did the Prime Minister get on with Spanish Prime Minister-elect Zapatero? Has he convinced him that the Iraq war was not a war based on lies? Has he changed the rather unflattering and unrepeatable assessment of him by some of the Spanish Prime Minister-elect's closest advisers?

The Prime Minister: Probably not. There will be a disagreement between us and the new Spanish Government on Iraq. I believe that our position on Iraq was right, and in any event, whatever the rights and wrongs of the conflict and the war, it must surely be the duty and the interest of every single one of our countries to make sure that we constitute Iraq as a proper, stable and democratic country. The Iraqi people are the last who want us to quit before the job is done.

Organised Crime

4.28 pm

The Secretary of State for the Home Department (Mr. David Blunkett): With permission, Mr. Speaker, I wish to make a statement on our strategy to tackle organised crime.

Although crime has fallen, a substantial challenge remains to turn round those aspects of criminality that threaten the very fabric of our society. The success of the police and other law enforcement agencies should not lead to complacency. We know that a great deal still needs to be done to tackle specific areas of criminality, including organised crime.

Organised crime is big business. It costs around £40 billion a year. Its effects are corrosive. It corrupts society and spreads fear and intimidation. It operates across frontiers and reaches into every neighbourhood, especially some of the most deprived parts of our country. Lives are destroyed by drugs, smuggling and prostitution. It is a major contributor to low-level crime, abuse and exploitation. It exploits every technique of modern technology. It uses identity theft, the internet and modern secure communications. Such criminals employ many of the same methods as those who run terrorist networks. Indeed, there is clear evidence that many terrorists seek to finance their activity through organised crime.

That means that, now more than ever, we need to make a step change in our response, so we are setting a clear objective of year-on-year reductions in the harm that organised crime causes the United Kingdom and its citizens. We will make the UK one of the most difficult environments in the world for organised crime, and we will work closely with our partners to undermine its international effects. Today's White Paper sets out our strategy to achieve those goals. We will create a powerful new agency, the serious organised crime agency. We will take new powers to disrupt activity and to convict those responsible, and we will enhance our capability to stay one step ahead.

Let me deal with those points in turn. I announced to the House last month our intention to create the agency, and since then we have consulted on how it should operate. It will bring together responsibilities that currently fall to the National Criminal Intelligence Service, the National Crime Squad, the parts of the immigration service that deal with organised immigration, and the parts of Customs and Excise that deal with drug and people trafficking and related financial investigations. I pay clear tribute to the professionalism and dedication of the staff of those agencies, who have done such a good job over the years. The new agency will build on their success. It will bring together resources in a single organisation with a clear focus on drugs, people trafficking and financial crime. It will enable us to make more effective use of intelligence and to work more closely with specialist prosecutors. It will enable us to bring more criminals to justice and reduce the harm that they cause.

The White Paper describes how the new agency will operate. It will be a non-departmental public body with operational independence, overseen by a small strategic board accountable to Ministers for the delivery of priorities set out by them. It will be chaired by a part-time non-executive, and will be led operationally by a full-time director general. We will advertise both posts shortly.

We will legislate to bring the new agency into being as soon as parliamentary time allows, but in the meantime existing agencies will work together increasingly to share objectives and a common strategy. Thus we shall begin to see the practical benefits of change during the transitional period. The creation of the agency will give us an opportunity to consider how best to improve performance and co-ordination, especially in the securing of our borders.

We will ensure, Mr. Deputy Speaker—*[Interruption.]* Sorry, Madam Deputy Speaker. I must always get my gender right on these occasions.

Mr. Eric Forth (Bromley and Chislehurst) (Con): You can change it if you want.

Mr. Blunkett: That is for later in the week, I think.

We will ensure that Customs, special branch and the immigration service work together effectively. My right hon. Friend the Chancellor of the Exchequer and I will direct the heads of all those services to develop more closely aligned objectives and priorities through their individual business plans. That will ensure co-ordinated, strategically driven operational activity. The arrangements will not interfere with any existing structures of accountability.

Nowhere is that co-ordinated approach more important than in the battle against terrorism. At present, each of the 43 police forces maintains a separate special branch. Terrorists respect no such boundaries. I believe that we can significantly enhance effectiveness through greater co-ordination of activity, so I am creating a new national system to pool intelligence and co-ordinate operations. My announcement on 19 March of an extra £15 million, together with the strengthening of the counter-terrorism branch of the Metropolitan police, will enable us to achieve that goal more readily.

Defeating organised crime is not just about structures and effective operations. The powers available to our agencies to deter, disrupt and protect are critical. We need to make the best possible use of our existing powers, whether they are probation licence conditions or asset recovery, immigration or tax powers. It was, after all, Elliot Ness from the Revenue who was crucial in achieving the conviction of Al Capone.

The Proceeds of Crime Act 2002 is significant in our efforts to deprive criminals of their assets. The new cash seizure powers are netting £1 million a week, and we are on track to meet this year's overall target of recovering £45 million, but there is still much that we can do. We will ensure better use of intelligence and the better management of information, and we will make sure that prosecutors are involved at an early stage. Recent changes to the law have provided a more effective framework, but no group of defendants is more adept at manipulating legal safeguards. Such people make corruption and intimidation part of their system of defence.

As organised crime becomes more complex and organised criminals more sophisticated, the need grows for new powers to gather evidence and for effective

incentives for defendants to testify against their criminal associates. We will therefore build on the powers in the Criminal Justice Act 2003.

With my right hon. Friend the Attorney-General and other colleagues I have fundamentally reviewed the powers of our law enforcement agencies. As a result, we propose to create Serious Fraud Office powers to compel the production of documents and information and to put Queen's evidence on a statutory footing to encourage defendants to plead guilty and testify against co-defendants. We are also taking forward the idea of a national witness protection programme, and we will create new licence conditions to ensure that the finances of serious criminals are kept under close scrutiny after their release.

Other reviews are relevant to this work, including that on the use of intercept material in court, on which we will provide a definitive proposal shortly; that on the law on conspiracy and secondary participation; and, of course, Sir Michael Bichard's review of data retention and information sharing among police forces. With my right hon. Friend the Secretary of State for Constitutional Affairs, I shall also ask the Sentencing Guidelines Council to review the existing sentencing regime to produce sentences that match more clearly the gravity of the underlying offences and the harm caused.

Finally, we need to ensure a clear focus on our protection of areas of organised crime where most damage is done. That means transforming the quality of our intelligence-driven effort. We must increase the risks and reduce the benefits of operating in that field.

The United Kingdom has never before produced a comprehensive strategy to tackle organised crime. With a new ministerial committee, under my chairmanship, and a better understanding of the harm caused, we have the building blocks to adopt a focused approach. The proposals that I am publishing today will define a new approach for the 21st century that will match the threat and the sophistication that we face. Defeating organised criminals is an objective that I know we all share. I commend the White Paper to the House.

David Davis (Haltemprice and Howden) (Con): I thank the Home Secretary for giving us advance sight of his statement. I want to put it on the record that I support the principles contained in the Home Secretary's announcement. We have advocated for a long time the creation of an agency such as he has described, but my concern, as ever, is that a policy that enjoys all-party support in this House can turn out very badly if, as a result, it is not subjected to rigorous scrutiny. Indeed, that is particularly important where civil liberties are concerned.

I want to raise several specific points, the first of which concerns plea bargaining, as the Home Secretary described the issue of Queen's evidence. We support his announcement, and the introduction of such a measure is overdue. Plea bargaining has worked well in countries such as Australia and America, but there have been problems historically in Northern Ireland. It creates a situation whereby it is to the advantage of a criminal to, as the jargon has it, fit somebody up. There can be no greater miscarriage of justice than an innocent man being jailed so that a criminal can go free. How will the Home Secretary ensure that that will not happen?

We welcome the Home Secretary's announcement on intercepts. We are on the record as calling for the Government to lift the UK's self-imposed ban on the use of telephone intercepts in court, but, again, there are dangers. Obviously, we must ensure that we do not compromise the intelligence services. Moreover, intelligence information is, by its very nature, difficult to verify. It is imperative that we take steps to ensure that innocent people are not convicted on intelligence that turns out to be wrong. How does the Home Secretary intend to deal with that problem?

I want to ask the Home Secretary about more general concerns relating to civil liberties. He did not refer to them today, but they have been discussed in the press in the past few weeks. Will the burden of proof in cases involving organised crime be lowered, as the Prime Minister suggested a few weeks ago? Furthermore, does the Home Secretary agree that any proposal that envisages convicting an individual on the basis of his own silence, and when there is no other evidence, would have serious implications for civil liberties?

The Under-Secretary of State for the Home Department, the hon. Member for Don Valley (Caroline Flint), has said that 5,000 people will work in the new agency. Does that involve any extra people, or are they being brought in from existing organisations? The head of the National Crime Squad has said that the agency will recruit officers from the police, and the Home Secretary is on record describing it as "an elite squad". Can he assure the House that the brightest and best in the police force will not be creamed off to fill places in the new agency? Does he agree that many extremely dedicated and talented people work in conventional policing, and that portraying them as somehow second class could damage police morale?

The Home Secretary rightly pointed out that terrorism depends on organised crime. Has he received representations on whether SOCA—as I presume we will call it—should cover terrorism? If it is not to include terrorism, how will it work with the counter-terrorist agencies that cover an enormous amount of exactly the same ground? Can he outline in more detail how SOCA will co-ordinate its work with the police? In particular, what impact will it have on the autonomy of chief constables, which is so vital to the independence of our police forces?

We support the general thrust of the proposal, but I remind the Home Secretary—he doubtless already knows—that the devil is in the detail, and particularly in the implementation.

Mr. Blunkett: I welcome the right hon. Gentleman's response and his appreciation for what we are doing. He is right to say that the devil is in the detail, and that the Opposition should scrutinise not only today's announcement but the policy's implementation. Yes, we intend to have clear safeguards on plea bargaining, and it is vital that we learn any lessons that we can from Northern Ireland about injustices that have been perpetrated. Putting Queen's evidence on a statutory footing will help in that regard: such activity has been at the very fringes in this country, accounting for only approximately 1 per cent. of cases. That compares with the United States, in which such activity accounts for more than a quarter of similar cases.

[Mr. Blunkett]

It is also crucial that we get intercept evidence right. The right hon. Gentleman's colleague who deals with counter-terrorism made a useful contribution to our debate a month ago. As was said, we must ensure that we use such evidence for the right purpose in the right areas, which is why we are taking our time.

We will not recruit additional staff. We will pull together over 1,000 Customs and Excise staff to deal with the issues that I have described as well as staff from the National Criminal Intelligence Service, the National Crime Squad and the immigration service. There has been a problem with secondments to the National Crime Squad, which is why it requested, and we granted it, the opportunity to recruit directly. The new agency will also do that and will try to secure the right people. It is possible for someone to be brilliant at community policing, but not at dealing with the sort of activities that are relevant to the investigations of the new body, and vice versa.

It is vital to work closely with the police without threatening existing arrangements or the autonomy of chief constables. The president of the Association of Chief Police Officers has welcomed the new moves on the basis of the reassurances that we have given.

The right hon. Member for Haltemprice and Howden (David Davis) asked about the threshold of evidence. When we originally announced the creation of the serious organised crime agency in February, the Prime Minister made it clear that we were talking about circumstances in which civil evidence was appropriate. That applies under the Proceeds of Crime Act 2002, which confers the ability to seize assets and move on from that into other activity. As I spelled out a month ago in our useful debate on counter-terrorism, some aspects are relevant to terrorism, and they could be applied to serious crime where civil evidence for a civil order is appropriate.

The licensing arrangements for post release—I mentioned them in my statement, and the White Paper covers them—are part of the process. Without threatening the evidence base for criminal law or the "beyond reasonable doubt" conditions, they will help us to be able to use our imagination in new ways to achieve new goals.

Overall, given that £375 million is at its disposal, it is important that the agency adds value in the sense of enabling us to tackle problems that we have not been able to tackle in the past. When I meet chief constables, such as the one in Merseyside, I find that they are crying out for a co-ordinated approach, which links intelligence in the new agency to the intelligence in the security services and the work of the counter-terrorism branch of the Metropolitan police. There is already close working on operational matters, but there should be a real thrust to backing operations at local policing level to deal with not just national but international activities of organised criminals. That is how we can achieve what I described in the statement and make the environment of Britain deeply unwelcome for those who ruin our lives.

Mr. John Denham (Southampton, Itchen) (Lab): My right hon. Friend knows how keen I was during my time in the Home Office to see better co-ordination between what have sometimes, frankly, been conflicting organisations with different lines of accountability. I welcome his statement and the White Paper.

One problem that has bedevilled the fight against organised crime has been the organisation of intelligence information. Sometimes intelligence information links the community police officer with national information showing that someone is behind organised crime. Will my right hon. Friend tell the House what progress has been made on implementation of the national intelligence model in police forces across the country to ensure that the information gathered by police officers at all different levels can be brought together effectively in support of the new agency?

Mr. Blunkett: My right hon. Friend draws attention to a critical aspect of the problem—the ability to use the national intelligence model for volume crime at local level and to feed the patterns that it describes into the new regional intelligence cells, which special branch will now operate, and into the new organisation when it is up and running. We need the ability to share that intelligence not only more quickly but more effectively than before. I believe that it will really make a difference.

Mr. Mark Oaten (Winchester) (LD): I thank the Home Secretary for advance notice of his statement, but, frankly, most of the detail has been running on the media since 8 o'clock this morning.

Liberal Democrats understand that organised crime and terrorism are complex issues that require complex solutions. That is why we recognise that, in this un-ideal world, we have to accept some un-ideal solutions. We support most of what the Home Secretary has said in the White Paper.

We support the idea of intercept communications, but why is the Home Secretary dragging his heels? Is he in favour or against, and when will the review be completed? Will he ensure that arrangements for accountability in the new agency, similar to those that operate for NCIS and the National Crime Squad, will be in place when it is established? Can he confirm that he will have no greater operational control of the new agency than he currently has?

Why has the Home Secretary rejected the idea of a national border force? On page 30 of the White Paper, he proposes to set up intelligence targets as part of performance review. What does he mean by that? In the documents, he continues to advance the idea of identity cards. Can he confirm that despite serious Cabinet objections he employs 33 members of staff to work full time on that project?

Mr. Blunkett: We are taking our time on intercept because—as is well known—there have been disagreements about its usage, how far it should go and which security and intelligence agencies or police forces might be involved in revealing their sources and methodology. That is why we have been modelling those aspects of organised crime and intelligence gathering that would be most appropriate for intercept use. I have made it clear that I have been won over to the belief that

there is room for intercept evidence to be used judiciously. That will bring us in line with other countries, although those countries that use it do so in their investigatory, magisterial system, as opposed to the adversarial system used in English law.

On the issue of intelligence, I am mindful that the whole thrust of the new policy is to lift the level of performance. The new agency will provide that investigatory and intelligence thrust. We must also ensure that it works alongside others who have an interest in border control and management. It is clear, as my right hon. Friend the Chancellor of the Exchequer spelled out in revisions to the Inland Revenue and its amalgamation with the other aspects of excise, that it is important not to disrupt the collection of revenues. I would get shot if the Revenue lost money as a result of changes that I made. I am still discussing the spending review, even if some of my colleagues, such as those in health and education, have already settled, so I have a particular interest.

The hon. Gentleman asked about identity cards. I made a statement to the House on the progress we were making and on the imminent publication of a draft Bill. In order to produce a draft Bill and to undertake the gateway process for the Office of Government Commerce, staff are needed. One day, in the distant future, the hon. Gentleman may have the opportunity to learn about that, and I shall wish him well on my deathbed.

Hugh Bayley (City of York) (Lab): What powers and resources will the officers working for the new agency have to collect evidence and investigate crime committed abroad? In relation to serious international financial crimes, especially those of bribery and corruption, which were legislated against in the Anti-terrorism, Crime and Security Act 2001, how will the new agency co-operate with the Serious Fraud Office, and which agency will be in the lead in the investigation and prosecution of such crimes?

Mr. Blunkett: In cases of serious fraud, it will be the Serious Fraud Office. I have already said that we will publish a separate paper on the SFO, because that fits well with dealing more broadly with issues of corruption. We want to get that right. Having had a consultation on corruption, the Attorney-General and I want to integrate the two.

I have already indicated that the powers of the SFO will be made available to the new agency. They will have to work hand in glove, but because the SFO operates differently and because we shall hold consultations in the months ahead about the section in the Criminal Justice Act 2003 that caused so much controversy, I want to ensure that we get things right.

Mr. A. J. Beith (Berwick-upon-Tweed) (LD): Given the strength of the Newton committee's recommendation about the use of intercept, is the Home Secretary satisfied that there is a way of creating a distinct and separately authorised system for the use of intercept evidence that does not compromise the work of the intelligence agencies?

On a separate point, can he clarify whether the serious organised crime agency will have the same responsibilities in Scotland as in England and Wales, or has he yet to reach an understanding with the Scottish Executive on that matter?

Mr. Blunkett: I agree with the right hon. Gentleman on the first point; it is possible to achieve that.

As the right hon. Gentleman has a border constituency, he will be familiar with the legal system in Scotland, which is different from that in England and Wales. Obviously, the existing powers for Customs and the National Criminal Intelligence Service will need to continue to operate UK-wide, but the devolved responsibilities of the Scottish Administration will, of necessity, involve us in detailed discussions on the new agency and its remit. We received a very warm welcome from the First Minister and the Secretary of State in relation to getting that right, and I look forward to the discussions continuing.

Andrew Mackinlay (Thurrock) (Lab): May I urge my right hon. Friend not to dismiss the idea of a highly mobile, uniformed force for border policing to complement the agency that he has announced today? That function is still extremely important, as is illustrated by the Thames estuary where there is a multiplicity of agencies—Kent, Essex, the Met, the City police, the Port of London Authority, Customs and Excise and immigration control—but no coherent policy for scrutiny of small, fast, new-technology boats and craft, which can move swiftly to promote organised crime, people smuggling or terrorism in that very vulnerable area. I hope that my right hon. Friend will take that point back to his officials.

Mr. Blunkett: My hon. Friend has correctly been assiduous on this subject, but I might ask him to consider that his glass is three quarters full.

Andrew Mackinlay: Yes, yes.

Mr. Blunkett: I am grateful for my hon. Friend's affirmation.

Further progress can be made. Neither the changes in better co-ordination that we have announced nor the new agency will entirely resolve the issue that my hon. Friend raised. We still have room for manoeuvre, not least on the issue that he identified—new ways of developing smuggling. In fact, they are not so new; they replicate what went on in the 18th century, and although my beard is grey I am prepared to employ a black beard to tackle the problems in the future.

Michael Fabricant (Lichfield) (Con): Will the Home Secretary confirm to the House and to those who may be viewing that there will still be safeguards to ensure that wiretaps are carried out responsibly? Perhaps it might happen only with the authority of local magistrates. What is his view of the vexed situation in America, whereby illegal wiretaps are accepted in court if they genuinely demonstrate the guilt of the person being tried? That is a difficult question. We do not want to encourage illegal wiretaps, but on the other hand we want a guilty person to be found guilty. Does the Home Secretary have a view on that?

Mr. Blunkett: I certainly have a view on the latter point. I do not want to use one of last week's clichés and

[Mr. Blunkett]

say, "I am not going down that road", but I do not think that there is room in our country for the use of illegal methods. We should be stamping them out. None of us wants to be tapped illegally and I do not intend to advocate it.

On the hon. Gentleman's first point, yes, we need rigid safeguards. When we are dealing with that level of criminality, the Home Secretary must personally approve the agency's right to go ahead with an intercept in the first place, and although that has grown substantially, such approval is still the case and will remain so for as long as I am Home Secretary.

Mr. Tom Watson (West Bromwich, East) (Lab): My right hon. Friend should be commended for introducing proposals that are proportionate to the new challenges facing British security, and especially for the extra resources to be made available for counter-terrorism work. Will he confirm that the additional resources for the Met police will not lead to a reduction in the West Midlands police force's fight against terrorism? What representations has he received from the intelligence services on the use of intercepts? Does he envisage that they will have the ultimate veto on the use of intercept evidence in court?

Mr. Blunkett: On the first part of my hon. Friend's question, no, what I have announced will not interfere with developments in the regions of England and Wales, because I had already allocated £3 million. Part of the £15 million will go to establish the new regional intelligence cells and to the work of co-ordinating special branch. On the second part of his question, I do not intend to spell out this afternoon which agency is in favour of what. I read about such things in the newspapers, but I take such reports with as large a pinch of salt as I take press reports about intelligence and security issues in general. There will not be a veto, because we will lay down in which areas this will be appropriate, subject to the final decisions that stand to be taken by the Prime Minister.

Mr. Graham Brady (Altrincham and Sale, West) (Con): Will the Home Secretary confirm that the number of police officers attached to NCIS is already being reduced from 260 to 100? Does he intend those experienced, trained and skilled investigators to be redeployed to the new agency, to ensure that their skills are not lost?

Mr. Blunkett: It is important that we do not lose the experience that people have gained. The officers in question were seconded and had come to the end of their secondment. It is important that, during the interregnum between now and the full operation of the agency, we give people an opportunity either to continue or to reapply, so that we do not lose their expertise and dislocate that experience.

David Cairns (Greenock and Inverclyde) (Lab): May I press my right hon. Friend further on narco-terrorism? He will be aware that this year's increased poppy harvest in Afghanistan will inevitably lead to more and cheaper heroin on Britain's streets, which will bring domestic criminal and health problems. In addition, profits from the trade are being used to fund terrorism in Afghanistan and elsewhere. Will he spell out how the various agencies will work together to combat what I believe will be acknowledged in the coming Session to be an increasing problem of narco-terrorism?

Mr. Blunkett: It certainly is a problem. I met President Karzai at the end of last year, and my right hon. Friend the Foreign Secretary has pressed the case strongly. We discussed how we could assist both within and across the borders of Afghanistan in tackling the organised criminal line that leads inexorably to much of the heroin arriving on our streets. Customs and Excise has done a good job of disruption and seizure, but the agency's role will be not only to work inside this country, but to link up with colleagues in other countries to tackle internationally the organised trade in narcotics.

Lady Hermon (North Down) (UUP): Even though my colleagues in the Ulster Unionist party are not with me in body, I assure the Home Secretary that they are with me in spirit when I say that we support his statement today and the White Paper. Incidentally, we also support the Minister for Citizenship and Immigration, who is sitting beside him.

I particularly welcome the Home Secretary's statement that "We will make the UK one of the most difficult environments in the world for organised crime". As he knows, organised crime in Northern Ireland is particularly nasty—very sophisticated, but very brutal. Will he give me an assurance today that, despite the sensitivities about supergrass evidence, non-jury trials and phone-tapping in Northern Ireland, the legislation introduced on the back of the White Paper will extend to Northern Ireland from the start, instead of colleagues of mine having to plead with him to extend it to Northern Ireland?

Mr. Blunkett: I always take notice of the hon. Lady. If I might be really cheeky, I think that I have said to her before that I prefer her body, wherever the spirit might be that she described this afternoon. *[Interruption.]* Of course it was a compliment. I know that the hon. Lady is still able to take a compliment, which is nice.

I am concerned that we do not resile from being able to use powers in Northern Ireland and that we are able to extend what has been done despite the difficulties that have been experienced, given that some of the most vivid examples of organised crime, nationally and internationally, have been provided by the way in which people have behaved towards one another in Northern Ireland.

Mr. Nigel Beard (Bexleyheath and Crayford) (Lab): Is my right hon. Friend aware of concern in the financial services industry that reports generated by the industry on suspected money laundering are not being fully pursued by the National Criminal Intelligence Service due to a lack of resources? Will he give an assurance that the arrangements that he has announced will strengthen the ability to investigate money laundering?

Mr. Blunkett: There is already a task force, precisely for the reason that my hon. Friend describes. There have been real difficulties. That needs to be fed into the

operation of the agency, not least because getting the National Criminal Intelligence Service and the National Crime Squad working in the same organisation will assist with the gathering, investigation and prosecution of that evidence.

Mr. Mark Field (Cities of London and Westminster) (Con): May I also endorse the words of my right hon. Friend the Member for Haltemprice and Howden (David Davis) in supporting the statement? Clearly we have some concerns about all aspects of civil liberties, but they will be discussed and debated at a later stage.

My concern relates to the City of London police, within my constituency. The Home Secretary will appreciate the important role that they play in relation to serious fraud, particularly the international element, to which the right hon. Gentleman has rightly referred. I endorse the words of the hon. Member for Bexleyheath and Crayford (Mr. Beard) who asks where the resources will come from? A structure is in place but, as the Home Secretary will be aware, a number of the initiatives that the City of London police have taken, particularly with the police in Miami, on drug abuses have foundered in recent months because of a lack of funding.

I hope that the Home Secretary will give serious consideration to ensuring that such initiatives are properly resourced. It is all very well to have a structure in place but without proper resourcing, as we know from all areas of civil contingency protection, many of the advantages of new legislation and new policy will come to nought.

Mr. Blunkett: The hon. Gentleman will be aware that there have been detailed discussions with the City of London police on their relationship with the Serious Fraud Office and on the important role that my right hon. and learned Friend the Attorney-General believes can be played by their work. That has already involved resources.

I will make no commitment today because the City of London Corporation has, as ever, been full of its usual guile in making sure that our contribution is substantial regardless of the part of the pot to which it thinks that it can contribute. I will write to the hon. Gentleman separately on the way in which that progress is being made.

Tony Cunningham (Workington) (Lab): I have spoken to police officers who have to deal with organised crime, especially drugs and people smuggling. They tell me that the vast majority of those who control this illegal trade do not live in this country. They live in Spain, Holland or elsewhere. How will my right hon. Friend deal with such an issue?

Mr. Blunkett: During the statement made earlier by my right hon. Friend the Prime Minister we were discussing the importance of being able to co-operate across boundaries, to be able to pursue criminals throughout the rest of Europe, to be able to use the new arrest warrant that the House has already approved and to be able to ensure that through the Proceeds of Crime Act 2002 we are able to seize the product of organised criminality. That will be crucial to getting things right. I am sure that the new Spanish Government will want to co-operate with us. They would not want on their doorstep or beaches the sort of criminals that we do not want on our doorstep or beaches.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): I welcome the Government's statement, although many of us are worried that the Home Secretary may be a bit soft on some elements. What steps is he taking to deal with the key support mechanisms for organised crime, such as the lawyers, bankers and accountants who appear to be beyond the reach of the law but who provide such important assistance to organised crime? What steps is he taking, together with the Treasury, to attack financial and banking jurisdictions of dubious quality? Does he intend to try to pursue jurisdictions that hide behind banking secrecy to allow not only money laundering, but the tax avoidance and tax evasion so often used by organised crime?

Mr. Blunkett: My hon. Friend has done my standing with *The Guardian* and *The Independent* a power of good by describing me as too soft. I am grateful to him for it. He asks a substantive question: how can we develop from the powers of the Serious Fraud Office the ability of the new agency not only to demand information, but to access documents and take the necessary steps, from which the National Crime Squad has so far been precluded, to get at the detail that my hon. Friend describes and to penetrate the wall erected to prevent people from getting at the truth? It is much more difficult to do so in the international context implied by his question. I believe that the proposed powers will be proportionate, and that they will be able to get behind the scenes as he described, which is essential to get to the truth.

Vera Baird (Redcar) (Lab): I hope that I do not damage my right hon. Friend's reputation by welcoming the statement as a balanced package. I can see how the evidential changes in particular might make a real difference in the courtroom pursuit of organised crime. I am pleased that the new serious and organised crime agency will cover cross-border trafficking, people trafficking and immigration crime generally. On that theme, can my right hon. Friend expand on the comments that I think I heard him make this morning about backlog clearance in immigration cases?

Mr. Blunkett: The first thing that I should make clear is that those cases are not about asylum or about people flooding into our country. They deal substantially, as they have since the 1980s, with in-country renewal and claims that are dealt with on evidence already available. I shall lay in the Library a list of changes and operations undertaken since the late 1980s, through the 1990s and into the 21st century, all of which reflect the desire of successive Governments to use common-sense approaches to deal with a common-sense problem in such a way that those engaged in crime of any sort or terrorism present no threat to us and would be picked out in the normal way.

Mr. Robert Marshall-Andrews (Medway) (Lab): It is a pleasure—indeed, a great joy—to welcome substantively all the general points made in the statement. May I, however, ask the Home Secretary for

[Mr. Robert Marshall-Andrews]

assurances on two points? First, in relation to plea bargaining, transparent plea bargaining has become long overdue in dealing with serious crime. May I ask for his assurance that he will consult those who practise—who prosecute and defend serious crime and serious criminals—so that we can get this difficult area of the law right before it comes back to Parliament? Secondly, may I ask the Home Secretary to assure the House that he will exercise very great caution in considering anything that interferes with or restricts legal professional privilege, lest we have the effect of discouraging and deterring the very best and most reputable of firms that deal with this area as a result of bringing in those that are not reputable, and thereby defeating the essential elements of the statement?

Mr. Blunkett: Having damaged my reputation for ever, I am about to damage it even further by saying that I do not intend to threaten lawyers in the way that my hon. and learned Friend describes. *[Interruption.]* I hear it said that I should read my Shakespeare; I shall go back and do that, having read my Dickens when I was dealing with earlier legislation. I can assure him that we do not threaten what he describes. The consultation period on the White Paper, prior to introducing the legislation—I hope that we will do that at the end of the year—will provide an opportunity to consult those who are most deeply involved.

Points of Order

David Davis (Haltemprice and Howden) (Con): On a point of order, Madam Deputy Speaker. I seek your advice on a very serious matter: how can Members of Parliament protect a civil servant who has been penalised as a result of sending to a Member an e-mail alerting them to potential inaccuracies in a ministerial statement? Last week, the British consul in Bucharest, a career civil servant, was suspended for sending me just such an e-mail from his home address. Is it not the case that disciplining civil servants for talking to Members of the House of Commons is a breach of privilege?

Madam Deputy Speaker (Sylvia Heal): The right hon. Gentleman appears to be raising a complaint of privilege rather than a point of order. Privilege issues should be raised in writing with Mr. Speaker, so that he can give them proper consideration. If the right hon. Gentleman sends Mr. Speaker a letter setting out the full circumstances about which he is complaining, Mr. Speaker will give the matter his attention and respond as appropriate.

John Cryer (Hornchurch) (Lab): On a point of order, Madam Deputy Speaker. You will know that Mr. Speaker has frequently ruled from the Chair that hon. Members should give warning of visits to one another's constituencies, and I think that most hon. Members on both sides of the House follow that convention. However, within the past couple of weeks, the hon. Member for South Cambridgeshire (Mr. Lansley), the shadow Secretary of State for Health, has visited St. George's hospital in my constituency without giving any warning, and I still have not received any kind of written explanation. It also seems that the Tories locally are using St. George's as a political football by claiming that there is a definitive plan to close the hospital, which is not the case. There is a consultation on the hospital, and I am contributing to it, but it sounds to me as though they are using scare tactics. Will you comment on that convention, and confirm that it is the convention that right hon. and hon. Members should warn Members representing neighbouring constituencies or any other Members about visits to their constituencies?

Mr. Andrew Lansley (South Cambridgeshire) (Con): Further to that point of order, Madam Deputy Speaker. If I have caused any upset to the hon. Gentleman, I apologise. For the record, so far as I was concerned, I was visiting Oldchurch hospital in the constituency of my hon. Friend the Member for Romford (Mr. Rosindell) and undertaking a private party engagement in Hornchurch, during the course of which I did indeed comment on the subject of St. George's hospital, but undertook no official engagement there. *[Interruption.]* I did indeed talk about St. George's hospital while I was in Hornchurch. As the hon. Gentleman knows well, I combined that with a private engagement in Hornchurch, visiting my parents. Of course, I shall take care to tell him whenever I visit my parents in future.

Mr. David Wilshire (Spelthorne) (Con): On a point of order, Madam Deputy Speaker. You will be very aware that the last crash at Heathrow landed in my constituency—

Madam Deputy Speaker: Order. I wish first to respond to the previous points of order.

I can only reiterate what Mr. Speaker has said: clearly, there are common courtesies of this House whereby right hon. and hon. Members should inform the Member whose constituency they are visiting of that visit. Mr. Speaker has also suggested that these matters are perhaps best dealt with between the Members concerned. I hope that all Members will observe the common courtesies of this House.

Mr. Wilshire: I apologise, Madam Deputy Speaker; I thought that you had decided that silence was the best way of dealing with the last matter.

As I was saying, you will be aware, Madam Deputy Speaker, that the last crash at Heathrow landed in my constituency, and that the mortars that were fired into Heathrow were fired from my constituency. I am sure that you can therefore imagine how deeply alarmed many of my constituents were at the weekend at the story about Heathrow being identified as a primary al-Qaeda target. In the circumstances, I wonder whether Mr. Speaker has received any request from a Minister to make a statement that would reassure my constituents that everything is being done to ensure that they are as safe as possible?

Madam Deputy Speaker: Much as I would like to reassure the hon. Gentleman's constituents, I do not think that Mr. Speaker has received any such request, which is not strictly a point of order for the Chair.

Orders of the Day

European Parliamentary and Local Elections (Pilots) Bill

Lords message considered [25 March]

Clause 1

5.20 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): I beg to move, That this House disagrees with Lords amendment 1F to Commons amendment 1C.

I can barely believe that, despite the House of Commons reaching a strong view on so many occasions and so frequently expressing its opinion, we are still being told by the Conservative and Liberal majority in the House of Lords that it knows better than the House of Commons when it comes to elections policy. In its latest amendment, the other place suggests that we should not proceed with all-postal voting in four regions, which the Government announced on 21 January. On this occasion, the other place wants to leave out the north-west of England for a variety of inexplicable reasons, and I urge the House to reject that suggestion and to stand firm with our decided view that we want four regions in those pilots.

Sir Patrick Cormack (South Staffordshire) (Con): Will the Minister confirm that a decision to conduct three rather than four pilots would be welcomed by the Electoral Commission, which has made it plain over the past few days that perhaps Yorkshire and Humber should be conceded, but not the north-west?

Mr. Leslie: The hon. Gentleman has moved his position from previous occasions. He should know that, in our democracy, it is this House, acting on the advice of Ministers, that makes final decisions when it comes to elections policy. We take advice from the Electoral Commission and hear what it has to say, but at the end of the day—that day ended some time ago—Parliament has the right to take a firm decision.

Mr. David Watts (St. Helens, North) (Lab): Does my hon. Friend agree that the potential for fraud is the major reason why Liberal peers oppose the north-west being involved in the postal ballot? Can he explain why Liberal Democrat peers are happy to have a postal vote in a referendum, but are not happy to have one for local and European elections?

Mr. Leslie: My hon. Friend looks for logic in the Opposition parties' thinking, but their rationale is not apparent. Hon. Members will be astonished by the history of how we are here today. The Government decided to go with four regions on 21 January, and the House of Commons ratified that decision on 8 March. The House of Commons reconfirmed that decision on 16 March, and reiterated it only last week on 24 March, but here we are again.

Mr. John Redwood (Wokingham) (Con): All the time that we still have a second chamber—I believe that it is still Government policy to allow us a second chamber—its views should be taken seriously and there should be give and take. The second chamber has given up its insistence on two pilots; why can the Minister not give up his insistence on four pilots and reach a sensible compromise?

Mr. Leslie: It is true that the other place has powers to revise and amend legislation, and, as we heard last week, noble Lords are experienced and often speak with authority. In this case, however, the other place's powers are being abused by the Opposition parties in their pursuit of overturning the will of the Government and the House of Commons. There comes a point when revision and amendment become obstructive and vexatious. This is not real scrutiny, but a brazen attempt by the Conservatives and the Liberals actively to prevent people in the north-west from having convenient voting mechanisms in the European and local elections.

Mr. Nick Hawkins (Surrey Heath) (Con): Does the Minister recognise that his case is fatally undermined by the fact that, as recently as 16 December, he said in this House—not once, twice or three times, but about six times—that the Government intended to have three pilots? The other place has reluctantly conceded three pilots. The Government, under huge pressure from the Deputy Prime Minister, have changed their mind and are seeking to insist on four. His own colleagues have fatally undermined the Minister.

Mr. Leslie: As the hon. Gentleman knows, we have been discussing this since 21 January, when the Government made it absolutely clear that we wanted four regions: the east midlands, the north-east, the north-west, and Yorkshire and Humber. It is important that we proceed with all-postal voting in four regions, and I shall tell him why. We already know about the difficulties with turnout, not least in local and European elections, and it is important to ensure that we can respond with modern electoral mechanisms. We also know that all-postal voting is popular and convenient among the public, which is proved by the fact that it usually results in a rise in turnout of at least 10 per cent. We know that the resources are there for pilots in four regions, and if we can afford to go ahead, there is no reason why we should not do so.

Most importantly, we know that regional returning officers in all four regions are keen that all-postal voting should proceed; indeed, they perceive several risks in not proceeding. In correspondence with me and my Department, they have expressed worry that the delays and uncertainty created by the other place have cast a blight on their planning and preparations, because they find it difficult to proceed while there is no legislative clarity.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I am sure that my hon. Friend is aware that over the past few weeks the Select Committee on the Office of the Deputy Prime Minister has been taking evidence on all-postal vote elections. When returning officers from Yorkshire gave evidence, they made it clear that any attempt to reverse the all-postal ballot proposals would make it virtually impossible for them to reorganise their arrangements. If that is true for Yorkshire, it must be true for the north-west as well.

Mr. Leslie: My hon. Friend makes a salient point. I have heard that many of the suppliers and contractors who normally engage with returning officers are worried that, if this uncertainty continues, via the obstruction by Opposition parties, they may not be able to proceed.

New ward boundaries have been introduced in many metropolitan areas following boundary reviews, and returning officers may well find it difficult to locate local polling stations within them. That could prove particularly difficult if the north-west is forced by the amendment to go back to conventional systems. Those returning officers would have to find the staff to ensure that the polling stations could run efficiently. There are all sorts of reasons why effectively forcing the north-west to go back on what was planned and return to the conventional system would create difficulties. It would be irresponsible for Opposition parties to force that situation.

Mr. Hawkins: Should not returning officers have to wait until the legislation is on the statute book? If they are behaving as the hon. Member for Sheffield, Attercliffe (Mr. Betts) suggests, they are mistaken. They should wait until the legislation is in its final form, not jump the gun because they are under pressure from party political views expressed by Government Members.

5.30 pm

Mr. Leslie: The hon. Gentleman knows that we have been trying to resolve the matter for far longer than he suggests. If we had been able to resolve it far sooner, returning officers would not be asking questions about uncertainty. We have always been keen to ensure swift enactment of the measure but the Opposition parties' abuse of the powers of the other place has caused uncertainty. I hope that they will stop using the other place improperly to obstruct the Bill, allow its passage to continue and permit resolution so that four regions can be selected.

Mr. David Borrow (South Ribble) (Lab): Does my hon. Friend believe it reasonable for returning officers in the north-west to assume that, once the House of Commons has said that the region should be one of the postal vote pilots, they can plan on that basis, rather than assuming that the House of Lords will kibosh the whole thing?

Mr. Leslie: As my hon. Friend says, an almost unprecedented constitutional situation is developing. There has been a significant amount of ping-pong between the two Houses on previous legislation, but the House of Lords rarely stands in the way of the will of the House of Commons, especially on elections policy. The root cause is clear: Conservative and Liberal peers have been instructed by their respective Front Benchers to use the revising powers of the other place to try to scupper legislation whenever the bandwagon appears and the

opportunity arises. That could be their motivation for standing in the way of the north-west, especially, having more convenient voting mechanisms.

Mr. Gordon Prentice (Pendle) (Lab): May I take my hon. Friend back to the letter that Sam Younger sent him on 4 March? The nub of the matter appears to be that the Electoral Commission said:

"the rollout of all postal elections needs to be underpinned by a more robust statutory framework."

What can my hon. Friend say to reassure me and others that that robust framework exists so that people who ask about fraud are satisfied that it will not happen under the new system?

Mr. Leslie: My hon. Friend is right that we support piloting all-postal arrangements and that, as the Electoral Commission suggested, before we have a wider roll-out for local government elections nationwide, there may need to be changes to individual registration and so on. However, in the interim, it is important to begin to scale up the piloting of all-postal arrangements. There has been considerable piloting of all-postal arrangements in previous local elections. If we were not allowed to proceed with four regions, fewer people would vote on an all-postal basis than in 2003. That would not be scaling up, but scaling back and it would be perceived as a backward step.

Mr. John Bercow (Buckingham) (Con): I fear that, in the course of a short speech, the Minister has already contradicted himself. He said that the other place was guilty of a procedural impropriety but went on to refer to its use of revising powers. He knows perfectly well that the other place has those powers and it has simply had the temerity, in his view, to use them. Why does not he admit that the real sin of the other place is to disagree with him?

Mr. Leslie: The shadow Secretary of State for International Development is wrong on that point. As I said earlier, it is not simply a matter of a disagreement between the two Houses. The House of Commons made its view known on 8 March, reiterated it on 16 March, did so again on 24 March and here we are again. I hope that my hon. Friends will support the motion to dis[illegible] and that we will again reiterate the strong view of the elected House of Commons. If the hon. Gentleman is willing to say that there is no Conservative Whip—and no Liberal Democrat Whip—in the other place to thwart the will of the House of Commons in our democratic decision about elections policy, I shall be happy to give way to him. However, I suspect that there is a Whip because the Conservative and Liberal Democrat parties are pursuing a partisan motivation, on which I shall expand shortly. Will he say, on behalf of the shadow Secretaries of States, that there is no Whip?

Mr. Bercow: The Minister elevates me beyond all reasonable heights of my ambition. He ought to know that whipping is not a matter for me; I am just a humble shadow Secretary of State for International Development.

Mr. Leslie: I agree that the hon. Gentleman is indeed a humble shadow Secretary of State.

What are the true reasons behind the Conservative and Liberal opposition, particularly to the north-west? As I have said, their motivation could well be simply scuppering legislation opportunistically. They may well not want a higher turnout in the local and European elections in the north-west of England. There is certainly no evidence that all-postal elections are any more prone to fraud than conventional elections, not least because there have been no convictions for fraud in all-postal elections in the north-west. I know that some noble Lords have referred to certain anecdotes, but they related particularly to the conventional system of election, which suggests that other problems, not associated with all-postal voting, might well be at the root of the issue.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The Minister does a disservice to the other place, given the Electoral Commission's advice to the Government. Some of us have just come from Committee Room 11, where we have been considering the draft European Parliament orders. In that context, the Government have accepted in full the Electoral Commission's advice on constituency sizes. In one sphere, the Government accept that the commission's judgment is right and proper, but they reject it when it relates to the best way to conduct pilots.

Mr. Leslie: If the hon. Gentleman's policy is always to adhere to the advice of the Electoral Commission, why did his colleague agree in an earlier debate to reinstitute the declaration of identity provision—the witness signature provision—against the advice of the commission? That was the subject of a Liberal Democrat amendment in the other place. It suits the Liberal Democrats to adhere to the commission's advice when they want to, but not when they do not. We have to consider the motivation of the Opposition parties for using the powers of the other place to thwart the decisions of the House of Commons.

Chris Bryant (Rhondda) (Lab): Is not the real impropriety the fact that the House of Lords is engaged in these actions on a time-limited piece of legislation? This is not a Bill that could come in next year or the year after; it is specifically time limited. That means that the Lords are abusing the convention of the House that they will deal with their business in a timely fashion. This could only have been considered timely if it had already been dealt with by now, because returning officers have to make decisions.

Mr. Leslie: My hon. Friend could well be right. There are significant risks and dangers involved in the games being played by the Opposition parties. The returning officers in the north-west could face difficulties if those parties force them to go back on what they are already planning, and to return to conventional elections. We know for a fact that returning officers now want to proceed with all-postal voting. I hope that the Opposition parties will not leave the north-west in the lurch by forcing it to go back on its plans. There are significant dangers in going down that route. We know that there are significant benefits associated with all-postal voting, and that there are dangers associated with preventing such voting, particularly in the north-west. It

[Mr. Leslie]

is right for us to proceed with all-postal voting in those four regions, and I urge the House to disagree with the Lords in their amendment.

Mr. Hawkins: Every time the Minister gets to his feet and speaks in a polite and moderate tone of voice, as he always does, I become more and more convinced that he believes in the elected dictatorship of a one-party state. He speaks about the House of Commons as though there were cross-party agreement here on this issue, but we and the Liberal Democrats in both Houses have always opposed the Government's proposals. Moreover, the Government have changed their mind. Until 16 December last year, they made it clear that they intended to have only three all-postal pilots. They could have three all-postal pilots—reluctantly conceded recently by the other place—if they wanted them now, but we see in this the heavy hand of the Deputy Prime Minister, who was bellowing at us from the Treasury Bench when we debated these measures the time before last and who is obsessed with having all-postal pilots in all the Labour heartlands for party political advantage to fit in with what he wants for the referendums later in the year.

The game was given away just before what I might describe as round 7 of this heavyweight contest by a written answer in last Thursday's *Hansard* from the Under-Secretary of State, Office of the Deputy Prime Minister, the hon. Member for Corby (Phil Hope), at the same time as the other place was about to debate the matter for the umpteenth time. My hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) asked:

"To ask the Deputy Prime Minister when he last met members or officials of the Electoral Commission; what the purpose of that meeting was; and what the outcome was."

The junior Minister, who was on the Treasury Bench a little earlier, gave this answer, which I can describe only as containing terminological inexactitude:

"My right hon. Friend the Deputy Prime Minister met with members of the Electoral Commission on 3 March to discuss issues relating to the piloting of all-postal voting at the European Parliamentary and combined local elections in June, including how many regions should be involved."

This is where it becomes rather more serious, because it continues:

"Both parties agreed that the regions that the Office of the Deputy Prime Minister announced should use all-postal voting this year are each capable of running a successful pilot."—[*Official Report*, 24 March 2004; Vol. 419, c. 909W.]

Since that meeting on 3 March, to which that answer refers, we have had not one but two letters to the Government. Despite my challenges last time we debated these measures and the time before, we have not seen the letters from Ministers to the Electoral Commission. I again challenge the Minister to put those letters, as well as minutes of all meetings that he, other Ministers or the Deputy Prime Minister have had with the Electoral Commission, in the Library of the House. Three times at the Dispatch Box I have asked him to do so, but each time his response has been silence.

We know from both the Electoral Commission's replies that that answer from the hon. Member for Corby does not reflect what the Electoral Commission says. As we debated last week, and as has been set out in this place and the other place, the Electoral Commission, as recently as 23 March, said:

"The considerations as set out in our December Report regarding the North West have not changed".

The Electoral Commission sets out in detail in its report why it regards the north-west as unsuitable, and it has not changed its mind. In addition, the Electoral Commission goes on in that letter to say:

"For the reasons set out in my letter of 4 March"—

that is, the letter sent after that meeting—

"we are not persuaded of the merits of piloting in 4 regions."

The Electoral Commission is still saying three regions and not the north-west. It has put compelling reasons why, and noble lords and baronesses in another place have set out convincing reasons why the north-west should not be chosen.

The Government are obsessed with adding the north-west, which they originally intended not to do, and this Minister said not once or twice but about six times that the Government wanted three pilot regions. They want to add the north-west for their party political advantage and because the Deputy Prime Minister is obsessed by it.

Andy Burnham (Leigh) (Lab): I fear that the hon. Gentleman has misrepresented the Electoral Commission's position. It said in its report that the north-west was potentially suitable. May I challenge him on this? Two weeks ago at the Dispatch Box, he made allegations of wholesale fraud—that is the phrase that he used—in the north-west. He referred specifically to the remarks of Lord Greaves and asked us to look them up, which I did. Is he aware that a report by Lancashire constabulary on those allegations found no evidence whatever of wrongdoing and that the file is closed? Does not his case against the north-west collapse due to that revelation?

Mr. Hawkins: No, it does not. I heard Lord Greaves giving an interview on national radio after our debates last week, as I was driving back to my constituency. He has not changed his mind at all, and he was debating the issues with the hon. Member for Chorley (Mr. Hoyle). The Electoral Commission is saying that it has not changed its reasons, which were given on 23 March. It has not changed its view on the north-west; the views of the hon. Member for Leigh (Andy Burnham) are undermined by the Electoral Commission, which his Government set up.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): My hon. Friend may already be aware as a result of the revelation from the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) that a statutory instrument has recently been discussed Upstairs that would reduce the number of MEPs in this country. The Government accepted in its entirety the Electoral Commission's recommendation on that. When we asked the Under-Secretary of State for Constitutional Affairs, the hon. Member for Tottenham (Mr. Lammy), who is currently on the Treasury Bench, why the Government accepted its recommendation in that respect but not in this one, he said that the two were different. Would my hon. Friend like to speculate on what the difference is?

5.45 pm

Mr. Hawkins: My hon. Friend is right, and I suspect that the difference is accounted for by the obsessions of the Deputy Prime Minister and the party political advantage of the Government party.

Chris Bryant: The whole tenor of the hon. Gentleman's argument seems to be that the Deputy Prime Minister is trying to make sure that there is a postal ballot in Labour heartlands, because that will give party advantage to the Labour party. The strongest Labour heartland is Wales, which has not a single Tory representative in this House. If the hon. Gentleman's argument were true, surely Wales would be included in the pilot.

Mr. Hawkins: The hon. Gentleman has not played much of a part in our many earlier deliberations on the Bill. Had he done so, he would have known that we debated extensively Wales and Scotland, and many of his hon. Friends from Scotland were—and, I imagine, still are—outraged that Scotland has not been included. They were not included because the Electoral Commission specifically recommended against them, in even stronger terms than it did against the north-west.

Labour Members have this problem: they set up the Electoral Commission, and they are now picking and choosing only those recommendations that suit them. The biggest weakness in the Government's case is that the Government said originally—not once, not twice, but many times, through this Minister—that they intended only three electoral pilots. They were put out because the Electoral Commission originally recommended only two. They said that they would go ahead with a third. Only recently have they started to become obsessed with a fourth.

The Minister has also been trying to rewrite the history of the battles between the two Chambers of this bicameral legislature. He sought to suggest that there is something unusual about ping-pong, as it is called, between the two Houses. As the hon. Member for Somerton and Frome (Mr. Heath) and I are well aware, that has happened towards the end of a legislative period pretty well every year since this Government came to power. Only last year, we were debating the Criminal Justice Bill, which was going backwards and forwards between the two Houses until the Government were forced to give way at the last minute, with ill grace, on the last day of the Session. I suspect that that will happen in this case. Just as we come to the Easter recess, the Government will be forced to go back to what the Electoral Commission recommends, and accept that the other place and the Electoral Commission are right. That is why we will stick to our guns, and the other place should stick to its guns.

Mr. Kevin Barron (Rother Valley) (Lab): It is a few weeks since I spoke in any debate in relation to this Bill, although I listened to the last such debate. The last time that I spoke was on 8 March. The Opposition's arguments against including the north-west are those that they used against Yorkshire and Humber. We also found out, of course, that Yorkshire and Humber was included in the Opposition amendment in the other place last week. There is a lot of hypocritical talk in this Chamber about what the intentions of the other place are.

I told the House on 8 March why I support the Bill and why all-postal ballots are good for democracy. They increase participation and I doubt whether they affect the result. They did not affect the result in my constituency last year, but 53 per cent. of people turning out is a lot better than 23 per cent. That example came from my constituency.

Looking at the debate in the other place last week, there can be no doubt that the whole issue relates to party politics. My hon. Friend the Minister passed some comment about the official Opposition. Reading the debate, I do not put a lot of the problem down to the major Opposition party, because it does not seem to know what is taking place most of the time. All that it knows is when to support the amendments tabled by a minor Opposition party, the Liberal Democrats. That is when they all pile into the Division Lobbies, and that is why we have ended up in this position on—I think—three occasions.

No one reading reports of debates on the Bill, especially debates in the other place, could doubt that this is about Liberal Democrat party politics relating not to Yorkshire and Humberside, the east midlands or the north-east, but to the north-west. I said that on 8 March, and it has been reaffirmed at least twice since then, when Members of the other place have sought to table amendments opposing the Bill.

Mr. Russell Brown (Dumfries) (Lab): I have looked at some of the figures and tried to draw conclusions from them. The hon. Member for Surrey Heath (Mr. Hawkins) spoke of parliamentary ping-pong, and that is what we have seen since the Government came to power in 1997 on, to the best of my knowledge, 13 occasions, involving 13 Bills that this Labour Government have tried to pass. Between 1979 and 1997, the other place tried to frustrate this House on three occasions. That tells its own story. Nor should my hon. Friend forget the role of the Cross Benchers, who have supported the Tories in 80 per cent. of cases.

Mr. Barron: Perhaps my hon. Friend feels that Cross Benchers in the other place are not so independent of party politics in that respect. I shall keep my view of the other place out of the debate.

This is all about Liberal Democrats and the north-west. I shall now address myself to the only two Liberal Democrats in the Chamber, the hon. Members for Somerton and Frome (Mr. Heath) and for West Aberdeenshire and Kincardine (Sir Robert Smith). I have said this repeatedly. I said it on 8 March, and it has been said before. Last week Lord Rennard said that the issue was,

> "I think, a very principled one—that no one party should choose different voting mechanisms for different places according to its own interest, based in this case on fears that the electorate will not turn out to support it."—[*Official Report, House of Lords*, 25 March 2004; Vol. 659, c. 851.]

Let me tell both Liberal Democrats that I would think that disgraceful if it came from anyone involved in elective politics, but I can accept such views from people next door who have never been involved in elective politics, or have been involved only in elective politics that have failed. I do not think that they understand the issue: I do not think they understand what our

[Mr. Barron]

democracy is about. I am not a mechanistic democrat, but I think that those who deny—knowingly—that they would prefer a 20 per cent. turnout to one of 40 or 50 per cent. do a disservice to local government and the European electorate, and to democracy. I believe that they are doing it on behalf of the Liberal Democrats in the north-west, and that they should be ashamed of themselves.

Mr. Redwood: It is true that postal ballots increase turnout, so why have the Government not proposed universal postal ballots for this election?

Mr. Barron: As the right hon. Gentleman knows, we are talking about a pilot. We have had this debate time and again. On 8 March he intervened on me to say that he was not so sure about postal ballots. He said:

"such a widespread experiment cannot proceed until the real issues of impersonation, pressure and fraud are dealt with."—[*Official Report*, 8 March 2004; Vol. 418, c. 1308.]

As I said then, most of the arguments against an all-postal ballot for any one, three or four regions could be used to oppose postal ballots in general.

I have seen this in action in a small way. I think that participation is good and healthy, and I do not think that one political party will be affected more than another. In our last debate, I said that if the tide was against a political party, it would drown more quickly. That is especially true if the tide is stronger than usual.

All the ping-pong is wrong. My hon. Friend the Member for Dumfries (Mr. Brown) said that the other place had challenged this House three times between 1979 and 1997. When I was elected in 1983, it was felt that a big majority was unhealthy and bad for democracy. I cannot remember the other place challenging that Government. It was all about party politics then, and we heard about not frustrating the will of the people. It seems to me that in considering this Bill, we could frustrate the will of the people.

I do not know whether Ministers agree with my analysis, but my answer to the questions "Why today?" and "Why the north-west?" would be this. It is simple and logical to involve the north-west in June, because we all know that in October the north-west will vote in an all-postal ballot on whether to have a regional assembly. One thing that can be said of the logic is that it is consistent with what the Electoral Commission has said many times. Playing the hokey-cokey by having all-postal votes and then returning to the old system will denigrate electoral politics in this country, and be bad for turnouts. That is what Opposition Members and those in the other place propose, and they are wrong.

Mr. Heath: Welcome to Groundhog Day, Madam Deputy Speaker. We are going through all the same arguments in the same way, with no more clarity or logic than before.

The right hon. Member for Rother Valley (Mr. Barron) may find this odd, but I agreed with a great deal of what he said. He suggested that encouraging more people to vote was a good thing; I agree. He said that all-postal ballots appeared, on the basis of the evidence so far, to increase the number of votes; I agree. He said that it was right to organise pilot schemes so that we could assess how we might expand the process; I agree. He said that he did not believe that the democratic outcome of the elections would be affected; I agree, on the basis of the evidence that we have seen so far. He said that it was wrong for areas that had already had all-postal ballots to be prevented from having them this year. That is exactly the position in which my constituents will find themselves as a result of the Bill, which he supports. It will make it illegal for them to have an all-postal ballot in the European elections and the local authority elections in June. They had one last time because my Liberal Democrat-controlled authority allowed the Government's interests to be met.

There is much on which the right hon. Gentleman and I agree; where we disagree is on the fundamental issue of who makes the recommendations on which we reach our decisions. We have said all along that we should use the Electoral Commission as an independent arbiter because that is safest in a democratic society.

Mr. Watts: Will the hon. Gentleman give way?

Mr. Heath: Not yet; the hon. Gentleman can intervene when he has listened to my argument.

The safest option is for us to use the independent arbiter established by the Government, unless there are strong reasons for ignoring its advice. It would have to involve a consensus extending beyond any single party in this House. Our position has been consistent. When the Electoral Commission said that it could positively recommend only two regions, we said, "Fair enough—two regions will be involved." When it reviewed the situation and said that it could accept a third region, Yorkshire and Humberside, we went along with that and, in another place, tabled an amendment to extend the range of the scheme.

6 pm

Mr. Barron: My simple question is whether, if the Electoral Commission said that the electoral returning officer in the north-west should go ahead with a pilot there, the hon. Gentleman would believe that there should be a pilot in the north-west. That is the opposite argument to that used by his noble Friends in the other place.

Mr. Heath: That is precisely not the case. The right hon. Gentleman will remember that when we last debated this issue the question was that the pilot areas should comprise those that the Electoral Commission could positively recommend, with no stipulation about how many there should be. The Government rejected that option and he voted against it, as he was not prepared to accept it.

Andy Burnham: Does the fact that the Electoral Commission made a firm recommendation on two regions and said that others were potentially suitable not suggest to the hon. Gentleman that it was inviting the Government to make recommendations on which further regions should be included?

Mr. Heath: I hope that the hon. Gentleman has by now read the most recent letter from the Electoral

Commission, which makes it quite clear that that is not what it said. The commission said that it could not positively recommend the other regions, and it placed in third position, as runner up, Scotland, whose merits the Government have not for one moment appeared to consider. Instead, they have chosen two other regions.

Mr. Russell Brown *rose—*

Mr. Heath: I shall not give way, because I should like to make a little more progress.

An important constitutional matter is involved in this debate. Much play has been made of the fact that this is an example of the unelected House acting as a block on the settled will of the elected House. Setting aside for the moment the fact that some of us strongly believe that the other place should not be an unelected House and are waiting rather impatiently for the Government to do something about that rather than simply wringing their hands because the Prime Minister will not agree with his party on the subject, do we not have to consider the basic constitutional issue that the almost paramount duty of the other place in a bicameral system is to protect our constitutional arrangements if they are under threat of abuse? If a future Government decided, on their own majority and without the support of any Opposition parties, that they wished to abolish or postpone elections or change the voting system off their own bat, I hope that every single Labour Member would expect the Lords to take an interest in that and to protect the constitution of this country, unwritten though it is.

Andrew Bennett (Denton and Reddish) (Lab): Will the hon. Gentleman think carefully about the problem facing all those who will have to administer the election in the north-west? If his proposals went through, they would have to have a traditional election in which a large number of people would apply for postal votes because they were angry—leading to an exceptionally high number of postal votes. To run the two systems together is particularly difficult for electoral officers, so would it not be sensible to accept one system? It will be implemented at the very last minute, and it should be a postal system.

Mr. Heath: We should not be in this position. The Government let the Bill lie on the Table for two months and did nothing with it. They then decided that everything had to be done in a hurry, and their position has become absurd. They jeopardised all the arrangements that returning officers have to make, including the printing of ballot papers. I am concerned about the Government's conduct.

Chris Bryant: May I return the hon. Gentleman to the point that he made a few moments ago? He asked what would happen if a Government proposed to suspend elections indefinitely or for a considerable period, but I am sure that he knows, because it is a piece of Liberal legislation, that the Parliament Act 1911 specifically recommends which systems arise if a Government want to change the date of a general election. That is clear. Surely, the point is that we need a new Parliament Act to legislate properly on arrangements between the other place and this Chamber. This ping-pong, which completely flouts the Salisbury convention, brings the whole parliamentary system into disrepute.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. For an intervention, that was an extremely long speech, and it took us further and further away from the narrower point that is at the heart of this matter.

Mr. Heath: I take your advice on that, Mr. Deputy Speaker. The other place has not only a perfect right but a duty to lay a constraining hand on this House if a single party in it chooses to ignore the advice of the Electoral Commission and other parties represented in this Chamber. That is an important constitutional issue to which we must return at another stage.

What is so bizarre about the whole situation is that, as the Bill stands, the Government have what they asked for. It is like a toddler in a supermarket who says, "I want three lollies. I want three lollies". The sensible mother says, "No, you can have two lollies—the third would make you sick." The child throws all its toys out the pram and has an almighty tantrum, and eventually the parent reconsiders and says, "All right, all right; you can have three." What is the response of the toddler? He throws all his toys out the pram again and says, "I want four now. I want four. Three isn't good enough."

How can we deal with a Government who behave in that way? The Under-Secretary's embarrassment is palpable, because neither he nor the Lord Chancellor is running this show. How demeaning it is for the Lord Chancellor—the Secretary of State for Constitutional Affairs—to have his actions constrained by the Deputy Prime Minister. It is the Deputy Prime Minister who goes along to talk to the Electoral Commission. That is nothing to do with his brief, but he chooses to do so. He is the one who writes letters to the commission—nothing to do with him, but he does so. He is the one who sits in on our debates and makes absurd comments from a sedentary position. They are nothing to do with him, but he does so.

Mr. Leslie *rose—*

Mr. Heath: The Minister is going to say that he is not demeaned by that situation. He will have to give a pretty clear explanation of why not.

Mr. Leslie: The Deputy Prime Minister has responsibility for local government. The June elections are for local government seats, so surely it is right for the Deputy Prime Minister to take an interest in them. Does the hon. Gentleman not recognise that the Deputy Prime Minister is elected, like all other Members in this House? Does the hon. Gentleman not see any virtue in the fact that we are elected, and should have our will and the decisions that we make in this House of Commons upheld?

Mr. Heath: We are the masters now. The Minister has official responsibility for electoral arrangements, yet another Department interferes in everything that he does and says that he cannot have what he originally asked for. That is not joined-up government; it is

[Mr. Heath]

bullying by the Deputy Prime Minister and the Labour party for their own objectives. That is what we object to so strongly.

Mr. Bercow: The hon. Gentleman's characterisation of the Minister's lickspittle conduct is extremely effective. Does he agree that the historical musings of the hon. Member for Rhondda (Chris Bryant) about the Salisbury convention are wholly inapplicable in this case given the absence of a manifesto commitment? Does he recall that, on any of the three occasions during the Conservative government highlighted by the hon. Member for Dumfries (Mr. Brown), the Labour party complained about the behaviour of the upper House? I do not recall that.

Mr. Heath: The hon. Gentleman invites me to do two things. First, he invites me to engage in a discussion with the hon. Member for Rhondda that Mr. Deputy Speaker has said is beyond the scope of this debate, so I shall not do so. Secondly, he invites me to support the view that another place without an elected mandate ought to frustrate the will of this House when it considers matters other than the constitution and the protection of human rights and liberty, which I think are its proper province. I am not prepared to do that, because I want reform of the other place and will not defend its present arrangements.

I will, however, defend the right of another place, as constituted, to look dispassionately at legislation before it and to take a view—which is nothing to do with my arranging my troops at the other end. For heaven's sake, I could not even arrange my colleagues behind me. If more than one were here at the moment, I might try to do so.

I am not in a position to tell my colleagues in the other place how to vote; they will reach their own judgment. At the moment, their judgment is that the Government are engaged in a process of bullying and inappropriate action that is against all the tenets of our constitutional settlement, and they are right to take that view. I just wish that the Government would accept that they have the Bill that they asked for in the first place, and that they would please stop throwing their toys out of the pram, and behave like a grown-up Government.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): I did not intend to speak in this debate, but I am moved to do so by some interesting distortions of the truth. I challenge any Member who served on the Standing Committee considering the Bill that gave birth to the Electoral Commission, or who participated in any of the subsequent stages, to tell me that any Member, at any stage, moved an amendment that sought to give the commission the power to instruct. *[Interruption.]* Stop chuntering over there! That never happened, and it was never the intention of this House—or of the upper House, so far as I can see—that the commission be given a power to instruct. It is there to give advice, and advice it has given—to the Government and to this House.

Sir Robert Smith: Perhaps the hon. Gentleman should have been present in Committee Room 11, where the Minister said that the Government were taking instructions from the commission in respect of electoral boundaries because they were required to do so by European legislation. So it has already been stated in legislation that the commission should be supreme, and that it should be obeyed when giving advice in this area. We are saying that when such advice is given, it should be taken extremely seriously.

Mr. Miller: The hon. Gentleman is right to raise the subject of boundaries, but it has nothing to do with the procedural process.

The hon. Member for Somerton and Frome (Mr. Heath) said that the Lords have a duty to protect the constitution. There is one fundamental and overriding constitutional point that must take precedence over all else: that only one House is elected. We have yet to have in its entirety the debate on the nature of the second Chamber, what its powers ought ultimately to be, and whether, indeed, it should even exist. A few Members present voted for its abolition—*[Interruption.]* I hear some cheers from behind me. At this point the second Chamber has no ability constitutionally to put aside the powers of this House.

As my right hon. Friend the Member for Rother Valley (Mr. Barron) hinted, the Conservatives are riding on the coat-tails of the Liberal Democrats—in this Chamber, in the upper House and, indeed, in the north-west. They have no policy of their own. They are looking for convenient electoral gain, and they seek to achieve it through a mechanism that would minimise turnout.

Mr. Borrow: Does my hon. Friend find it extraordinary that not a single north-west Liberal Democrat Member is in the Chamber to explain why they are preventing their constituents from voting by post in June?

Mr. Miller: My hon. Friend makes a powerful point, and what my right hon. Friend the Member for Rother Valley said was spot on. At local government level, Liverpool city council seems terrified of the concept of higher turnout. In what better place could we campaign for higher turnout than in Liverpool, where, regrettably, turnout has been far too low for many years? So far as Liverpool city council is concerned, the Liberal Democrats are frightened of a higher turnout.

6.15 pm

Andy Burnham: We are probably 10 weeks away from the elections. Does my hon. Friend agree that the most important voices now belong not to those in this Chamber or in the one down the Corridor, or to those in the Electoral Commission, but to the returning officers in the north-west and the regional returning officer? According to my information, they are all in favour of postal voting going ahead.

Mr. Miller: My hon. Friend makes a very strong point and any right-thinking person will agree with him, but that does not mean that he will get unanimous support in this Chamber.

I congratulate the hon. Member for Somerton and Frome on distancing himself last week from the outrageous statement of the Liberal Democrat Member of the European Parliament, Mr. Chris Davies, that

people who want postal voting are lazy. Why does the hon. Gentleman not demonstrate his anger at that statement by voting with us tonight?

Sir Patrick Cormack: Before making one or two brief points, I should point out to the hon. Member for Leigh (Andy Burnham) that elevating paid officials—the electoral registration officers—above Members of either House is rather strange parliamentary logic.

The other place has as much right to take the stand that it has taken on this issue as it had to throw out Mrs. Thatcher's War Crimes Bill. One should remind Labour Members that the House of Lords has behaved with a degree of vigour and robustness, no matter which party has been in government. All that it is seeking to do on this occasion is to look properly at what the Electoral Commission is recommending. No matter what sophistry Labour Members indulge in, the fact is that the commission has said that it does not believe that there should be a pilot in the north-west.

Andy Burnham: Will the hon. Gentleman give way?

Sir Patrick Cormack: Not yet. The commission's statement is a fact, whatever arguments Labour Members might advance and whatever the Minister might say. Indeed, he has changed his mind, as my hon. Friend the Member for Surrey Heath (Mr. Hawkins) pointed out. The Minister took one line in December and is now taking a very different one—although, admittedly, he has taken it for the past eight weeks. In taking that very different line, he is flying in the face of the commission's advice. This House is right to listen to that advice, and it would be far better advised to say, "Let us have three pilots," which would constitute a concession on the part of many. Frankly, I would rather have no pilots at all. I do not like the idea of compulsory postal voting, but I recognise the fact that the commission has been asked to make some recommendations, and that the figure of two pilots has been increased to three. However, I recognise—I ask the Minister to do likewise—that the commission does not believe that the north-west should have a compulsory postal ballot.

Andy Burnham *rose—*

Sir Patrick Cormack: Whatever the hon. Gentleman might say, he cannot change that fact. The advice is clear and unequivocal, in letters from the chairman of the commission, Mr. Sam Younger. It is a great pity that Mr. Younger, in whom I have great confidence, has been placed in this extremely difficult and embarrassing position.

Mr. Redwood: Will my hon. Friend give way?

Sir Patrick Cormack: I shall certainly give way to my right hon. Friend.

Mr. Redwood: Does my hon. Friend not think that the Minister should apologise to the commission and to the returning officers who have been left in muddle, owing to this Government's delay and bungling?

Sir Patrick Cormack: Not for the first time, I agree entirely with my right hon. Friend, whose reputation for incisive sagacity is exceeded by no one. Mr. Sam Younger and his colleagues, who seek to serve this country and the electoral system with objective, impartial advice, should receive an apology. We are now moving, because of the ridiculous timing—

It being one hour after the commencement of proceedings on the Bill, MR. DEPUTY SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [8 March].*

The House divided: Ayes 307, Noes 172.

Division No. 112] **[6:20 pm**

AYES

Ainger, Nick
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Benn, rh Hilary
Bennett, Andrew
Berry, Roger
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Cook, Frank *(Stockton N)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Gapes, Mike *(Ilford S)*
Gardiner, Barry
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David

Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hinchliffe, David
Hodge, Margaret
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McIsaac, Shona
Mackinlay, Andrew
McNamara, Kevin
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Diana
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Primarolo, rh Dawn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, Angus *(Moray)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Tipping, Paddy
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Hywel *(Caernarfon)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wishart, Pete
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Ayes:
Mr. Fraser Kemp and Vernon Coaker

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brady, Graham
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burns, Simon
Burnside, David
Burstow, Paul
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cran, James *(Beverley)*
Davies, rh Denzil *(Llanelli)*
Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Gale, Roger *(N Thanet)*
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Matthew *(Ludlow)*
Greenway, John
Gummer, rh John
Hammond, Philip
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*

Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Liddell-Grainger, Ian
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Mates, Michael
Mawhinney, rh Sir Brian
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Spelman, Mrs Caroline
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Wiggin, Bill
Willetts, David
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Hugh Robertson and Mr. Mark Francois

Question accordingly agreed to.

Lords amendment disagreed to.

Committee appointed to draw up Reasons to be assigned to the Lords for disagreeing to certain of their amendments to the Bill: Mr. Nick Hawkins, Mr. David Heath, Mr. Christopher Leslie, Laura Moffat and Ms Bridget Prentice; Three to be the quorum of the Committee.—*[Mr. Heppell.]*

To withdraw immediately.

Reasons for disagreeing to certain Lords amendments reported, and agreed to; to be communicated to the Lords.

Employment Relations Bill

As amended in the Standing Committee, considered.

New Clause 4

DISAPPLICATION OF QUALIFYING PERIOD AND UPPER AGE LIMIT FOR UNFAIR DISMISSAL

'For section 154 of the 1992 Act substitute—

"154 Disapplication of qualifying period and upper age limit for unfair dismissal

Sections 108(1) and 109(1) of the Employment Rights Act 1996 (qualifying period and upper age limit for unfair dismissal protection) do not apply to a dismissal which by virtue of section 152 or 153 is regarded as unfair for the purposes of Part 10 of that Act.".'.—*[Mr. Sutcliffe.]*

Brought up, and read the First time.

6.36 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss new clause 15—*Burden of proof on employer to show reason for dismissal in trade union related cases*—

'(1) Section 154 of the 1992 Act (exclusion of requirement as to qualifying period, etc) is amended as follows.

(2) After subsection (2) insert—

"(3) On a complaint under section 152 or section 153 it shall be for the employer to show the reason (or, if more than one, the principal reason) for the dismissal.".'.

Mr. Sutcliffe: Both new clauses relate to protections provided for by section 152 of the Trade Union and Labour Relations (Consolidation) Act 1992 against dismissal on grounds of trade union membership or activities. Section 153 of the 1992 Act provides similar protections against being unfairly selected for redundancy on grounds of trade union membership or activities.

Currently, those important protections apply to all employees. In other words, the usual qualifying period of one year's service for bringing an unfair dismissal application does not apply in those cases. The usual upper age limit for unfair dismissal does not apply either. The disapplication of the qualifying period and the upper age limit is achieved by section 154 of the 1992 Act. It works by disapplying the qualifying period and the upper age limit "if it is shown" that the sole or principal reason for dismissal, or selecting the employee for redundancy, was an inadmissible reason under section 152 of the 1992 Act.

The protections against dismissal on trade union-related grounds are long-standing rights. Indeed, they were among the first "day one" employment rights ever introduced, in the mid-1970s. Perhaps as a result, the language used in section 154 to disapply the qualifying period and upper age limit is peculiar to that section. It has not been followed by later provisions that have created day-one rights against unfair dismissal on other grounds.

[Mr. Sutcliffe]

The wording of section 154 has caused problems. It has been interpreted by the courts as placing the onus on the employee that is complaining of unfair dismissal and who has under a year's service, to show that the employer's decision in dismissing him was taken for an inadmissible trade union reason. In other words, the burden of proof is on the employee to show the employer's reason for dismissal. That is intrinsically difficult for the employee to do, given his lack of detailed knowledge of the employer's behaviours and motivations. That approach contrasts sharply with all other cases of unfair dismissal where the burden of proof is on the employer to show the reason for the dismissal.

In other words, the peculiar wording of section 154 has created an anomaly. Indeed, the burden of proof would vary where two employees—one with more than 12 months' service and the other with six months' service—complained of being dismissed for belonging to a trade union. In the first case, the burden of proof would rest on the employer and in the second it would rest on the employee. There are no justifiable reasons for such differential treatment. It is basically an accident of history.

New clause 4 will rectify the anomaly by replacing the current version of section 154 with a new one that uses different wording drawn from other day-one rights to disapply the qualifying period and upper age limit. The new wording ensures that the burden of showing what the reason for dismissal was will now rest on the employer.

New clause 15 also attempts to rectify that anomaly by inserting a new subsection into section 154 that provides that the burden of proof for the reason for the dismissal is on the employer. It does not, however, replace the "it is shown" wording that has caused difficulties for the courts. For that reason, the wording of new clause 4 is to be preferred.

The number of individuals affected by the change is small. I am glad to say that cases of alleged dismissal on trade union grounds are few, but that is no reason why we should leave the current imperfect wording of section 154 as it is.

Mr. Henry Bellingham (North-West Norfolk) (Con): As the Minister pointed out, the new clause reverses the burden of proof and we do not necessarily have any difficulty with that, but we are very unhappy at the complete lack of consultation on the new clause with any of the key bodies.

The Minister said that the so-called anomaly dated back to 1992, and if his legal advice has persuaded him that there is indeed an anomaly he is right to correct it. However, although there has been a lot of consultation on the Bill—it was published a long, long time ago and there have been various White Papers and endless discussions with organisations and bodies—most of the employer organisations did not see the new clauses until today. The Government tabled the new clauses only on Wednesday and did not tell those organisations, so they had only two and a bit working days to discover that the provisions had been tabled, which is not good enough.

The Minister made great play of the fact that the Bill was about partnership and that there was a consensus-building process. He talked about always getting everybody on board and discussing things with all parties and when we began our consideration of the Bill the atmosphere was reasonably positive, because everyone felt that they had been consulted. However, as my hon. Friend the Member for Eddisbury (Mr. O'Brien) pointed out, the Government are hanging new provisions on this measure as though it were a Christmas tree. Such provisions could do not only positive things, as the Minister claims for the new clause, but many other things. The Minister told us not to panic because the Government would do nothing that was untoward or would break the spirit of consensus built up with the various organisations, yet unfortunately that is exactly what has happened.

We are not especially enamoured of the changing of the burden of proof under new clause 4. As the Minister explains, it will be up to the employer to show that it was not trade union activity or involvement that led to either discipline or dismissal. He claims that there is an anomaly, but any change in the burden of proof is a serious matter, as it is a precious component of our legal system. Why did the Government not consult the employer organisations? Why were they left in the dark until this morning? He has created much ill will owing not to the substance of the new clause and the other proposals but to the lack of consultation.

How many tribunal cases will be affected every year by the change in the burden of proof? That is a serious matter.

Mr. John Gummer (Suffolk, Coastal) (Con): Does my hon. Friend agree that when the Government make a superficially sensible proposal it is even more important to discuss it with those who have to deal with it? Although they think that they are producing something that will be very good, something might have been missed, which is why consultation is so important, even though most people might feel that the proposal seemed perfectly sensible.

Mr. Bellingham: My right hon. Friend is right. He brings a huge amount of experience to the discussion, having done an excellent job not only when he served in the Minister's place some years ago but in more senior positions. The key is consultation—working things out with the various organisations. It is obvious that lawyers for various trade unions have been pushing the matter, so will the Minister tell the House why he did not properly consult the Institute of Directors, the Engineering Employers Federation, the British Chambers of Commerce and the CBI?

John McDonnell (Hayes and Harlington) (Lab): I welcome new clause 4, which is better worded than my proposed new clause 15. In the spirit of consensus, I merely point out that, in unfair dismissal cases that are trade union related, the new clause simply maintains consistency with other cases, where the burden of proof is with employers. It is on that basis that we should move forward. Whatever lack of consultation there may have been, there is general approval for such a provision and

an awareness that it was required, especially since the case of Smith *v.* Hayle town council. It is an improvement in the law and should be greatly welcomed.

Mr. Jonathan Djanogly (Huntingdon) (Con): In relation to the comments that have just been made, I merely point out that although new clause 15 includes the words, "After subsection (2) insert", section 154 of the 1992 Act does not have a subsection (2).

6.45 pm

Mr. Sutcliffe: I am sorry that we have started off in a different vein from our time in Committee.

The point about consultation was well made. We want to hold full consultation with everybody who is affected by the Bill, but Members will be aware that we held an important debate about the Wilson and Palmer judgment and its effect in bringing about significant changes in the rights to trade union membership. That also relates to issues such as those dealt with by new clause 4. The provision is not a bauble on a Christmas tree, as the hon. Member for North-West Norfolk (Mr. Bellingham) claimed earlier and during the debate on the programme motion last week. He ended his contribution to that debate by saying that he was not a happy camper, but I hope that we can make him a happy camper this evening by explaining that there were appropriate reasons for our proposals. A small number of tribunal cases are affected and I shall write to him with the number. In fact, we informed the CBI, the EEF and TUC that we would be tabling the provisions.

I am grateful to my hon. Friend the Member for Hayes and Harlington (John McDonnell) for not pressing new clause 15. It is entirely sensible to put the burden of proof on employers for reasons that have been outlined and accepted, so I ask the House to accept the motion.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 5

ADDITIONAL DUTIES ON EMPLOYERS INFORMED OF BALLOTS

'(1) Paragraph 26 of Schedule A1 to the 1992 Act (duties of employer informed of requirement to arrange ballot on recognition etc) is amended in accordance with subsections (2) to (4).

(2) In sub-paragraph (1) for "three" substitute "five".

(3) After sub-paragraph (4) insert—

"(4ZA) The fourth duty is to refrain from making any offer to any or all of the workers constituting the bargaining unit which—

(a) has or is likely to have the effect of inducing any or all of them not to attend any relevant meeting between the union (or unions) and the workers constituting the bargaining unit, and

(b) is not reasonable in the circumstances.

(4ZB) The fifth duty is to refrain from taking or threatening to take any action against a worker solely or mainly on the grounds that he—

(a) attended or took part in any relevant meeting between the union (or unions) and the workers constituting the bargaining unit, or

(b) indicated his intention to attend or take part in such a meeting.

(4ZC) A meeting is a relevant meeting in relation to a worker for the purposes of sub-paragraph (4ZA) and (4ZB) if—

(a) it is organised in accordance with any agreement reached concerning the second duty or as a result of a step ordered to be taken under paragraph 27 to remedy a failure to comply with that duty, and

(b) it is one which the employer is, by such an agreement or order as is mentioned in paragraph (a), required to permit the worker to attend.

(4ZD) Without prejudice to the generality of the second duty imposed by this paragraph, an employer is to be taken to have failed to comply with that duty if—

(a) he refuses a request for a meeting between the union (or unions) and any or all of the workers constituting the bargaining unit to be held in the absence of the employer or any representative of his (other than one who has been invited to attend the meeting) and it is not reasonable in the circumstances for him to do so,

(b) he or a representative of his attends such a meeting without having been invited to do so,

(c) he seeks to record or otherwise be informed of the proceedings at any such meeting and it is not reasonable in the circumstances for him to do so, or

(d) he refuses to give an undertaking that he will not seek to record or otherwise be informed of the proceedings at any such meeting unless it is reasonable in the circumstances for him to do either of those things.

(4ZE) The fourth and fifth duties do not confer any rights on a worker; but that does not affect any other right which a worker may have."

(4) For sub-paragraph (8) substitute—

"(8) Each of the powers specified in sub-paragraph (9) shall be taken to include power to issue Codes of Practice—

(a) about reasonable access for the purposes of sub-paragraph (3), and

(b) about the fourth duty imposed by this paragraph.

(9) The powers are—

(a) the power of ACAS under section 199(1);

(b) the power of the Secretary of State under section 203(1)(a)."

(5) In paragraph 27(1) of that Schedule (remedial order in case of employer's failure to comply with duties under paragraph 26) for "three duties imposed" substitute "duties imposed on him".

(6) Paragraph 118 of that Schedule (duties of employer informed of requirement to arrange ballot on derecognition etc) is amended in accordance with subsections (6) to (8).

(7) In sub-paragraph (1) for "three" substitute "five".

(8) After sub-paragraph (4) insert—

"(4A) The fourth duty is to refrain from making any offer to any or all of the workers constituting the bargaining unit which—

(a) has or is likely to have the effect of inducing any or all of them not to attend any relevant meeting between the union (or unions) and the workers constituting the bargaining unit, and

(b) is not reasonable in the circumstances.

[Mr. Sutcliffe]

(4B) The fifth duty is to refrain from taking or threatening to take any action against a worker solely or mainly on the grounds that he—

(a) attended or took part in any relevant meeting between the union (or unions) and the workers constituting the bargaining unit, or

(b) indicated his intention to attend or take part in such a meeting.

(4C) A meeting is a relevant meeting in relation to a worker for the purposes of sub-paragraph (4A) and (4B) if—

(a) it is organised in accordance with any agreement reached concerning the second duty or as a result of a step ordered to be taken under paragraph 119 to remedy a failure to comply with that duty, and

(b) it is one which the employer is, by such an agreement or order as is mentioned in paragraph (a), required to permit the worker to attend.

(4D) Without prejudice to the generality of the second duty imposed by this paragraph, an employer is to be taken to have failed to comply with that duty if—

(a) he refuses a request for a meeting between the union (or unions) and any or all of the workers constituting the bargaining unit to be held in the absence of the employer or any representative of his (other than one who has been invited to attend the meeting) and it is not reasonable in the circumstances for him to do so,

(b) he or a representative of his attends such a meeting without having been invited to do so,

(c) he seeks to record or otherwise be informed of the proceedings at any such meeting and it is not reasonable in the circumstances for him to do so, or

(d) he refuses to give an undertaking that he will not seek to record or otherwise be informed of the proceedings at any such meeting unless it is reasonable in the circumstances for him to do either of those things.

(4E) The fourth and fifth duties do not confer any rights on a worker; but that does not affect any other right which a worker may have."

(9) For sub-paragraph (8) substitute—

"(8) Each of the powers specified in sub-paragraph (9) shall be taken to include power to issue Codes of Practice—

(a) about reasonable access for the purposes of sub-paragraph (3), and

(b) about the fourth duty imposed by this paragraph.

(9) The powers are—

(a) the power of ACAS under section 199(1);

(b) the power of the Secretary of State under section 203(1)(a)."

(10) In paragraph 119(1) of that Schedule (remedial order in case of employer's failure to comply with duties under paragraph 118) for "three duties imposed" substitute "duties imposed on him".'.—*[Mr. Sutcliffe.]*

Brought up, and read the First time.

Mr. Sutcliffe: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following:

Government new clause 6—*Unfair practices in relation to recognition ballots.*

Government new clause 7—*Unfair practices in relation to derecognition ballots.*

Government new clause 8—*Unfair practices: power to make provision about periods before notice of ballot.*

New clause 2—*Intimidation*—

'After paragraph 51 of Schedule A1 to the 1992 Act insert—

"Intimidation

51A If during the union recognition procedure a union uses undue force or intimidating measures to get recognition then the CAC shall have the right to investigate this at the request of the employer or any worker and if such measures are found to have been used the CAC shall terminate the recognition procedure immediately.".'.

Government amendments Nos. 4 to 6.

Mr. Sutcliffe: The intimidation of workers during recognition and derecognition ballots has been repeatedly raised with the Government, both during the review of the Employment Relations Act 1999 and during the consideration of this Bill. Both unions and employers have brought to my attention cases of alleged intimidation and have called on the Government to act to prevent such behaviour.

At the last sitting of the Standing Committee, I gave notice of our intention to move these amendments on Report. This is undoubtedly a difficult aspect, and many issues had to be considered before we could table the amendments. It has inevitably taken some time to complete the process, which explains why we could not table them sooner.

Mr. Djanogly: In response to my question about this matter in Committee—I think that it was on 2 March—the Minister said that he would table a new clause shortly, so can he explain why we did not see it until late last week?

Mr. Sutcliffe: I have tried to outline the difficulties involved and I hope that when the hon. Gentleman has heard what I have to say he will accept the reasons.

The word "intimidation" covers a wide range of possible conduct, and new clauses 5, 6 and 7 deal with the main behaviours that cause offence, at the time when most intimidation is likely to occur—namely, during the period of a recognition or derecognition ballot. New clause 8 allows us to deal with behaviour at other stages of the recognition or derecognition process should that be thought necessary.

Our objective, however, is not to stifle all campaigning activity. It is important that the workers concerned should hear from both the union and the employer in order to reach an informed decision on the important issue of recognition. However, that campaigning activity should be fair, and parties should not use underhand methods to influence the voting behaviours of the relevant work force.

New clause 5 and amendment No. 4, which is consequential to it, deal with intimidatory behaviour by the employer at, or concerning, access meetings between the union and workers in the bargaining unit during the ballot period. Those are meetings held to enable the employer to satisfy the duty imposed upon him to allow the union reasonable access to workers in the bargaining unit.

When an employer is informed by the Central Arbitration Committee that a ballot is to be held, he must comply with three duties, which are set out in

paragraph 26 of schedule A1 to the 1992 Act, inserted by the 1999 Act. The first is to co-operate generally with the union and the qualified independent person appointed to conduct the ballot; the third is to give the CAC the names and home addresses of the workers in the bargaining unit, so that ballot papers can be sent to them; and the second is to give the union reasonable access to the workers in the bargaining unit, so that the union can inform the workers of the purpose of the ballot and seek their support and their views on the issues involved.

New clause 5 deals with the potential for problems to arise when such access is granted. Unions have alleged that employers have sought to interfere with access meetings: for example, I have received complaints that employers have offered higher rates of overtime to workers to stay at their posts rather than attend an access meeting, or an employer may give workers the option of going home early when such a meeting is scheduled. There have also been complaints that employers have monitored who attended and who said what at access meetings. It is not for me to assess the accuracy of those allegations, and I do not want to be drawn into specific cases.

Mr. Djanogly: Is the Minister honestly saying that if an employer allows an employee, of his own free will, to go home, that will be a breach of the legislation?

Mr. Sutcliffe: The key element is the employer's purpose—the reason the individual was allowed to go home. If the hon. Gentleman allows me to continue, he will hear our reasons, and I am sure that he will fully support our aims.

There is evidence that plainly shows that there is the potential for the sort of problem that I have described to arise. It has always been the Government's intention that access meetings should be private between the union and the workers in the bargaining unit, unless the employer or his representatives are invited to attend by the union. Likewise, at the time of the 1999 Act, we envisaged union access being free from the sorts of interference that I have just described. The statutory code of practice on access to workers during recognition and derecognition ballots, which we produced at that time, clearly sets that out; but the code merely provides guidance, which parties might take into account and which the CAC might consider when determining whether an employer has failed to allow access in accordance with the duty imposed on him. The code does not have the force of law and, in the light of experience, we feel that we need to provide explicit statutory provisions on those points.

New clause 5 inserts into paragraph 26 of the recognition schedule new provisions that make it plain that interference with union access arrangements is not permissible. The clause places on employers during the ballot period two new obligations in addition to the three existing duties. They appear in the clause as the fourth and fifth duties. The fourth duty, set out in new sub-paragraph (4ZA) of the recognition schedule, is to refrain from making offers to workers to induce them not to attend a union access meeting. We recognise, however, that there might be circumstances in which it might be reasonable for employers to make such offers; the clause therefore allows for such exceptional circumstances at new sub-paragraph (4ZA)(b). For example, if the employer wanted to send workers on a training course that was important for their career development, or if it was essential to maintain a minimum staffing of machinery during access meetings, it might well be reasonable to make offers to the workers in question to attend training or monitor the machinery. The CAC would examine all the circumstances of the case and decide whether such behaviour was reasonable. We intend to issue a new code of practice that will give more detailed guidance on these matters, which the CAC must take into account. We will, of course, consult on the code in draft.

The fifth duty is not to take action or make threats against workers for attending a union access meeting or for indicating that they plan to attend a meeting. Again, we have built in some necessary flexibility for employers by ensuring that action that was primarily taken for other reasons would not constitute a breach of the fifth duty. That would enable the employer to take action against a worker for their unacceptable behaviour—damaging the employer's property, for example—when attending a meeting.

The new clause inserts a new sub-paragraph (4ZD) into the recognition schedule to ensure some privacy for access meetings. This makes it clear that an employer is in breach of his duty to provide reasonable access if he or his representative attends a meeting without being invited. It also makes it clear that the employer is in breach if he seeks to monitor what goes on at a meeting. Again, the provisions contain some necessary flexibility to provide for cases in which such attendance or monitoring is reasonable. Let me give an example of what might constitute reasonable behaviour in these circumstances. In some workplaces, it might be impossible, or even dangerous, to switch off security cameras in the room where an access meeting is held; so, if the union was prepared to hold the meeting in such a room, it might indeed be reasonable for the event to be filmed. Subsections (6) to (10) of new clause 5 impose the same duties in respect of derecognition ballots.

The sanction for a failure to comply with either of the new duties is the same as the existing sanction for a failure to provide reasonable access. The CAC may order the employer to remedy the failure by taking whatever steps it considers appropriate. If the employer does not comply with that order, the CAC may award the union automatic recognition.

Amendment No. 4 makes a consequential change to clause 5. Access allows the workers to get both sides of the picture, so that they can make a well informed decision when they come to cast their vote. Any attempt to undermine that access is unjustifiable. The majority of employers who go through the recognition procedure already observe the duties. The amendments will make it clear beyond doubt to the minority that certain behaviour is unreasonable in those circumstances.

New clauses 6 and 7 and amendments Nos. 5 and 6 are closely linked and deal with standards of conduct during recognition and derecognition ballots. I have received complaints and evidence from both unions and employers about conduct that they believe is intended to frighten and intimidate workers into voting a particular way in the ballot. For example, I have received allegations of employers dismissing a union activist to

[Mr. Sutcliffe]

undermine the union's campaign and to intimidate other workers; of union representatives making threatening visits to workers at their homes; of employers threatening reprisals such as the withdrawal of certain benefits if workers vote for recognition; and of both employers and unions making statements that grossly misrepresent, denigrate or even libel the other party. According to research for the TUC, US-style union-busting tactics are rare in this country; none the less, I am sure that intimidation can and does occur. I am concerned to make sure that it does not increase and to send a message that such behaviour is reprehensible and will not be tolerated.

Our policy is based on a number of general principles. First, and importantly, the provisions are double-edged—they apply to both the employer and the union. As I have said, I have received representations from all sides of the debate. I note that the hon. Member for North-West Norfolk also believes that this is an important issue. I believe that it is only right and fair that the same standards of behaviour apply to both parties. Secondly, in identifying these practices, we have in part drawn upon rules of conduct for public general and local elections set out in the Representation of the People Act 1983. The unfair practices set out in new clause 6 are a reflection of conduct that is prohibited under that Act. I think the House will agree that the standards that apply in the elections that return us as Members of Parliament are an excellent starting point when setting standards of behaviour for democratic ballots in other settings.

New clause 6 deals with recognition ballots. It introduces a duty on both employers and unions to refrain from engaging in unfair practices during the ballot period. A party will have committed an unfair practice if, with the purpose of influencing the ballot, it does any of the things listed in new paragraph 27A(2)(a) to (f). These are: offering inducements or bribes to workers to vote in a particular way or to abstain from voting; coercing or attempting to coerce workers to reveal how they intend to vote or how they actually voted after the event; dismissing or threatening to dismiss a worker; taking or threatening to take disciplinary action against a worker; subjecting or threatening to subject a worker to a detriment; or using and attempting to use undue influence.

Let me make it clear that the Government support the right of all the parties—employers, unions and workers alike—to campaign for their preferred result in a recognition or derecognition ballot. We are not seeking to limit the right to engage in legitimate campaigning activity. The unfair practices that I have listed do not preclude people from legitimately trying to influence the result of the ballot, but they are designed to prevent people using conduct such as threats or deceit, rather than persuading people by the strength of their arguments. Nor are the Government suggesting that employers should not be able to dismiss or otherwise discipline workers during the ballot period if they are guilty of misconduct or poor performance. A dismissal or other disciplinary action will be an unfair practice only where it is done with a view to influencing the result of the ballot. Furthermore, for the CAC to find that a complaint is well founded, it must be satisfied that the practice in question changed—

Mr. Djanogly: Is the Minister saying that even if there is gross intimidation, violence or other totally unacceptable behaviour, the ballot will not be affected—that it will all be forgotten? What will happen in such circumstances?

Mr. Sutcliffe: No, I am not saying that. I have made it clear that we expect people to behave reasonably. If someone acts inappropriately or there is gross misconduct during the ballot period, the employer will be able to use his normal procedures to deal with the matter.

We are saying that it works both ways. If the employer is doing things that are not proper in terms of the ballot, the union has the right to complain to the CAC.

Jon Cruddas (Dagenham) (Lab): I welcome the clauses but I raise one point under paragraph 27B(6). Does my hon. Friend think that the provision could create an incentive for the employer to take action against the union, even where it had done nothing wrong, merely to protract the process?

7 pm

Mr. Sutcliffe: That is why we have placed great faith in the role of the CAC in determining motivation and the purpose for the actions of either the employer or the trade union. On that basis, the CAC will come to a decision. It is interesting that we have taken powers to go further in the period before the ballot if we feel that there is overwhelming evidence so to act.

The CAC must be satisfied that the practice in question changed, or was likely to change, the voting intentions or actual voting behaviour of a worker. This is intended to discourage frivolous claims. We do not want either employers or unions to be punished for very minor transgressions that are unlikely to have affected anyone's vote. The Government will issue a code of practice that will give detailed guidance to the parties on what is acceptable conduct and what is not.

Hon. Members will note that new clause 6 does not contain remedies for cases where a complaint of unfair practices is upheld by the CAC. Paragraph 27C contains instead a power for the Secretary of State to provide for sanctions and remedies by order. The Government's intention was to set out those sanctions in full in these new clauses and amendments. However, this is a complicated area. The sanctions will, among other things, allow the CAC to re-run a ballot where appropriate, and we want to consider further a number of complexities associated with that. It is my intention that, following more detailed consultation with stakeholders, the Government will propose amendments in the other place to put these sanctions in the Bill.

Jon Cruddas: Is my hon. Friend able to say now whether the sanctions or remedies could include automatic recognition, which he mentioned earlier, in respect of activities before the 20-day ballot period?

Mr. Sutcliffe: That is one of the things that will be considered during consultation. I am told by Opposition Members that they want to see consultation take place. *[Interruption.]* However, I am hearing noises that perhaps they do not want it to take place.

New clause 7 introduces identical provisions making it an offence to use unfair practices in ballots on derecognition. Amendments Nos. 5 and 6 make consequential amendments to clause 11. They insert cross-references to the powers to make sanctions in new clauses 6 and 7.

In addition, the Government have tabled new clause 8. It provides an order-making power for the Secretary of State to extend these rules of conduct to the earlier stages of the statutory recognition process.

Alleged intimidation has occurred, in the main during the ballot period. This is understandable. That period is the critical point where workers decide whether they want union recognition. We recognise that parties, perhaps as a result of the protections that we are introducing for the ballot period, may be tempted to bring forward any intimidatory conduct to an earlier stage. That is why we want to be armed with the tools to respond quickly. Let there be no doubt that if evidence emerges of this happening on any scale, we will not hesitate to introduce further measures to ensure that workers can exercise their choice freely and without fear. Of course, if and when we exercise this power, we can draw on the experiences gained from the operation of these provisions during the balloting period.

New clause 2 was tabled by Conservative Members but it has been grouped with the Government's new clauses and amendments. I am pleased that Opposition Members also recognise the importance of tackling intimidation during recognition applications. Of course, as always, their interest is one-sided. The new clause does not deal with the more prevalent form of intimidation by employers against workers and union members. As I have said, the Government believe that intimidation by any party is unacceptable. I hope that the hon. Member for North-West Norfolk agrees. I urge him not to press the clause.

I have spoken for a long time and I am grateful to the House for its patience. However, these are detailed new clauses and amendments and I wished to explain them to the satisfaction of the House. The Government's new clauses are major amendments. I believe that they strengthen the Bill and safeguard the integrity of the statutory procedure. The issues that they address are of concern to everyone involved and I believe that the solutions that they present are balanced and reasonable. I am pleased to commend them to the House.

Mr. Bellingham: I am grateful to the Minister for explaining the new clauses and amendments in some detail. The hon. Gentleman rightly points out that they are extremely complicated. It is a great pity that we did not have them at an earlier stage, a view that is shared by many outside this place. Even at this stage, as the Minister said, they are not complete, as he has not finished his detailed work on some of them.

As for new clause 5, as the Minister explained, there are at present three duties on the employer once the CAC has decided that there should be a ballot. The first is to co-operate with the ballot, the second is to provide access to the workers and the third is to supply names and addresses. There are two further duties. The first is to refrain from making any offer, and the second is to refrain from taking, or threatening to take, any action against a worker because he attended the meeting.

The clause then sets out various other matters regarding the conduct of employers in respect of meetings to discuss recognition and derecognition. Most of that is pretty reasonable but I shall raise a couple of points. Sub-paragraph (4ZB) refers to the threat of action on the ground that the employee "attended . . . any relevant meeting". Let us take a situation in a small or medium-sized company where a trade union activist may want to attend a number of meetings. In addition, there may be two or three other activists in the company who also want to attend meetings. There might be three, four or five meetings. What would happen if the company said to perhaps two of those people who were attending the meetings that that was affecting their performance at work and that only one should attend? As the law stands, the employer would not be allowed to do that, even though he took the view, in good faith, that consistent attendance at the meetings by a number of employees was affecting their performance at work? Perhaps the Minister will comment on that.

Sub-paragraph (4ZD) applies to the situation where an employer

"seeks to record or otherwise be informed of the proceedings".

What happens in a small or medium-sized company? It may be a family-owned business, where relations between management and employees are excellent. What happens if a managing director asks, en passant, "How did the meeting go last night?" Technically, he would be in breach of the new clause. What is the Minister's view on that? We are trying to stress the trust that is so often built up in small companies between management and employees. Often, in close-knit family businesses, there are no stand-offs. There is no suspicion. Unfortunately, in our judgment, the clause could make things worse. Perhaps the Minister will comment on those two points.

New clauses 6 and 7 relate to unfair practices during ballots. The Minister said that paragraph 27A(1) and (2) is based on the Representation of the People Act 1983. I am slightly concerned about sub-paragraphs (a) to (f), where "undue influence" is mentioned. What exactly is undue influence? It is difficult to define. There is huge potential for litigation. Someone making an allegation to the CAC does not do so on oath; they merely make an assertion. We are concerned that the term "undue influence" may lead to a great deal of confusion and trouble.

Apart from those comments, the two clauses may appear reasonable, but, as the Minister said, we are being asked to agree to clauses in which there is no mention of any penalties. The Minister says that he will return at a later stage to tell us what the penalties will be.

[Mr. Bellingham]

It seems extraordinary that the Minister has brought the clauses forward—we are being asked to pass them—without there being any indication of what the penalties will be. For example, if the employer is at fault, presumably the penalty will be the CAC ordering immediate recognition. What happens if the employee is at fault? Will he have immediately to withdraw the application? If there has been a serious breach and there is a serious example of intimidation, would employees not be allowed to apply again for a certain period? None of that is answered.

Paragraph 27C(1) is drawn extremely widely. It is the part of the clause that will enable the Secretary of State to come up with penalties in due course. Will that be even handed? We just do not know. It is a little shabby of the Minister to ask us to accept two important new clauses when the detail is not to hand. Why cannot the Government get it right? They have had long enough.

Malcolm Bruce (Gordon) (LD): Does the hon. Gentleman agree that if the matter is to be resolved by means of a statutory instrument, it would be useful if the Minister gave us an undertaking to provide a draft statutory instrument so that we could debate it and possibly amend it, rather than being faced with an unamendable instrument?

Mr. Bellingham: The hon. Gentleman is right. This part of the clause is very widely drawn and there is no indication of the Government's intentions. It would be extremely helpful if they gave a commitment along those lines.

On new clause 8, the Minister spoke about research into intimidation. He mentioned that there was no large-scale intimidation, such as that which occurs in America. He believed there was research indicating that some firms used intimidatory practices. If he cannot tell the House what that evidence is, will he put a brief in the Library or write to my hon. Friend the Member for Eddisbury (Mr. O'Brien) to tell him what the evidence is?

We are discussing complicated new clauses. The Engineering Employers Federation, the CBI and many other organisations that have not been properly consulted are not yet convinced. They do not say that the new clauses are bad. They merely ask whether the provisions are a sledgehammer to crack a problem that is not nearly as serious as the Minister maintains. If the Minister wants to persuade us, will he put some research material in the Library, or at least write to me?

Jim Sheridan (West Renfrewshire) (Lab): If the hon. Gentleman is looking for evidence of employer intimidation, I can give him tangible evidence of employers telling employees that if they wish to join the union whose representatives are standing outside handing out the leaflets, they should let the employers know and those employers will help the employees on with their jackets. Is that not intimidation?

Mr. Bellingham: I think the hon. Gentleman is talking about the Wilson and Palmer situation. We are discussing intimidating employees not about joining a union, but about voting in ballots. The Minister said that there was not widespread evidence, but he believed that malpractice was going on. He needs to sustain and justify his case.

Mr. Sutcliffe: I have just remembered the meeting that the hon. Gentleman had with the TUC. He was good enough to tell me that they had had an excellent debate. I am sure they told him about "Bargain or Bust? Employer responses to union organising", a discussion pamphlet published by the TUC in October 2003. That contains examples of the cases that have been outlined. No doubt the Library will get the hon. Gentleman a copy.

Mr. Bellingham: I am grateful to the Minister for pointing that out. My hon. Friend the Member for Eddisbury and I will look carefully at that document. For the record, we had a positive and constructive discussion with the TUC, with Brendan Barber and some of his colleagues. There are many issues on which we fully agreed. We intend to work together. They have asked our views because they want to work with us on a positive basis, although we told them that there are obviously some issues on which we probably will not agree.

Finally, the Minister was rather scathing about new clause 2 and said that we cared only about the employer. In fact, we are trying to be even-handed. The penalty in our new clause is mild. It states that if there is intimidation by trade unions against employees or by employees against other employees,

"the CAC shall terminate the recognition procedure immediately".

We could easily have proposed a much tougher penalty. It is a mild new clause with limited scope, and it is intended to be even-handed.

Mr. Bill Tynan (Hamilton, South) (Lab): Will the hon. Gentleman give way?

Mr. Bellingham: No. I shall draw my remarks to a close, as there is much debating to do over the next couple of hours. We are not happy with Government new clauses 6 and 7, and we shall press new clause 2 to a Division, if need be.

7.15 pm

Mr. Frank Doran (Aberdeen, Central) (Lab): I welcome the new clauses. They deal with an important gap that the operation of the 1999 Act has thrown up in practice—serious intimidation, of which there is clear evidence in the case of a few employers.

The principal case with which most of us are familiar concerns Sky Television at Livingston where employees were intimidated to the extent that they were threatened by the employer with relocation of the factory, wage reductions and a series of unscrupulous measures. On initial CAC examination, a majority of the work force was in favour of union recognition, but that became a thumping defeat for the union when the ballot went ahead. That is unacceptable, given that the relevant

provisions of the 1999 Act were intended to operate as a disputes resolution procedure, to keep such cases clean and fair and to give everyone the opportunity of a say.

I share the concerns expressed to the Minister by the TUC about how the Government have chosen to apply the intimidation processes. They have treated the trade union side and the employee side in exactly the same way as the employer side. The TUC presented a dossier to the Government, to which the Minister referred, as did the spokesman for the Opposition, the hon. Member for North-West Norfolk (Mr. Bellingham). The dossier details various abuses found by the trade union side. I know that the employers have made allegations against the union, but, as far as I am aware, no specific evidence has been presented against the union side or the employee side in any particular case, simply vague allegations. Yet the same regulations are to be applied on both sides.

The union side is happy to accept that there should be a law against intimidation on both sides. The issue is how that should be applied. What the Government propose sounds fair and equitable, but it ignores the underpinning imbalance in the workplace between the employer, who owns the premises and employs the work force, and the union, which has only limited access to the work force in the case of a recognition ballot. One need only consider the Sky Television case in Livingston to see how that operates in practice. The employer was able to make threats and get information circulating round the work force that completely transformed the view of the work force.

The employer can say that union recognition will mean lower wages, and he has the power to put that into practice. The union cannot do that. A union can only speculate that union recognition will increase wages. To introduce a clause that hits both sides equally on every point will have unintended, unfair consequences. It will always be the union that suffers from any delay in the balloting process.

David Hamilton (Midlothian) (Lab): Surely it can be recognised that a worker approaching a fellow worker has no power other than the power of persuasion, whereas a manager has the power to promote or demote an individual worker? That is an important distinction.

Mr. Doran: That is exactly my point. All the power is with the employer, not with the union. If an employer says such things to an employee, the employee knows that the employer has the power to carry it out, which the union does not.

There is no question but that intimidation by unions is unacceptable, but different wording is needed to capture it if it happens. I urge my hon. Friend the Minister to reconsider the matter and see whether a different form of words can be found to deal with that different problem when the Bill is debated in another place.

Malcolm Bruce: We have had a useful debate and a number of important points have been raised. It is interesting that there is some slight tension between the Minister and his hon. Friends. The Minister says the Government must be even-handed and make the provision apply to any party, but, not surprisingly, Members, particularly those with a strong union connection, are trying to shift the balance more favourably towards the unions, and they quote some fair examples where that would be justified.

Right from the start of the Bill, we have all acknowledged that the climate of industrial relations in this country has been transformed in the past 10 or 15 years, partly because of legislation that has democratised the trade union movement. Given the consultation that has taken place to bring the Bill to the House, and if the evidence was available, it is surprising and a little unfortunate that such detailed new clauses have had to be introduced so late in the process. I am not saying that that is not justified, but it puts those of us who are trying genuinely to scrutinise legislation in a slightly invidious position.

The hon. Member for North-West Norfolk (Mr. Bellingham) referred to the example of a company in which there is no animosity and in which the natural tendency of a manager who knows that a recognition debate is going on is to say "How's it going?" The wording gives the impression that that could become an offence. The legislation has just arrived, and we have not had time to test out how it could apply and whether it could lead to slightly silly litigation that gets in the way of good employment relations.

David Hamilton: The hon. Gentleman is drawing an important distinction. As a former trade union official who became chief executive of a small company, I remind him that the determining factor rests with the chief executive or the employer. I knew, when I spoke to an employee as an employer, as opposed to a trade union official, that I could intimidate them off the cuff. However, let me make this distinction: if the relationship between the employer and employee is good, there will never be a situation in which the employee takes the employer to task.

Malcolm Bruce: I agree entirely, but we are entitled as legislators to look at what the Bill says and how it might be applied. It has already gone through my mind that I doubt that anybody will want to go to law in a good business with a constructive atmosphere, although it may take only one malicious individual to cause damage. All that I am concerned about is ensuring that the measure is not sloppily drafted and that it means what it says and does not create unnecessary problems. I think that that is a perfectly fair role for us to play in the House.

I wish to repeat what I said in intervening on the hon. Member for North-West Norfolk about the orders, which the Minister said he would return to. The Minister made two points. The first was that further details would be brought before another place. I am afraid that that is a weary old comment. Even though we consult, we pass too many laws rather hurriedly at the end of the process, which is simply not a good way of making law. That is all that I am saying. Such a way of proceeding does not necessarily produce bad law, but it certainly does not help to produce good law; indeed, it is more likely to produce bad law, because proper consideration is not given.

[Malcolm Bruce]

The more particular point relates to new paragraphs 27C(2) and 119C(2) to schedule A1 to the Trade Union and Labour Relations (Consolidation) Act 1992, which both state:

"An order under this paragraph may . . .

(a) amend this Schedule;

(b) apply any provision of this Schedule with such modifications . . .

(c) confer functions on the CAC;

(d) make provisions about the arrangement and conduct of further ballots;

(e) include supplementary or incidental provisions;

(f) make different provision for different cases or circumstances."

A pretty substantial statutory instrument is being envisaged. As the Government have introduced the provision at such a late stage, it is reasonable to seek assurances. I welcome the Government's practice of publishing draft statutory instruments that can be scrutinised and debated by Select Committees and hon. Members, so that when the final secondary legislation comes before the House it will have been subjected to a form of preliminary scrutiny. We all agree that the weakness of the statutory instrument as it is proposed—of course, this is the case from the point of view of the House, not the Government—is that it is not amendable and that we can only vote yes or no. Given that the provision is being introduced late in the process and that it is fairly extensive, it is reasonable for us to ask the Government to give it further consideration.

I understand the Minister's response to new clause 2, but, having considered it, I find it hard to take issue with what is proposed. In dealing with intimidation, it points to the "employer . . . or worker", so it contains reference to that point. One of the essential things that we are trying to do—this is a classic position for those on the Liberal Democrat Benches—is to get the balance right, as the Minister himself also said was necessary. If I may say so, that is something on which my party has a contribution to make.

Jim Sheridan: Does the hon. Gentleman share the views of the Conservative Front-Bench spokesman, who said that it was perfectly acceptable to tell an employee that attending a trade union meeting could affect their performance? Many of us on the Labour Benches have heard those chilling words before and then suffered the consequences.

Malcolm Bruce: I do not think that the hon. Member for North-West Norfolk made that remark, although he has not contradicted the hon. Gentleman. I do not accept such views, but I accept the comment that an employer is, by definition, in a different situation. Let us be clear. Historically, there have also been situations in which trade unionists and trade union activists have used intimidating processes and put pressure on people in other ways. The reality is that the faults have arisen on both sides, but the situation has improved enormously.

When we finish our proceedings on the Bill—we support it and are not changing our position—we should not introduce legislation that upsets that balance, especially so late in the process. I am saying not that the measures before us upset the balance, but that they raise in my mind some legitimate and proper concerns that we should address.

Mr. Tynan: My hon. Friend the Minister is to be congratulated on introducing the Government new clauses, which I think are a response to the discussion that took place in Committee. When we discussed intimidation in Committee, hon. Members in all parts of the House recognised that it was unacceptable. As the hon. Member for Gordon (Malcolm Bruce) said, the balance has to be got right. At present, the employers have all the cards and all the opportunities to intimidate people if they so wish. Only a small minority of employers need to be dealt with on that basis.

I would like to make a point about definitions and to add to the request made for an explanation of the phrase "undue influence". I, too, would like the Minister to explain that term, but I would also like the Opposition spokesman to explain something. I tried to intervene on him in respect of new clause 2, which refers to circumstances in which

"a union uses undue force or intimidating measures".

I would be interested to hear what "undue force" and "intimidating measures" are. I have found that when a union tries to win a ballot, it will do everything it possibly can to convince people. That is usually done in a sensible way and on the basis of argument. If there was intimidation by a trade union, hon. Members in all parts of the House would say that it was unacceptable.

I think that the balance must be got right, as has been said. In that respect, we must examine Government new clause 6 carefully, as there is a concern that it goes too far the other way and will create a situation in which the union will be unduly punished without having been involved in intimidation. I ask the Minister to look at that point.

Mr. Djanogly: Having heard the debate thus far, my opinion is that a lot more work needs to be done on the new clauses in terms of their form and purpose. That view comes from having heard contributions from all parts of the House. I hope that the Minister will take that point away when the Bill heads to the Lords and think about it further.

I wish to speak in support of new clause 2. There is more sense in the four lines of that new clause than in the four pages taken up by the Government's equivalents—new clauses 6 and 7.

Mr. Tynan: If the hon. Gentleman believes that there is more sense in the four lines of new clause 2 than in the other provisions, will he explain the meaning of

"undue force or intimidating measures"?

Mr. Djanogly: The Minister himself gave the straightforward example of intimidatory visits to people's homes. That is a good example, and I accept it.

The point about new clause 2 is that it does not deal with all aspects of work. It is very specific about the recognition procedure, and it applies only during the period when it is under way. Rather than dealing with a range of areas and issues, it is again specific about undue force and intimidation. As my hon. Friend the Member

for North-West Norfolk (Mr. Bellingham) said, it is fair and concentrates on not only the company, but the workers, and is therefore balanced across the workplace.

7.30 pm

Importantly, the remedy introduced by new clause 2 is simple and does not relate to criminal or civil damages. I can see the complications for the Minister, but I still say that it is unacceptable not to introduce remedies. If new clause 2 bites, it is a declaration that the recognition procedure has ended, which is a simple, straightforward way to deal with the issue.

In Committee and during today's debate, certain hon. Members have implied that unions never use violent or intimidatory behaviour, but the behaviour of certain unions over past years has shown that, if anything, militancy is again starting to increase dramatically. There were, for example, suggestions that retained firefighters were intimidated during the miners' strike. */Interruption./* I mean the fire strike. Wildcat, unofficial strikes have occurred at, for example, British Airways and the Post Office. The climate of industrial relations has changed over the past year, but few people would say that it has changed for the better. A new generation of union leaders has come to the fore, and they are, perhaps, less conducive to the Government's way of thinking than their predecessors.

John McDonnell: British Airways headquarters is in my constituency, as is Heathrow. The unofficial action at Heathrow was voluntary action in which employees left their workplaces without any union policy or directive. Can the hon. Gentleman provide me with any evidence of intimidation, because none has been reported?

Mr. Djanogly: The hon. Gentleman did not hear where I was coming from. The climate has changed dramatically, and I gave the Heathrow case as an example. It is bizarre that, despite 65 pieces of employment and union legislation, the unions are not grateful, but the more they get, the more they seem to retreat into militancy, which must create a conundrum for the Government.

Jim Sheridan: On the Minister's example of union intimidation, I should be interested to hear what steps, if any, the trade unions took to sort out that business. Will the hon. Gentleman accept that the question of intimidation is enshrined in most, if not all, trade union rulebooks? There is ample evidence of members or potential members of trade unions being disciplined for taking any intimidatory action whatsoever.

Mr. Djanogly: I have given a couple of examples, and I have some more, but they can wait—the GMB comes to mind.

I want to address the Government new clauses, and in particular new clauses 6 and 7, which are extremely complicated. My particular concern is that new clauses 6 and 7 cover not only intimidation, but the effect of intimidation. If there has been intimidation but it does not affect the ballot, it will be ignored by the new clauses, which is conceptually wrong. Indeed, there should be disincentives to intimidation, and I cannot see how disincentives can be introduced unless intimidation has negative consequences.

The second main point, which has been addressed previously, is that the Bill does not contain any remedies for intimidation, and I do not see how we can examine the effect of one without the other. Will the Minister at least clarify what the Government are thinking? Is the object to invalidate the ballot, not to allow the person or union that is doing the intimidation the chance to have a re-ballot or to punish the person who is doing the intimidation? Will the Government go down civil or criminal lines of remedy?

It is particularly unfortunate that new clauses 5 and 8 were tabled towards the end of last week, because they contain totally new concepts. The Government have at least said that they accept in principle the idea of an intimidation clause, but new clauses 5 and 8 have come out of the blue. The Minister should tell us why those new clauses have been introduced, because I can see no reason for them.

Mr. Sutcliffe: The debate has been interesting, and it clearly sets out the differences between the parties' attitudes towards employment relations and industrial relations. Intimidation, whether it is from unions or employers, will not be tolerated and we do not want to see it. As on Second Reading, my hon. Friends have exposed cases of intimidation, but Opposition Members have failed to come up with details of unions behaving badly.

The example that I gave of a union visiting workers' homes was raised with the Government by the CBI, which provided anecdotal evidence. It said that it could back up that claim, and we wait to see whether it can. The unions have given evidence to me and to the publication in the Library, which is available if hon. Members want to pick it up.

Mr. Tynan: Will my hon. Friend indicate the volume of evidence from the trade union against the volume of evidence from the CBI? I would be particularly interested to know what action was taken on intimidation in someone's home, which, as far as I am concerned, is a criminal offence, and I would have thought that criminal charges would have been brought.

Mr. Sutcliffe: I am grateful to my hon. Friend, whose background makes him well versed in such matters. I do not want to be drawn down the line of who did what, because intimidation from either side is unacceptable.

On giving notice of the new clauses, my hon. Friend the Member for Hamilton, South (Mr. Tynan) and other hon. Members were in Committee when I said that the Government would introduce new clauses on intimidation and that the matter would be complex. As the hon. Member for Gordon (Malcolm Bruce) says, we are trying to achieve a new attitude towards employment relations in the UK, and I think that he accepts that the Bill goes a long way to doing that. We are trying to move away from the existing adversarial culture to a culture in which people work together and understand the requirements of business. The trade unions play an increasingly large part in that process, which is evidenced by the number of FTSE 100 companies that are union organised, so the unions are generally a force for good.

[Mr. Sutcliffe]

On union recognition procedure, we would initially like to see more voluntary agreements. So far, there have been more than 1,000 voluntary agreements, and it is a step in the right direction when employers and employees come together and go down the voluntary route. The statutory procedure covers situations in which that cannot happen, and is included as a minimum standard. It is reasonable to expect and accept that the Government's role should be to facilitate the smooth running of the statutory procedure, which is why I have said throughout that we must examine intimidation.

In response to my opening remarks, the hon. Member for North-West Norfolk (Mr. Bellingham) said that the Government new clauses are pretty reasonable, but then he told us why they are unreasonable, and he did not make the case.

Mr. Stephen O'Brien (Eddisbury) (Con): Scrutiny.

Mr. Sutcliffe: It seems to me that the spirit of scrutiny in Committee is different from the spirit of scrutiny on the Floor of the House—perhaps that is because of this environment.

Mr. Djanogly: My hon. Friend the Member for Eddisbury (Mr. O'Brien) was not on the Committee.

Mr. Sutcliffe: The hon. Gentleman says that his hon. Friend was not there. I would expect the Front Bench spokesperson to read about how the Committee developed and learn from interventions on both sides of the House about where we are going with employment relations and the new attitude that we are trying to achieve. As I said in response to the hon. Member for Gordon, the key purpose is to stop intimidation, whether on the union side or the employer side.

The hon. Member for North-West Norfolk asked whether an employer can be penalised if he takes action against a worker for attending a meeting organised by the union at a time when he should be working. When the union and the employer make an access agreement, they will set out how many meetings should take place, when and where they should take place, how long they will last and which workers are entitled to attend which meetings. The new clause makes it clear that an employer can be penalised only if he takes action against a worker for attending a meeting that that worker was entitled to attend. The CAC would have a role in stopping frivolous cases and would consider the circumstances and the reasonableness of the situation, but initially the union and the employer would set out what meetings should take place.

I was asked why an employer should not be allowed to attend a meeting with his staff held on his premises during working hours, because surely he has such a right. In many cases, unions are happy for employers to attend access meetings. Indeed, the code of practice on access makes it clear that, where possible, joint meetings can be beneficial. However, we must accept that in some cases workers will not want their employer to know that they support a union's campaign. They might not even want their employer to know that they are going along to a meeting to find out about recognition. They may fear that their employer will brand them as disloyal if they do so, and may be afraid to ask the questions that they really want answered if the employer is there. Unfortunately, the evidence is that on occasion anti-union employers victimise union members and supporters. That is why it is important that meetings between the union and the workers in the bargaining unit should be private.

David Hamilton: Within that, there is a recognition that not employers, but management, attend union meetings along with workers because they are part of the structure. It is up to the local branch of the union to determine what is right. There are many thousands of cases where senior management attend meetings with the workers because they are part of that union.

Mr. Sutcliffe: I agree entirely with my hon. Friend. In fact, I would advocate that, because that is where the case can be put freely as to the union's campaigning activities and the employer's view of those activities. It is likely that that relationship exists in most go-ahead companies that look to the future. Another crucial part of the Bill is the information and consultation directive, which opens up the opportunities for dialogue to take place and moves away from the adversarial situation.

The hon. Member for Gordon suggested that surely it is okay for the employer to ask how a meeting went. Clearly it is, if his question is reasonable. If he says, "Did the meeting go well?", that is acceptable and there is no problem, but he may go further to ask for the names of the workers who were there and details of how the meeting went. The CAC would question the motivation behind that.

I was asked to explain the definition of "undue influence." Undue influence is a concept borrowed from the Representation of the People Act 1983. It includes: the use of, or threat to use, force, violence or restraint; the infliction of, or threat to inflict, injury, damage, harm or loss; and the impediment of the free exercise of the vote by fraudulent device or contrivance. The term is designed to pick up a range of behaviours from violence and threats of violence to libellous statements. Whether a particular action constitutes undue influence will depend a great deal on the circumstances and manner in which it was taken and whether it was demonstrably intended to influence the ballot. The Government intend to bring forward a code of practice following consultation with interested parties to provide clear guidance to all the parties involved.

We have been very conscious of the need to ensure that the jurisdictions of the CAC and the employment tribunal should remain separate. That is why we took care to ensure that the question that each court will have to consider is different. If a worker suffers detriment or dismissal for supporting or opposing recognition, he or she may seek individual redress at the employment tribunal. The union may seek collective redress from the CAC if that dismissal or detriment changed or was likely to change voting behaviours.

7.45 pm

We intend to consult in detail on sanctions. Consultation is the whole basis of this and previous Bills. We have a good reputation with employers and trade unions in terms of taking that approach. I accept that there is a fear that we have not gone through the full process, but we have tried to do so on all these matters. We propose adopting a structure that is very similar to that already in place for breaches of a union's access duties. Where the CAC finds that a complaint is well-founded, it will be able to issue an order against the guilty party that they should desist from the unfair practice in question and take steps to remedy the harm done. For example, they may be ordered to repudiate an earlier statement or to restore to a worker any loss incurred through a detriment. Once the CAC has issued a remedial order, if that party subsequently breaches the remedial order or commits another unfair practice, the CAC can issue a second sanction. If the employer is at fault, that second sanction, as for access, will be that the union is automatically recognised. If the union is at fault, the sanction will be that the union's application fails—that is the same sort of sanction that applies for other detriment. I believe that we are acting in a proper and responsible manner in relation to those few times when intimidation takes place.

My hon. Friend the Member for Aberdeen, Central (Mr. Doran) asked us to go further—of course, we keep such matters under review—but generally welcomed our proposals. My hon. Friend the Member for Hamilton, South asked for the evidence on either side, and I hope that I explained what is being achieved.

The performance of the hon. Member for Huntingdon (Mr. Djanogly) is ever consistent in that in most cases, unfortunately, he sees only one side of the argument. New clause 2 is not balanced—it applies only to the employer side, and even it is weak in terms of the definition of available sanctions.

Hon. Members will be aware that the Joint Committee scrutinises statutory instruments. I will try to give as much notice as possible in that respect, as I have throughout the passage of the Bill. I hope that hon. Members accept my assurances that when they are available they will have the opportunity to look at them.

This has been a good debate. Intimidation is wrong in whatever form it appears. The new clauses represent a balanced set of measures that meet the requirement of telling employers or unions who want to use underhand tactics that that is inappropriate. I commend the new clauses to the House.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 6

UNFAIR PRACTICES IN RELATION TO RECOGNITION BALLOTS

'After paragraph 27 of Schedule A1 to the 1992 Act insert—

"27A (1) Each of the parties informed by the CAC under paragraph 25(9) must refrain from using any unfair practice.

(2) A party uses an unfair practice if, with a view to influencing the result of the ballot, the party—

(a) offers anything to a worker entitled to vote in the ballot in return for the worker's agreement to vote in a particular way or to abstain from voting,

(b) coerces or attempts to coerce a worker entitled to vote in the ballot to disclose—

(i) whether he intends to vote or to abstain from voting in the ballot, or

(ii) how he intends to vote, or how he has voted, in the ballot,

(c) dismisses or threatens to dismiss a worker,

(d) takes or threatens to take disciplinary action against a worker,

(e) subjects or threatens to subject a worker to any other detriment, or

(f) uses or attempts to use undue influence on a worker entitled to vote in the ballot.

(3) The duty imposed by this paragraph does not confer any rights on a worker; but that does not affect any other right which a worker may have.

(4) Each of the following powers shall be taken to include power to issue Codes of Practice about unfair practices for the purposes of this paragraph—

(a) the power of ACAS under section 199(1);

(b) the power of the Secretary of State under section 203(1)(a).

27B (1) A party may complain to the CAC that another party has failed to comply with paragraph 27A.

(2) A complaint under sub-paragraph (1) must be made on or before the first working day after—

(a) the date of the ballot, or

(b) if the ballot is held on more than one day, the last date on which votes can be cast in the ballot.

(3) Within the decision period the CAC must decide whether the complaint is well-founded.

(4) A complaint is well-founded if—

(a) the CAC finds that the party complained against used an unfair practice, and

(b) the CAC is satisfied that the use of that practice changed or was likely to change, in the case of a worker entitled to vote in the ballot—

(i) his intention to vote or to abstain from voting,

(ii) his intention to vote in a particular way, or

(iii) how he voted.

(5) The decision period is—

(a) the period of 10 working days starting with the day after that on which the complaint under sub-paragraph (1) was received by the CAC, or

(b) such longer period (so starting) as the CAC may specify to the parties by a notice containing reasons for the extension.

(6) If, at the beginning of the decision period, the ballot has not begun, the CAC may by notice to the parties and the qualified independent person postpone the date on which it is to begin until a date which falls after the end of the decision period.

27C (1) The Secretary of State may by order make provision about the consequences of a decision that a complaint under paragraph 27B is well-founded.

(2) An order under this paragraph may, in particular—

(a) amend this Schedule;

(b) apply any provision of this Schedule with such modifications as may be specified in the order;

(c) confer functions on the CAC;

(d) make provision about the arrangement and conduct of further ballots;

(e) include supplementary or incidental provisions;

(f) make different provision for different cases or circumstances.

[Mr. Sutcliffe]

(3) An order under this paragraph shall be made by statutory instrument.

(4) No such order shall be made unless a draft of it has been laid before Parliament and approved by a resolution of each House of Parliament.".'.—*[Mr. Sutcliffe.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 7

Unfair Practices in Relation to Derecognition Ballots

'After paragraph 119 of Schedule A1 to the 1992 Act insert—

"119A<th>(1) Each of the parties informed by the CAC under paragraph 117(11) must refrain from using any unfair practice.

(2) A party uses an unfair practice if, with a view to influencing the result of the ballot, the party—

(a) offers anything to a worker entitled to vote in the ballot in return for the worker's agreement to vote in a particular way or to abstain from voting,

(b) coerces or attempts to coerce a worker entitled to vote in the ballot to disclose—

(i) whether he intends to vote or to abstain from voting in the ballot, or

(ii) how he intends to vote, or how he has voted, in the ballot,

(c) dismisses or threatens to dismiss a worker,

(d) takes or threatens to take disciplinary action against a worker,

(e) subjects or threatens to subject a worker to any other detriment, or

(f) uses or attempts to use undue influence on a worker entitled to vote in the ballot.

(3) The duty imposed by this paragraph does not confer any rights on a worker; but that does not affect any other right which a worker may have.

(4) Each of the following powers shall be taken to include power to issue Codes of Practice about unfair practices for the purposes of this paragraph—

(a) the power of ACAS under section 199(1);

(b) the power of the Secretary of State under section 203(1)(a).

119B (1) A party may complain to the CAC that another party has failed to comply with paragraph 119A.

(2) A complaint under sub-paragraph (1) must be made on or before the first working day after—

(a) the date of the ballot, or

(b) if the ballot is held on more than one day, the last date on which votes can be cast in the ballot.

(3) Within the decision period the CAC must decide whether the complaint is well-founded.

(4) A complaint is well-founded if—

(a) the CAC finds that the party complained against used an unfair practice, and

(b) the CAC is satisfied that the use of that practice changed or was likely to change, in the case of a worker entitled to vote in the ballot—

(i) his intention to vote or to abstain from voting,

(ii) his intention to vote in a particular way, or

(iii) how he voted.

(5) The decision period is—

(a) the period of 10 working days starting with the day after that on which the complaint under sub-paragraph (1) was received by the CAC, or

(b) such longer period (so starting) as the CAC may specify to the parties by a notice containing reasons for the extension.

(6) If, at the beginning of the decision period, the ballot has not begun, the CAC may by notice to the parties and the qualified independent person postpone the date on which it is to begin until a date which falls after the end of the decision period.

119C (1) The Secretary of State may by order make provision about the consequences of a decision that a complaint under paragraph 119B is well-founded.

(2) An order under this paragraph may, in particular—

(a) amend this Schedule;

(b) apply any provision of this Schedule with such modifications as may be specified in the order;

(c) confer functions on the CAC;

(d) make provision about the arrangement and conduct of further ballots;

(e) include supplementary or incidental provisions;

(f) make different provision for different cases or circumstances.

(3) An order under this paragraph shall be made by statutory instrument.

(4) No such order shall be made unless a draft of it has been laid before Parliament and approved by a resolution of each House of Parliament.".'.—*[Mr. Sutcliffe.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 8

Unfair Practices: Power to Make Provision About Periods Before Notice of Ballot

'After paragraph 166A of Schedule A1 to the 1992 Act (which is inserted by section 12) insert—

"166B (1) The Secretary of State may by order provide that, during any period beginning and ending with the occurrence of specified events, employers and unions to which the order applies are prohibited from using such practices as are specified as unfair practices in relation to an application under this Schedule of a specified description.

(2) An order under this paragraph may make provision about the consequences of a contravention of any prohibition imposed by the order (including provision modifying the effect of any provision of this Schedule in the event of such a contravention).

(3) An order under this paragraph may confer functions on the CAC.

(4) An order under this paragraph may contain provision extending for the purposes of the order either or both of the following powers to issue Codes of Practice—

(a) the power of ACAS under section 199(1);

(b) the power of the Secretary of State under section 203(1)(a).

(5) An order under this paragraph may—

(a) include supplementary or incidental provisions (including provision amending this Schedule), and

(b) make different provision for different cases or circumstances.

(6) An order under this paragraph shall be made by statutory instrument.

(7) No such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.

(8) In this paragraph "specified" means specified in an order under this paragraph.".'.—*[Mr. Sutcliffe.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 1

Dignity at Work

'(1) Every employee shall have the right to dignity at work, and if the terms of the contract under which a person is employed do not include that right they shall be deemed to include it.

(2) An employer commits a breach of the right to dignity at work of an employee if, during his employment with the employer, that employee suffers harassment or bullying or any act, omission or conduct which causes him to be alarmed or distressed, including (but not limited to) any of the following—

(a) behaviour on more than one occasion which is offensive, abusive, malicious, insulting or intimidating;

(b) unjustified criticism on more than one occasion;

(c) punishment imposed without reasonable justification;

(d) changes in the duties or responsibilities of the employee to the employee's detriment without reasonable justification.

(3) Every employer shall provide a written Dignity at Work Policy outlining each employee's right to dignity at work, which must include the following—

(a) an explanation of the statutory right of all employees to dignity at work and a statement that breaches of that right will not be tolerated;

(b) examples of the types of behaviour which do not conform with the right to dignity at work and of conduct which may lead to disciplinary action;

(c) a clear statement of the procedure for bringing complaints and the manner in which they will be dealt with, which must include a commitment that complaints of a breach of the right to dignity at work will be taken seriously, investigated objectively and dealt with in confidence and must allow the complainant to be represented by a representative of his choice at all stages;

(d) designation of a competent person to whom complaints should be made and who shall fulfil the functions allotted to the competent person by this Act;

(e) a clear statement of the disciplinary procedure to be followed against employees who infringe the Policy, which statement shall comply with the provisions of the ACAS Code of Practice on Disciplinary Practice and Procedures in Employment (1977);

(f) details (including names and contact telephone numbers) of designated persons available to counsel, assist and advise individuals bringing complaints or who are the subject of complaints;

(g) arrangements for training in the Policy all those occupying any position of managerial authority, and all employees of the Policy;

(h) annual monitoring of the operation of the Policy, to be reported to senior management, and to include a summary of all complaints made under the Policy (with names of complaints kept confidential unless the complainant agrees otherwise); and

(i) arrangements for consultation with trade union and safety representatives on the operation of the Policy, its implementation and any revision of the Policy in the light of its operation in practice.'.—*[Valerie Davey.]*

Brought up, and read the First time.

Valerie Davey (Bristol, West) (Lab): I beg to move, That the clause be read a Second time.

The need for the Government to be more proactive in promoting and ensuring dignity at work for all employees at every level has been reiterated from the Back Benches of this Chamber and the House of Lords since at least 1996. I am pleased to have the opportunity briefly to consider new clause 1 and raise again the serious anxiety about the widespread nature of bullying in the workplace.

All Members of Parliament must know through their surgeries of cases of constituents experiencing bullying at work and being unable to voice that experience and seek a resolution. When we first heard about those often desperate cases, most of us were unaware of the scale of the problem. In November 2001, the Manchester school of management and the university of Manchester institute of science and technology published the report entitled, "Destructive Conflict and Bullying at Work". Five thousand people in 70 workplaces responded to the survey, which showed that one in 10 people—10 per cent.—had experienced bullying in the previous six months and that one in four—25 per cent.—had experienced bullying in the previous five years.

Subsequent evidence from trade unions confirmed that, despite years of campaigning against bullying, it remains a persistent and extensive problem. I want to identify and thank especially Amicus-MSF and Chris Ball, the national secretary, for persistently bringing the matter back to public attention, for producing good material for the use of members and officers and for drafting policies for employers and organisations. That experience led to the union concluding:

"The size of the problem cannot be overstated."

Amicus, and the Andrea Adams Trust, which is the only charity that responds to the counselling needs of those who have been bullied, encouraged the all-party dignity at work group to seek statutory action. I want to put on record my appreciation of the work of both organisations.

Further, more recent evidence has come in response to the new clause from the Royal College of Nursing, which offers its support and reports that its "Working well" survey showed that, in 2002, one in six nurses had been bullied in the workplace. It wants

"additional protection for employees and redress for those who suffer bullying in the workplace."

Until last week, the Government's response on each occasion had been concerned words but limited action.

In response, dare I say it, to the new clause, which I tabled only a fortnight ago, the reaction was almost instantaneous and remarkably proactive. I offer my sincere congratulations to my right hon. Friend the Secretary of State on her announcement last week that, together with Amicus, the Government will launch the world's largest project to stamp out bullying and discrimination at work.

Alongside the need to support individuals, the Government have recognised that some 5 million people are affected, that 13.5 million working days are lost through stress and that the cost to the economy is £4 billion every year. The project has been launched to

[Valerie Davey]

provide supportive advice and training to organisations that are trying to tackle bullying, train employees as counsellors, devise and promote a voluntary charter on dignity at work, promote examples of excellent employers in the United Kingdom and produce a benchmark that enables organisations to measure their success in achieving dignity at work and a "ban bullying" pack. The Government are working initially with Amicus and 10 leading employers, including British Aerospace, Royal Mail, Legal and General and British Telecommunications.

Although I understand that another 180 employers will join the project in the autumn, it is voluntary. However, it is far-reaching and extensive. The partnership with Amicus means that great experience will be brought to it, and that will be invaluable.

I remind the Government that other European countries have followed the legislative route and I hope that the project will be compared with the work in other countries. However, in the light of what the Government have produced and are doing, I would seek to withdraw the new clause on the understanding—and with an assurance—from the Minister that the project will be monitored and that, should good practice not prove as infectious as we all hope, the Government will reconsider the possibility of legislation and revisit the new clause or a similar provision later.

Mr. Deputy Speaker: Order. The hon. Lady cannot move and withdraw the clause in the same speech. I have to take it that she is moving the clause in the speech. We can then put the Question, on which the Minister and perhaps other hon. Members may wish to comment. Has the hon. Lady concluded her speech?

Valerie Davey: May I simply say that I am minded to withdraw the new clause and thank you for your advice, Mr. Deputy Speaker?

Mrs. Eleanor Laing (Epping Forest) (Con): It may not have been in order for the hon. Member for Bristol, West (Valerie Davey) to mention at this stage her intention to withdraw the new clause, but since she has expressed it, I welcome it. Although I entirely agree with her sentiments and intentions, I disagree with the idea that passing further legislation will achieve them. The new clause is too prescriptive. Clearly, I do not have to make that argument because she acknowledges its validity.

New clause 1 would place an enormous burden on employers and employees to understand what constitutes a dignity at work policy and the way in which it would be enforced. That applies especially to a small workplace in a small or medium-sized firm that does not employ many human resources people. It cannot be good for industry to employ more people to deal with further regulations than it does to manufacture goods and services. Business and industry should be about the latter, not keeping to the letter of complicated laws.

I commend the hon. Lady for presenting the matter for discussion in the House and drawing it to the Minister's attention. The thrust of her comments is right. She has outlined the problem well but, unfortunately, new clause 1 is not the solution—would that it were. If the solution to the enormous problem that she described was passing such a law, we would all be pleased. Employers and employees alike would be pleased if we could eradicate the dreadful problem of bullying by merely writing something in statute.

Most employers want to be good employers and most employees want to be good employees because it is far preferable if everybody gets on well. Employers want to encourage their employees by being good employers because that is how to get the best out of their work force. It is as simple as that.

The hon. Lady was right to talk about dignity. How terribly undignified, therefore, that many people heard last week on radio and television that they would be made redundant. On Second Reading, the Secretary of State said:

"I am not prepared to have our workers hear on the radio that they will lose their jobs or find that they have already lost their jobs through a text message."—[*Official Report*, 14 January 2004; Vol. 416, c. 821.]

So it is not all right for workers to suffer the indignity of hearing about the loss of their job by text message or on the radio or television, but it is all right if they hear it in the Budget. That is hardly a dignified way for the Government to treat large parts of their work force. If the Government backed their words with actions, many of the problems that we have been discussing throughout the passage of the Bill could be eradicated immediately.

It would be bad jurisprudence to pass new clause 1 into law, as it would be difficult to enforce. It is bad in principle to make laws that cannot be enforced and would be unclear. However, I join the hon. Lady in asking the Government to take seriously the problem that she outlined, which we would all like solved.

8 pm

Mr. Sutcliffe: I am grateful to my hon. Friend the Member for Bristol, West (Valerie Davey) for tabling the new clause and for commending the Government's decisions over the last couple of weeks to work with the trade union Amicus on bullying. I agreed with a great deal of what the hon. Member for Epping Forest (Mrs. Laing) had to say, but if she is so keen on information and consultation, she will have explain to employees why her party will vote against the principles and proposals surrounding those issues later this evening. I am happy to give my hon. Friend the assurance that she seeks, and I ask her to withdraw her new clause.

Valerie Davey: I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 2

INTIMIDATION

'After paragraph 51 of Schedule A1 to the 1992 Act insert—

"Intimidation

51A If during the union recognition procedure a union uses undue force or intimidating measures to get recognition then the CAC shall have the right to investigate this at the request of the

employer or any worker and if such measures are found to have been used the CAC shall terminate the recognition procedure immediately.".'.—*[Mr. Bellingham.]*

Brought up, and read the First time.

Motion made, and Question put, That the clause be read a Second time:—*[Mr. Bellingham.]*

The House divided: Ayes 152, Noes 309.

Division No. 113] **[8:02 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Brady, Graham
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burnside, David
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Flook, Adrian
Gale, Roger *(N Thanet)*
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Gray, James *(N Wilts)*
Green, Matthew *(Ludlow)*
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Liddell-Grainger, Ian
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Mawhinney, rh Sir Brian
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Spelman, Mrs Caroline
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Walter, Robert
Watkinson, Angela
Whittingdale, John
Wiggin, Bill
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Mark Francois and Hugh Robertson

NOES

Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Austin, John
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Gapes, Mike *(Ilford S)*
Gardiner, Barry

Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Lucas, Ian *(Wrexham)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McIsaac, Shona
Mackinlay, Andrew
McNamara, Kevin
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Mountford, Kali
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Diana
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, Angus *(Moray)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Tipping, Paddy
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Hywel *(Caernarfon)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wishart, Pete
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Noes:
Gillian Merron and Charlotte Atkins

Question accordingly negatived.

New Clause 3

APPEALS

'After paragraph 171 of Schedule A1 to the 1992 Act insert—

"Appeals

171A Any of a union or a company or a relevant worker may appeal against any decision of the CAC to the High Court."'.'—*[Mr. Bellingham.]*

Brought up, and read the First time.

Mr. Bellingham: I beg to move, That the clause be read a Second time.

The only route of appeal from the Central Arbitration Committee is judicial review. My argument is simple and I shall not go into great detail: surely there is a need to build a simple mechanism into statute to allow appeal to the High Court. After all, an appeal to the High Court can be made from the Employment Appeal Tribunal.

One of my concerns is that the CAC is being asked to do more and more. With the inclusion in UK law of the EU information and consultation directive, there will be many more referrals to the CAC. I take the view, as do my hon. Friends, that more protection should be given to employers—and, indeed, employees and trade unions alike—in taking appeals to the High Court. I appreciate that things are improving, but I looked at some CAC cases from the past few years and I have to say that often the CAC does not spell out its decisions clearly or comprehensively.

On a number of occasions, all that the CAC has said is:

"In our industrial relations experience, this is our decision".

If we are not to have a right of appeal to the High Court, the Minister should certainly ask the CAC to be much clearer and to spell out in much more detail the background to and reasoning behind its decisions. I ask him to consider the new clause carefully.

Mr. Djanogly: I support the new clause, which would give unions—as well as all companies and all workers for that matter—the right to take an appeal against a CAC decision to the High Court. The workings of statutory recognition are complex and the procedures, as we have deduced over the past two months, can be complicated.

In deciding between the parties, the CAC sometimes has to make value judgments. I accept that the CAC is a worthy body and that it normally gets it right, but in those less frequent examples where one side is not happy with the decision—presumably in an industrial conflict—there should be a right of appeal.

In Committee, the Minister said that the CAC annual report notes that it has a satisfaction rating of 80 per cent. That is borne out in the report, which also notes that the response rate to the survey was only 40 per cent. In considering the judicial powers of the CAC, the people consulted might not want to go too public on their attitudes towards it, because it could judge them. Does the Minister know whether the CAC or an independent third party collected that data? That would be relevant to our consideration of whether an appeal would be fair. From what my hon. Friend has said, and from the statistics as given, such an appeal would be right.

Mr. Sutcliffe: I am grateful for the hon. Gentlemen's contributions to the debate.

As the hon. Member for North-West Norfolk (Mr. Bellingham) explained, the new clause concerns whether there should be a mechanism for appeals against decisions of the Central Arbitration Committee in addition to the possibility of seeking a judicial review on any such decision. While in many areas of law it is useful to have a right of appeal to a higher authority when one party feels aggrieved about a court's decision, the Government think that it would be inappropriate in this case, in which there are statutory recognition procedures. The CAC must make a large number of judgments in the course of its consideration of an application. An additional right of appeal against individual decisions of the CAC would introduce serious delays into the process, particularly if it had to be halted until the appeal was heard. It would encourage legalism and the type of legal wrangling that undermined recognition procedures in the 1970s. Such delays are not neutral and in most cases favour the employer.

Most importantly, the CAC is a specialist body operating in a specialist area, as hon. Members have accepted. Its decisions often turn on the application of its members' industrial relations expertise and experience. No appeal court—including the High Court—could match that. That view was judicially endorsed in both the High Court and Court of Appeal in the Kwik-Fit judicial review. In the High Court, Mr. Justice Elias stated that

"courts do not have the relevant expertise, nor is it desirable that these procedures should become a happy hunting ground for lawyers."

In the Court of Appeal, Lord Justice Buxton agreed with this statement and added that

"the CAC was intended by Parliament to be a decision making body in a specialist area that is not suitable for the intervention of the courts."

Of course, the CAC's decisions can be challenged through judicial review. There have been only six applications for judicial review, four of which proceeded to a full review. In only two of those cases was the CAC found to have acted improperly in any way. The outcome of those few cases demonstrates that the CAC has used sound judgment in interpreting the extent and nature of its powers.

In addition, the amendment is defective in that it refers to the "company" not the "employer". It thereby ensures that employers that are not companies have no right of appeal. The hon. Member for Huntingdon (Mr. Djanogly) asked about the response rate to the survey on the CAC. Unless I receive some in-flight information, I cannot give him that answer now, but I will write to him in due course—*[Interruption.]* I think that the CAC has its own information, but I will clarify that, as he also asked that question in Committee.

The new clause would damage the smooth functioning of the recognition procedure for little discernible benefit, and is also defective. I hope that I have answered the hon. Gentleman's concerns and that he will withdraw his amendment.

Mr. Bellingham: I am grateful for the Minister for those remarks. In his customary charming way, he has explained why he does not like the amendment and feels that it is technically undesirable. I forgot to declare my interest as a barrister—he mentioned a happy hunting ground for lawyers, and I take on board his point. I reject his criticism of the High Court, which is made up of a large number of judges with huge expertise. In the light of what the Minister said, however, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 9

RIGHT TO STRIKE

'For subsection (2) of section 221 of the 1992 Act (restrictions on grant of injunctions and interdicts) substitute—

"(2) No injunction or interdict shall be granted to restrain exercise of the right to strike by a trade union or any workers.".'.—*[John McDonnell.]*

Brought up, and read the First time.

John McDonnell: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following:

New clause 11—*Dismissal in connection with participation in official industrial action—*

[Madam Deputy Speaker]

'(1) Section 238A of the 1992 Act (dismissal in connection with participation in official industrial action) is amended as follows.

(2) In subsection (1) for "employee" substitute "worker".

(3) For subsections (2) to (8) substitute—

"(2) For the purposes of subsection (1) above a worker takes protected industrial action if he reasonably believes he is so doing.

(3) The obligations on the worker to work and on the employer to give consideration therefore under the contract under which a worker works shall be suspended by operation of law for that period during which the worker takes protected industrial action and shall in no circumstances be or be regarded as broken by reason of his taking protected industrial action.

(4) The Secretary of State shall make regulations which shall apply to deal with the consequences of suspension of contracts in accordance with subsection (3) so as to protect the various interests of workers and employers and in particular to ensure the preservation of the contract and the restoration of the obligations thereunder when the protected industrial action concludes.

(5) Loss of pay during industrial action (whether protected or not) shall never be greater than the sum which the worker would have earned had he not taken the industrial action.".'.

New clause 12—*Right to strike (No.2)*—

'(1) The 1992 Act is amended as follows.

(2) Before section 219 (but after the cross-heading immediately preceding that section) insert—

"218A Right to strike

(1) A trade union has the right, and it shall be lawful, to call for or to support or encourage workers to take industrial action as a means of resolving or seeking to resolve any dispute or as a means of achieving or seeking to achieve any object which relates to any workers' interests at work including (without prejudice to the generality of the foregoing) economic and social matters which affect any workers or the trade union or on which the trade union has a policy.

(2) Every worker has the right, and it shall be lawful, to take industrial action as a means of resolving or seeking to resolve any dispute or as a means of achieving or seeking to achieve any object which relates to any workers' interests at work including (without prejudice to the generality of the foregoing) economic and social matters which affect any workers or the trade union or on which the trade union has a policy.

(3) In this Act 'industrial action' shall include the act of peacefully assembling and of picketing or refusing to cross a picket.".

(3) Omit sections 219, 220, 222 to 235A and 240 to 246.'.

New clause 13—*Ballots on industrial action*—

'(1) The 1992 Act is amended as follows.

(2) Before section 226 (but after the cross-heading immediately preceding that section) insert—

"225A Ballots on industrial action

(1) The rules referred to in section 3(2)(a) shall contain provisions requiring a ballot to be held (save in exceptional or emergency situations) of members which the trade union reasonably identifies as those likely to be invited by it to take industrial action and those rules shall be approved by the Certification Officer as reasonable, and such approval shall not be unreasonably withheld.

(2) No person or body other than a member of the union concerned may bring legal action which relies to any degree on an allegation that the balloting obligations of the union have not been met.".

(3) Omit sections 226 to 234A.'.

New clause 17—*Industrial action: deduction from wages*—

'When a worker has taken part in official industrial action, the employer may not make a deduction from the worker's wages in respect of that action which exceeds the amount which the worker would have earned if he had not taken part in that action.'.

Amendment No. 10, in page 18, line 38, leave out Clauses 21 to 23.

Amendment No. 11, in page 48, line 47 [Schedule 2], leave out from beginning to end of line 3 on page 49 and insert—

'Sections 219 and 220.Sections 222 to 235A.Sections 240 to 246.'.

Amendment No. 12, in page 48, line 47 [Schedule 2], leave out from beginning to end of line 3 on page 49 and insert—

'Sections 226 to 234A.'.

John McDonnell: I realise that we have less than an hour left in this debate, so I shall try to be as brief as possible, as I know that Members want to reach amendment No. 1, which is the last on the selection list.

This group represents an attempt to place in British law the right to strike. New clause 11 looks at the right to strike, new clause 12 is on secondary action and picketing, new clause 13 is on balloting, new clause 17 reiterates new clause 11 on deduction from wages, and new clause 9 relates to issues about injunctions.

The basis of the discussion leads on from the Second Reading debate, to which many Members contributed. As Members are aware, the right to strike does not exist in British law. The only protections that strikers have are as a result of breaches of individual contracts of employment by industrial action, which is based on a legal immunity built up over time. That is in complete contradiction to the international agreements signed by successive Governments—the International Labour Organisation conventions, the Council of Europe social charter, and the international covenant on economic, social and cultural rights.

This is an attempt to address in some way the extension of the immunities allowed to people who take industrial action. It does not strike at the heart of the Government's failure to abide by international conventions, which would require the right to strike to be legislated for in this country. In most European countries, lawful strike does not break the contract of employment but merely suspends it, so it is unlawful to sack a worker on lawful strike, and the courts will prevent it. Were that the law here, there would be no need for the complex unfair dismissal rules to protect strikers that we have debated at length over the last 15 to 20 years. New clause 11 attempts to arrive at a clarification of the right to strike.

In the last debate in 1999, there was an attempt to extend immunities with the eight-week rule. The Friction Dynamics dispute demonstrated that that protection was inadequate. This Bill yet again applies further conditions to ameliorate the eight-week rule and enhance the protections, but in my view will also prove inadequate. In the Friction Dynamics case, it was demonstrated that many of the protections outlined in this Bill were already taken into account by the appeal tribunal. What we really need is an amendment to delete

section 238A and provide that, when a worker is engaged in industrial action called by a trade union—lawfully, of course—pursuant to section 219, such industrial action shall not in any circumstances be held to constitute a breach of the contract of employment, but instead shall suspend the obligations under the contract of both the employee and the employer during the currency of the industrial action.

Since the industrial action breaches the contract of employment, the worker is not entitled to be paid for time while taking industrial action. That would obviously equally apply if the contract were suspended during the action. Nowadays, however, employers often deduct wages on an unfair daily basis when the sum deducted is more than the worker would have earned had she or he performed all her or his duties that day. The new clause provides for a worker taking industrial action not to be penalised by losing more than the sum that would have been earned had he or she not taken such action. That, indeed, is the purport of new clauses 11 and 17.

At present, the immunity allowed to a worker taking strike action protects that worker from specific torts in common law. One protection that it does not give is the ability to take action very specifically unrelated to the worker's direct employment. Industrial action is protected against that limited range of torts only if it is in contemplation of furtherance of a dispute that is wholly or mainly related to the terms and conditions of employment, or to other matters specified in the legislation such as job losses, disciplinary issues and trade union recognition or derecognition. If, according to a court, the union's predominant motive falls outside such statutory trade dispute issues, the immunity will be lost.

8.30 pm

New clause 12 would extend the immunities. Sections 219 and 244 of the 1992 Act would be deleted, and it would be provided that

"A trade union has the right, and it shall be lawful, to call for or to encourage workers to take industrial action as a means of resolving any dispute . . . to any workers' interests at work including . . . economic and social matters which affect the worker or the trade union or on which the trade union has a policy."

In other words, when a trade union was pursuing a particular policy not specifically related to the company involved but more widely related to the economic and social conditions in an area, such action would be lawful.

Under current UK law, a trade dispute must be between employees and their own employer. If the relevant dispute is between another employer and his employees, it is unlawful for a union to call for sympathetic or so-called secondary action. My proposals support the ILO and the Council of Europe, which have condemned that blanket ban. The new clause would enable secondary action to take place, and workers taking such action would be protected from unfair dismissal.

The Government have written into British law a guaranteed ability to assemble peacefully, under the Human Rights Act 1998. New clause 12 would enable pickets to assemble peacefully to attempt to persuade people not to cross a picket line. The Bill does not deal with that problem. Section 222 of the 1992 Act should be amended to give workers the right to assemble peacefully under the Human Rights Act, and to picket any place of work.

New clause 13 deals with ballots. Even when industrial action falls within the narrow statutory definition of a trade dispute, a trade union will lose immunity if it fails to comply with the highly complex procedures requiring a fully postal strike ballot and so forth, which we have discussed in the context of a series of employment and trade union-related measures over the last six years. Pre-ballot and pre-strike notices in due form must be sent to the employer in a dispute, in accordance with the strict timetable set out. The employer will therefore be able to injunct the union if the procedures are not adhered to.

The Bill goes some way towards overcoming a number of problems of detail relating to balloting procedures, but it should be for workers and their unions to decide how best to ascertain collective views. Workplace ballots might be more suitable in some circumstances, but in emergencies a ballot might have to come after action had taken place. That is demonstrated by industrial action in my constituency at British Airways and elsewhere. My new clauses would place the onus on the certification officer to clarify and verify the procedures set out in the union's rules to ensure that they allowed for democratic participation by members in decisions on industrial action, but would not allow employers themselves to intervene to injunct individual unions or prevent action. It would be up to individual trade unionists to injunct or take up the issue with their unions.

A range of restrictions already exist to impede fair deliberation about industrial action. A further problem in current industrial action law is the use of interlocutory injunctions. That emergency procedure does not require the claimant to prove the alleged facts either beyond all reasonable doubt or on the balance of probabilities. It is sufficient for the employer to assert facts that, as long as they appear credible, will be accepted by the court, notwithstanding that the union has evidence to the contrary. The employer need not even demonstrate that its case is stronger than the union's; it is enough to show a serious issue to be tried. If credible facts are asserted and an arguable case under law is demonstrated, the court will more or less automatically grant an injunction if the balance of convenience favours it. In practice, the court will almost invariably grant the injunction to stop the industrial action, unless the union shows that the employer's legal argument is unsustainable, because the balance of convenience invariably tilts in the employer's favour.

The Council of Europe's economic and social rights committee has condemned that lack of balance between employer and trade union, as has the International Labour Organisation's committee of experts. The Bill does not deal with that matter, but new clause 9 would ensure that

"No injunction or interdict shall be granted to restrain exercise of the right to strike by a trade union or any workers"

unless there is a full trial.

Much has been said about the need for balance between employer and worker. These new clauses and amendments would endorse the legal right to strike,

[John McDonnell]

which the Government have accepted in one international treaty after another, and balance the legal strengths of employer and worker in the discussions and deliberations leading up to industrial action.

Mr. Djanogly: Injunctions have probably saved an enormous amount of time and cost for all parties concerned. New clause 9 would allow a strike to go ahead and its rights and wrongs to be considered later. That would be a recipe for mayhem, albeit legal mayhem, and would involve enormous costs—probably the bankrupting of unions—with very little being achieved.

I take it that, however long a strike lasted, workers' rights would be fully protected, presumably even if the company went into insolvency as a result. New clauses 12 and 13 would give a right to strike on the broadest possible terms. I think that they technically maintain the difference between official and unofficial action, but the concepts are merged to such an extent that there is little difference between them. Given that the ballot could be undertaken by the union with no one except its own members able to complain to the courts about the ballot process, I do not see how it would be meaningful at all.

Having briefly addressed the new clauses, I can safely say that I am not in favour of any of them.

Hywel Williams (Caernarfon) (PC): I rise to speak briefly about the experience of my constituents involved in the Friction Dynamics strike, to which the hon. Member for Hayes and Harlington (John McDonnell) referred earlier. I shall not go into the details of the strike, but it pointed up the weaknesses of current legislation, especially the eight-week rule. At an earlier stage, I welcomed clause 21 as a partial answer, and the extension period in relation to lockouts is certainly welcome. However, I suspect that if clause 21 is passed, bad employers will continue in their intransigence up to and beyond a period of 16 weeks. If that had happened in the case in my constituency, I presume that my constituents would still be picketing today, three years after the start of their strike.

I tend to think that the abolition of the eight-week rule would encourage bad employers to come to the table, which is what good employers do anyway. No commercial undertaking wants to extend a strike unless it has a particular motivation for doing so, as we saw in the case of Friction Dynamics. As I said, where there is no lockout, the eight-week rule will still apply. Had Friction Dynamics' management played their cards rather more carefully, the strike would have continued and they would not have been found guilty by an industrial tribunal. So the situation would have been the same as before the various discussions that took place about the Friction Dynamics strike. Plaid Cymru's position remains the same: if a strike is lawful for eight weeks, we see no reason why the protection should not be applied during the ninth and further weeks, and we regard the Employment Relations Act 1999 as a compromise that needs to be looked at again.

Mr. Sutcliffe: I thank my hon. Friend the Member for Hayes and Harlington (John McDonnell) for the brevity with which he spoke to the new clauses and amendments, notwithstanding the seriousness of the issues that he raised. I am grateful to him for recognising that time is against us.

This is a large group of new clauses and amendments that would radically change the law on industrial action, and the law on the consequences to the individual of taking industrial action. As my hon. Friends have said, the amendments would rewrite the law on industrial action. At a stroke, they would delete virtually all of part 5 of the Trade Union and Labour Relations (Consolidation) Act 1992, substituting it with a few new sections that provide rights to trade unions and their members, but which systematically ignore the interests of employers and society at large.

I do not intend to address the detail of the new clauses and amendments as we have little time. Instead, I shall address the more fundamental question that my hon. Friend is really asking me to address: whether a total reworking of these provisions is required. This body of law was mainly constructed during the 1980s, but its basic principles have been in place for a great deal longer. We know that unions resisted these changes when they were introduced. Some resented the interference in their internal affairs and the resulting democratisation of their decision-making procedures; many resented the more limited immunities against legal action that were introduced. However, unions have generally learned to live with the provisions. Their members have benefited from the greater control over their unions' decisions that the law has required. Employers have benefited from knowing that they cannot be dragged into industrial disputes that have nothing to do with them; and, more generally, society has benefited from less widespread and less damaging industrial action.

The new clauses and amendments seek to take us back to the days of the 1960s and 1970s, when strikes significantly damaged our economy and the way in which we lived. They would reintroduce an entitlement to take secondary action, and would encourage wildcat strikes and other forms of damaging unofficial action. We want to frame the law in a way that deals with the realities of today's labour market, so it would be a profound mistake to turn the clock back. For these reasons, the Labour party made it plain in its 1997 manifesto that it would retain the key elements of the changes introduced in the 1980s. We will honour that commitment.

Some might argue that the current law is imbalanced and puts unions in an impossibly weak position vis-à-vis the employer; I do not believe that that is the case. If that were so, employers would never deal with unions or choose to settle their disputes with them voluntarily. The evidence suggests that the strike weapon remains a potent one if union members really support it. Only in a minority of cases is a successful vote in favour of industrial action actually followed by a strike or another form of industrial action. Employers prefer to resolve their differences voluntarily, rather than incurring the cost and disruption of industrial action.

My hon. Friend pointed to the International Labour Organisation's conventions and similar international instruments. It is fashionable in some quarters to interpret our international obligations in this area in the widest possible way. The truth is that the various treaties are drafted in very general terms and are capable of a

wide range of interpretations. Those interpretations vary with each member state's industrial relations practices and traditions. Although it is true that some ILO advisory bodies have criticised our law on industrial action, we have always tried to answer those criticisms with reasoned arguments. We are convinced that we comply with our international obligations. The ILO gives due regard to our opinions, and understands that it is perfectly possible for different parties to interpret in good faith the implications of its conventions in different ways. As a result, the ILO's governing body has never formally reprimanded us for failing to comply with key conventions 87 and 98. Our standing with the ILO is as high as ever.

New clauses 11 and 17 and amendment No. 10 deal with the consequences for individuals of taking industrial action. New clause 10 and amendment No. 10 would delete the provisions in the Bill that strengthen the protection for employees taking lawfully organised, official industrial action. In their place, new clause 11 introduces an entirely new protective regime.

8.45 pm

The basic aim of the new clause is to ensure that the protection is indefinite. We have already debated that issue many times, during our consideration of the Bill and during the passage of the Employment Relations Act 1999. Indeed, the issue was looked at in detail during our review of that Act. Our position is that we need to put a time limit on the period during which it is automatically unfair to dismiss someone taking industrial action. In industrial action law, we need to balance the legitimate interests of the employer and those of union members. That might not immediately appeal to my hon. Friend, but the Government want to create a fair regime for all interested parties and not just for one. Eight weeks is, in our judgment, a fair period. It covers the overwhelming majority of stoppages, 98 per cent. of which are dealt with within that period.

The case of Friction Dynamics was mentioned by the hon. Member for Caernarfon (Hywel Williams), who supported us in Committee by recognising that we were tidying up the position on lock-out days and by accepting that we were asking both sides to take reasonable steps to resolve the dispute. We wanted to toughen up the position so that a Friction Dynamics situation could not happen again: both sides would have to prove that they tried reasonably to resolve the dispute. The action that took place has been condemned on both sides of the House.

The Bill will strengthen the protections introduced in the 1999 Act in a targeted way that will resolve problems that have arisen in practice. The provisions may not meet everyone's aspirations in the union movement, but I believe that they are generally seen as an advance.

New clause 17 places limits on the deductions from pay that employers may make when their employees take industrial action. That issue arose in the tertiary education sector, where the unions believe that employers made excessively large deductions. I think I am right in saying that the issue has not affected many other sectors, so it is not a matter that was highlighted in the representations that we received in preparing the Bill or during the review of the Employment Relations Act.

I am not yet convinced that the issues need to be specifically addressed in industrial action law. Of course, there are already entitlements for workers to complain to employment tribunals about unauthorised deductions from pay. I hope that those existing protections would help the workers concerned in those cases, although I recognise that the breach of contract that occurs when workers take industrial action might complicate the position.

The new clause contains a simple rule of thumb for deductions, but I am not sure that it provides the right answer. For example, there may be a legitimate case for employers to make some proportionate reduction to holiday pay or to make some adjustment to the calculation of an employee's length of service for pension purposes.

In conclusion, I am not yet convinced that there is a problem that needs to be dealt with—or, if there is, that new clause 17 provides the right solution. However, I would be happy to meet my hon. Friend if he believes that it is a sufficiently serious issue.

For reasons that I have explained, I do not wish to speak to the amendments in any further detail. Unfortunately, I find myself in agreement with many of the comments made by the hon. Member for Huntingdon (Mr. Djanogly), which is an unusual occurrence in this place. I ask my hon. Friend to withdraw his new clause.

John McDonnell: With such a resounding welcome for the new clauses, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 10

COLLECTIVE BARGAINING

'(1) Omit paragraph 7 of Schedule A1 to the 1992 Act.

(2) In paragraph 35(1) of that Schedule—

(a) after "agreement", insert "supported by a majority of workers within the relevant bargaining unit";

(b) after "to", insert "and does";

(c) after "bargaining", insert "in relation at least to pay, hours and holidays";

(d) for "any" substitute "a substantial number of".'.— *[John McDonnell.]*

Brought up, and read the First time.

John McDonnell: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this we may take the following amendments: No. 8, in page 9, line 3, leave out Clause 8.

No. 9, in page 49, line 10 [Schedule 2], after 'paragraphs', insert '7'.

John McDonnell: The new clause and associated amendments deal with a problem that has arisen in several disputes, which I would like briefly to outline. It first occurred in a dispute leading to the case of OILC *v.* Wood Group Engineering (North Sea) Ltd. in August 2003. Despite the fact that the overwhelming majority of the core workers on the Brent oil platforms were OILC

[John McDonnell]

members and wanted the union to negotiate with their employer, Wood Group Engineering (North Sea) Ltd. on their behalf, the application was refused on the ground that the employer set the workers' terms and conditions by reference to a collective agreement between the Offshore Contractors Association and the Amalgamated Engineering and Electrical Union and the GMB. That was held to debar the OILC from seeking recognition.

The same problem occurred in the case of NUJ *v.* Mirror Group Newspapers plc, where a claim for recognition by the National Union of Journalists at the *Racing Post* was rejected by the Central Arbitration Committee. As in the previous case, the NUJ was about to finalise a deal with the employer, who decided instead to make a recognition deal with the British Association of Journalists—a tiny union that at the time had not a single member at the *Racing Post*. It claimed to have one, whose name it had forgotten, at the time of the CAC hearing some months later, despite the employer circulating letters from the BAJ begging journalists to join and offering free subscriptions. At the time of the hearing, the BAJ had not carried out any collective bargaining on behalf of the workers in that firm, who shunned the BAJ. In the view of many, that was a breach of article 11 of the European convention on human rights, which allows workers the right to be heard via their trade union. The new clause would ensure that a trade union that has a majority of a work force as members is not frustrated by an employer rushing into agreement with another organisation, which may have no membership or a minuscule membership in that firm, in advance of a CAC hearing and decision.

As the law stands, it grants representation to the first comer, not to the most representative organisation. The amendment would put the Government's legislation in line with international law, but at the same time would accept the democratic wishes of the majority of the individuals working for a particular company who could demand to be represented by the union of their choice.

Mr. Djanogly: On a technical point, I do not believe that there is a paragraph 7 or 35 to schedule A1 to the 1992 Act—perhaps the hon. Gentleman was referring to the Employment Relations Act 1999; he may wish to clarify that point. At present, the recognition process applies only when a company has at least 21 workers and the new clause would open up union recognition in any company, however few workers it had. That would be an utter disaster for most small businesses, and for the competitive state of our economy.

In any event, the statistics do not show union recognition in small companies to be a relevant consideration. The Minister told us in Committee that only 12 applications for statutory recognition came from companies with 21 to 30 employees—less than 5 per cent. of the whole. Barely 10 per cent. of applications came from companies with between 31 and 50 employees. Companies do not appear interested in union recognition with that number of employees, and neither do the employees. Unions might not be interested in becoming involved at that level, probably because of the cost implications with so few members. For companies with fewer than 50 employees, none of the parties appears interested in recognition and to that extent, instead of the figure of 21 being struck out of the legislation, it should be raised to 50.

Mr. Tynan: In a way, I support the proposition that has been put before us. Everyone is nasty about trade unions, and, at present, if companies have fewer than 21 employees they are excluded from trade union recognition. However, if Opposition Members recognised the value that trade unions can bring to a company, they would better understand industrial relations in this country. We start from different points of view. It is thought that unions are bad if they are involved in a small, family company, because that is not the way business should be done.

In my former life as a trade union official, I often found that small companies recognised the worth of trade unions and negotiated with them, on not an official but an ad hoc basis. They had no objection to their employees being members of a trade union. If we exclude companies where there are fewer than 21 workers, we do a disservice to those who want union recognition. Union recognition is not bad—it can be a good thing.

Mr. Djanogly: No one is saying that people should not be members of a trade union—that is their right; we are talking about recognition.

Mr. Tynan: That is where we differ from Opposition Members. If 20 people in a company want to join a trade union and we are agreed that they have that right, I can see nothing wrong in the employer recognising those 20 people as a bargaining unit. Perhaps we should consider extending bargaining rights where there are fewer than 21 people in a business, although I realise that is not on the agenda tonight.

There has been considerable discussion with the TUC and employers, but we need to send the message that in future we shall continue to look at the needs of workers in companies. There are some very bad small employers and a trade union is needed to defend their workers, who are treated very badly. I hope that Opposition Members do not condone bad employers who treat their workers badly.

Mr. David Drew (Stroud) (Lab/Co-op): Rather than looking at the negatives, does my hon. Friend agree that we should look at the positives? For example, the Government's policies on stakeholder pensions could offer trade unions in small companies a valuable way to organise the work force to help employers understand why pensionability is vital for their workers.

Mr. Tynan: I do not disagree with my hon. Friend.

In Committee, we discussed a range of issues relating to trade union membership and how we would deal with them. We accepted that the Bill is a good one. Yes, there is room for amendment, and we should be signalling to the Minister that we may have to revisit some aspects in the future. I support the new clause, but I hope that it is withdrawn, because I understand the points that have

been made. The Minister should take careful note of what has been proposed, however; perhaps we can move in that direction in the future.

Malcolm Bruce: When the hon. Member for Hayes and Harlington (John McDonnell) introduced the new clause, he gave two examples. The second seemed to be a blatant illustration of the abuse that the provision would address, but I was rather puzzled by his first example, which sounded more like an inter-union dispute; indeed, the North sea problems rose from it. Operational working is such that contractors move on and off platforms. I am not arguing for or against the Wood offshore case, but the company presumably argued that it already had an established agreement with a trade union and was on the platform for the duration of a particular contract, but that the OILC was trying to get in on the act. That may not have been so, but that is how it sounded.

John McDonnell: No one was aware that the union agreement actually existed.

Malcolm Bruce: Presumably, the management were aware of it. The point is that there are particular problems for the organisation of North sea workers.

The hon. Gentleman's second example was central, however. It is important that the Minister acknowledge the fact that there was a wholly self-interested attempt to destroy the legitimate aspiration of the work force to have the union they wanted. We must address the fact that managements could undermine not only the spirit of unionism but the fundamental principle that people have the right to belong to the union of their choice.

9 pm

Mr. Sutcliffe: In view of the time, I shall race through my response, although that is not to underplay the seriousness of the issues that my hon. Friend the Member for Hayes and Harlington (John McDonnell) has raised.

Let me say to the hon. Member for Huntingdon (Mr. Djanogly) and my hon. Friend the Member for Hamilton, South (Mr. Tynan) that the Government do not oppose recognition in companies with fewer than 21 workers. The argument is whether there should be statutory procedures in respect of such companies, and the evidence given to the hon. Gentleman exposes the position in that respect. However, I am sure that we shall return to the matter, in connection with rights to have a companion during dispute resolution procedures and so on.

The hon. Member for Gordon (Malcolm Bruce) spoke about offshore oil rigs and he is right to say that we should not be drawn into inter-union disputes. The case is—or used to be—governed by the TUC's Bridlington principles and is a matter for the TUC.

As for the case involving the NUJ and Mirror Group Newspapers, my hon. Friend the Member for Hayes and Harlington will know that judicial review is likely, so I cannot say anything at this stage. However, I acknowledge the issues that have been raised.

On collective agreements, we in the UK have a culture of voluntary procedures that does not exist elsewhere. There are matters to examine—for example, sweetheart deals with employers—but I hope that, having put the issues on the record, my hon. Friend will withdraw his new clause.

John McDonnell: I am happy to beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 14

EFFECT OF CONTINUATION OF CONTRACT ORDER ON TRANSFER OF UNDERTAKINGS

"(1) Section 130 of the Employment Rights Act 1996 (c.26) (order for continuation of contract of employment) is amended as follows.

(2) After subsection (1)(a) omit the word "and".

(3) After subsection (1)(b) insert—

"and

(c) for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 1981,".'.—*[John McDonnell.]*

Brought up, and read the First time.

John McDonnell: I beg to move, That the clause be read a Second time.

I seem to be trying to write the next piece of Government legislation on employment relations. Let me zip through this new clause as well.

Several hon. Members have continuing problems with the operation of the Transfer of Undertakings (Protection of Employment) Regulations 1981. Section 129 of the Employment Rights Act 1996 provides for a special form of relief in the case of dismissal for trade union-related activities, and a person who claims unfair dismissal on those grounds may also make an application to the tribunal for interim relief. On an interim relief application, if the tribunal considers that the individual has better than even chances of success at the full hearing, the tribunal can make a continuation of contract order under section 129. That means that the contract is deemed to continue and the employer must continue to pay wages and other benefits due under the contract from the date of termination of the contract until the complaint of unfair dismissal is determined or settled.

That is an important remedy for those who are dismissed on trade union-related grounds, especially as claims for unfair dismissal can take many months to be determined in tribunal. However, in the recent case of Dowling *v.* M E Ilic Haulage Ltd., the business was sold on after a continuation order was made. An application was made to join the transferee—the business that had bought the business—as a respondent, but the tribunal accepted the transferee's argument that the effect of a continuation of contract order was limited to the payment of pay and benefits, and continuity of employment; it did not mean that the contract continued, so the applicant's employment did not transfer on the business being sold and the transferee could not be joined as a respondent.

The Employment Appeal Tribunal has upheld the decision and there is no application to appeal. Therefore, as the law stands, where a continuation of contract order has been made, the employee is extremely

[John McDonnell]

vulnerable if the business is sold on. We must bear in mind the fact that the transferor may have only small funds or even be insolvent, whereas the transferee will generally be viable and able to meet any awards or even to reinstate the employee if he succeeds in his claims. The new clause stipulates that the continuation of contract order has effect for the purposes of the TUPE regulations. That, in turn, means that the transferee can be joined as a respondent, and if the application is successful, the employee can be reinstated to or claim compensation from the transferee.

Although it would make a minor amendment, the new clause could bring great relief and overcome a technical problem.

Mr. Sutcliffe: As my hon. Friend says, the new clause is designed to extend the effect of a tribunal order made under section 129 of the Employment Rights Act 1996. The effect of an order under section 129 for the continuation of a contract of employment is dealt with in section 130, which provides that the contract should continue in force for the purposes of pay, pension rights, continuity of employment and other such matters. The new clause would add another category to those specified in section 130 by providing that a contract that a tribunal orders to continue in force would do so for the purposes of the TUPE regulations. In my opinion, the addition is unnecessary. The TUPE regulations already have the effect of preserving rights that arise pursuant to the contract of employment. That protection extends to statutory employment rights arising pursuant to the contract of employment.

I sympathise with the spirit in which the clause was tabled, but, as I have already explained, there is no need for it. I respectfully ask my hon. Friend to withdraw it.

John McDonnell: I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 16

EXCLUSION OR EXPULSION FROM TRADE UNION

'(1) Section 174 of the 1992 Act (right not to be excluded or expelled from trade union) is amended as follows.

(2) In subsection (2)(d) for "entirely attributable to his conduct" substitute "in accordance with the rules of the union relating to exclusion or expulsion unless the consequence of exclusion or expulsion is that the excluded or expelled person is for that reason denied or deprived of employment or unless the exclusion or expulsion is unlawful.".

(3) Omit subsection (4).'.—*[John McDonnell.]*

Brought up, and read the First time.

John McDonnell: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this it will be convenient to discuss amendment No. 26, in page 48, line 40 [Schedule 2], at end insert—

'Section 174(4).'.

John McDonnell: I shall be exceedingly brief. The new clause and the amendment deal with the right of trade unions to exclude members. That obviously relates to the case of Mr. Steff and ASLEF. Mr. Steff was a member of the British National party.

The new clause gives effect to article 11 of the European convention on human rights and fundamental freedoms, which is part of UK law by reason of the Human Rights Act 1998. Article 11 explains that a person can be excluded from an association as long as that does not result in a disproportionate penalty or unlawful discrimination. The only right to prevent somebody joining a union is if that would result in a disproportionate penalty—for example, loss of employment—or if it would be contrary to the law on discrimination on the grounds of race, sex, gender and so on. The purpose behind the new clause is to put into the Bill, simply and clearly, the ability of a trade union to determine which person can join. At the same time, it prevents a union from discriminating against people if it would result in loss of employment or offend existing legislation.

Mr. Sutcliffe: My hon. Friend will know that in Committee I introduced a new clause—it is now clause 28—to give unions the latitude to deal adequately with political activists who pursue a racist or xenophobic political agenda. Our main aim was to ensure that unions could deal effectively with the kind of far-right political activists who are infiltrating their ranks and sowing the seeds of hatred and intolerance. At the same time, we wanted to protect the essential freedom of individuals to belong to a political party. I believe that there is widespread support for the Government in tackling this issue.

Amendment No. 31 deletes the existing clause 28 so that new clause 16 can take effect. New clause 16 aims to achieve some of the same effects but does so in a different way. The new clause aims to give unions greater latitude by ensuring that they can exclude or expel individuals as long as it is within the union's rules to do so, and as long as it is lawful to do so and the exclusion or expulsion does not result in the individual being denied or deprived of employment.

Both clause 28 and my hon. Friend's amendments cover similar territory. In many respects, we share common objectives. However, I believe that our clause is to be preferred. My hon. Friend's amendments go too far and would threaten important freedoms.

New clause 16 would give unions a wide-ranging freedom to exclude or expel. However, the amendment would take no account of the need to protect essential freedoms for individuals to belong to a political party. Our proposals provide for unions to expel on grounds of political party activities. We believe that is fair. New clause 16 would provide for unions to expel or exclude on those grounds or on the grounds of just belonging to a political party.

I recognise that this issue has a number of human rights implications. It concerns rights of association both for existing union members and aspiring union members. It also raises issues about rights of expression. This is a delicate area. As I have said, I believe that our proposals strike the right balance.

The new clause also refers directly to the "rules of a union". In Committee, questions were raised as to whether the use of this term, in relation to the remedies

that are available when an individual is excluded or expelled, is broad enough to cover the aims and objectives of the union in promoting diversity and opposing discrimination. Such objects or aims are not always expressed as union rules. We think that this is an issue that needs to be addressed in clause 28. We are therefore holding discussions with the TUC with a view to bringing forward amendments in the other place. I urge my hon. Friend to withdraw the new clause and related amendments.

John McDonnell: I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 18

PROTECTION OF JOURNALISTS

'After section 104C of the Employment Rights Act 1996 (c.18) insert—

"104D Journalists

An employee who is dismissed shall be regarded for the purposes of this Part as unfairly dismissed, if the reason (or, of more than one, the principal reason) for the dismissal is that—

(a) the employee works as a journalist and,

(b) refused (or proposed to refuse) to carry out any act that would amount to a contravention of the Press Complaints Commission Code of Practice that applies at that time.".'.—*[John McDonnell.]*

Brought up, and read the First time.

John McDonnell: I beg to move, That the clause be read a Second time.

Journalists have come under pressure in recent times with regard to their employment, as a result of their courage in standing by their code of practice as agreed by the Press Complaints Commission. A number of journalists have made it clear to their employers that they wish to uphold the status of their profession by adhering to the code of practice, which ensures, for example, that they do not misrepresent, that they do not identify or in any way contribute to the identification of victims of sexual assault, and that they protect their confidential sources.

The new clause introduces into British law a conscience clause to protect that area of employment. The clause would ensure that any attempt to dismiss a journalist for refusing to break the Press Complaints Commission code of practice would be unlawful and therefore actionable in law in respect of compensation. The issue has come up on a number of occasions. There is a case that is currently sub judice so we cannot refer to it, but the National Union of Journalists believes that the matter should be debated adequately and that we should return to it later.

Mr. Sutcliffe: Let me stress that the Government always deplore arbitrary and unfair dismissals. The unfair dismissal legislation, which is generally considered to be working well, has been carefully drawn up to ensure that employees are protected against unfair treatment. For a dismissal to be fair, an employer must not only have dismissed the employee for a fair reason, but must have acted reasonably in doing so. As hon. Members know, the legislation also specifies certain particularly serious reasons for dismissal that are regarded as automatically unfair. These include, for instance, pregnancy or maternity, and trade union membership, non-membership or activities. My hon. Friend seeks to add to these reasons.

Before any additions to the list of automatically unfair reasons are considered, however, we must be clear that they are both necessary and appropriate, and I do not believe that the addition proposed by my hon. Friend fits either criterion, although I am sympathetic to his underlying concern. I understand that the Press Complaints Commission code of conduct applies to editors and publishers, as well as to those who work for them. A publisher or editor's dismissal of a journalist for declining to breach a code of conduct that applies equally to both parties is most unlikely to be considered a fair one by an employment tribunal, and to that extent the amendment is unnecessary.

I also understand, however, that exceptions to some of the code's provisions can be made in exceptional circumstances, and to that extent the amendment is inappropriate. It assumes, in effect, that no breach is ever defensible, and thus that no journalist should ever be called to account by his employer for refusing to depart from its recommendations. That goes too far in constraining employers. I hope my hon. Friend will accept these points. In view of the ample protection provided by the existing legislation, I invite him to withdraw the new clause.

John McDonnell: I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

Clause 5

UNION COMMUNICATIONS WITH WORKERS AFTER ACCEPTANCE OF APPLICATION

Amendment made: No. 4, in page 7, line 29, leave out '(4)' and insert

'(4ZE) (which is inserted by section (Additional duties on employers informed of ballots))'.—*[Mr. Sutcliffe.]*

Clause 11

POWER TO AMEND SCHEDULE A1 TO THE 1992 ACT

Amendments made: No. 5, in page 11, line 10, after '7(6),', insert '27C,'.

No. 6, in page 11, line 10, after '29(5),', insert '119C,'.—*[Mr. Sutcliffe.]*

Clause 24

INDUCEMENTS RELATING TO UNION MEMBERSHIP OR ACTIVITIES

John McDonnell: I beg to move amendment No. 15, in page 21, line 8, leave out from '(1) to 'of' in line 9 and insert

'An employer shall not make an offer or a threat to any worker with the purpose or the effect'.

Madam Deputy Speaker: With this it will be convenient to discuss the following amendments: No. 16, in page 21, line 35, after 'worker', insert 'or a trade union'.

[Madam Deputy Speaker]

No. 22, in page 21, line 36, leave out 'his' and insert 'the worker's'.

No. 17, in page 21, line 36, leave out 'him' and insert 'the worker'.

No. 18, in page 21, line 39, leave out

'which is recognised by his employer'.

No. 19, in page 22, line 14, after 'worker', insert 'or a trade union'.

No. 21, in page 22, line 15, leave out 'his' and insert 'the worker's'.

No. 20, in page 22, line 15, leave out 'him' and insert 'the worker'.

No. 23, in page 24, line 32 [Clause 26], leave out subsection (2) and insert—

'(2) For subsection (1) substitute—

"(1) A worker has the right not to be subjected to any detriment as an individual by any act, or any deliberate failure to act, by his employer done on the ground that—

(a) he was or sought to become a member of an independent trade union,

(b) he took part or sought to take part in the activities of an independent trade union at an appropriate time,

(c) he made use of or sought to make use of trade union services at an appropriate time,

(d) he failed to accept an offer made in contravention of section 145A or 145B, or

(e) he was not a member of any trade union or of a particular trade union or one of a number of particular trade unions.".'.

No. 13, in page 24, line 32, after '(1),' insert

'after "purpose" insert "or with the effect", after "part" in paragraph (b) insert "or seeking to take part",'.

No. 14, in page 24, line 34, after 'use', insert

'or seeking to make use'.

No. 24, in page 25, line 4, leave out 'worker's "making use" ' and insert

'worker having "made use of or sought to make use of".'.

No. 25, in page 25, line 9, leave out from 'as' to end of line 10 and insert

'subjecting the worker to detriment on that ground is to be treated as subjecting him to a detriment within subsection (1)(c)'.

No. 28, in page 25, leave out lines 11 to 14.

No. 29, in page 25, line 15, leave out '(2C)' and insert '(1)(d)'.

No. 7, in page 25, line 18, at end insert—

'(4A) After subsection (4), insert—

"(4A) The payment of higher wages or higher rates of pay or overtime or the payment of signing on or other bonus or the provision of other benefits having a monetary value to other workers employed by the same employer shall not constitute a detriment to any worker not receiving the same or similar payments or benefits so long as—

(a) there is no inhibition in the contract of employment of the worker receiving the same from being a member of any trade union, and

(b) the said payments of higher wages or rates of pay or overtime or bonuses or the provision of other benefits are in accordance with the terms of a contract of employment and reasonably relate to the services provided by the worker under that contract.".'.

No. 30, in page 25, line 20, at end insert—

'(5A) In subsection (1) of section 148 of the 1992 Act, before the word 'purpose' insert "grounds on which, or, as the case may be,".'.

John McDonnell: Time does not permit a full debate of the issues covered by the amendments, so I shall refer to only one element. It was pointed out on Second Reading that, as the Bill is framed, it is almost impossible to interpret the meaning of "purpose". An employee would have to demonstrate that an employer was subjecting the employee to a detriment for the purpose of preventing or deterring the worker from performing a protected activity or penalising the worker for doing so. Already we struggle in courts of law to demonstrate the purpose. The employer need only give some vaguely plausible reason in order to wriggle out of the provisions of the current legislation. I urge a re-examination of the clause to see whether we can tighten it and incorporate in the legislation the true spirit of the judgment in the Wilson and Palmer case.

9.15 pm

Mr. Sutcliffe: I appreciate my hon. Friend's brevity in dealing with a major issue in respect of the judgment in the Wilson and Palmer case.

The Government believe that we have clearly set out our position in clauses that were discussed earlier. We think this is an issue around purpose. I was happy to meet Mr. Wilson of the Wilson and Palmer case, who is satisfied with what the Government have done. I ask my hon. Friend to seek leave to withdraw the amendment, as while I accept that there is a variance between us, the Government have moved some way towards incorporating the Wilson and Palmer judgment.

John McDonnell: I met Mr. Wilson as well on Friday, and I think that he has set his video recorder for this debate. I do not think that he is completely ecstatic with the Bill as it is now proposed, and I am sure that he would back further amendments. Perhaps we can discuss that at a later time. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Bellingham: On a point of order, Madam Deputy Speaker. My hon. Friend the Member for Epping Forest (Mrs. Laing) would like to speak to our amendment No. 7. *[Interruption.]* She was present at the start of the debate. Would it be possible for her to speak to amendment No. 7?

Madam Deputy Speaker: I did not see the hon. Lady in her place trying to catch my eye.

Mr. Djanogly: On a point of order, Madam Deputy Speaker. Not only did my hon. Friend the Member for

Epping Forest (Mrs. Laing) stand up to catch your eye, but so did I, so I would appreciate it if that could be put on the record as well.

Madam Deputy Speaker: Both hon. Members were standing, but it was at the point when the hon. Member for Hayes and Harlington (John McDonnell) was withdrawing his amendment. I thought that we were moving to the next debate.

Mrs. Laing: On a point of order, Madam Deputy Speaker. I fully appreciate that the hon. Member for Hayes and Harlington (John McDonnell) was withdrawing amendment No. 15, but it was my intention to propose amendment No. 7, which stands on the amendment paper in my name and those of my hon. Friends.

Madam Deputy Speaker: I have to advise the hon. Lady that we have now come to amendment No. 3, and although she stood up, it was not clear that she wished to speak. There was no indication that she wished to speak on that particular amendment. I have to say that we have now reached amendment No. 3.

Clause 34

INFORMATION AND CONSULTATION: GREAT BRITAIN

Brian Cotter (Weston-super-Mare) (LD): I beg to move amendment No. 3,

in page 30, line 9, at end insert—

'(1A) The Secretary of State shall consult such persons as he considers appropriate on the establishment of works councils as an arrangement suitable for informing and consulting employees and shall publish the responses received pursuant to those consultations, together with guidance on best practice for works councils, before making the regulations referred to in subsection (1).'.

I wish to mark a card for this amendment, which the Liberal Democrats consider extremely important. As the Minister will know from discussions in Committee, we consider that works councils are important not only for employees, but for employers, in ensuring that companies are run well and with the full co-operation and help of their employees. In view of the lateness of the hour, I say to the Minister that I hope that he has taken on board our arguments and that he will accept that we have a valid argument and at least recognise that the works council approach has merit and is worth consideration.

Mr. Sutcliffe: There are two aspects to the amendment. On the consultation aspect, the implementation of the information and consultation directive has been the result of extensive consultation, as the hon. Gentleman knows. The amendment would impose a statutory requirement not only when the regulations are made initially, but whenever they may be amended in future, which would not be desirable. The Department already follows Cabinet Office guidelines on public consultation and publishes the results of such consultations, so a statutory obligation would not improve things in practice.

In the case of the information and consultation regulations, we are well aware that the implementation of the directive represents a particularly significant landmark in UK industrial relations, so it is very important that we approach the implementation in a positive and constructive manner. For the first step, we published the discussion document in July 2002, and we held a series a round-table discussions up and down the country with a wide range of individual businesses and their representatives, unions and employment experts, to discuss how best to approach implementation of the directive in the UK. Building on that initial consultation, the Government held discussions with the CBI, the TUC and a range of other organisations about the details of implementation.

An agreed framework for implementing the directive was published on 7 July 2003, together with draft legislation, on which we invited comments, and a further series of round-table discussions were held around the country with a similar mix of experts. I attended five of those discussions myself, other Ministers were present at other events, and copies of the responses to the two consultations are available in the Department of Trade and Industry library. The responses indicate strong and broad support for our approach to implementation, and since the second consultation closed in November officials have been working with a range of stakeholders to refine and improve the regulations. We intend to publish a Government response to the consultation before the summer.

I am grateful to the hon. Member for Weston-super-Mare (Brian Cotter) for raising guidance. The Government have always intended that regulations should be accompanied by guidance. We know that it is very important to all the parties who will be affected by the Bill that guidance is available in advance of the legislation coming into force. We therefore intend to publish draft guidance that will explain how key concepts in the legislation are intended to work in practice. In addition, ACAS will produce best practice guidance that is designed to help information and consultation practitioners get to grips with some of the main issues involved in setting up and running information and consultation procedures. In those circumstances, and notwithstanding what the hon. Member for Weston-super-Mare has said about the importance of works councils, which may be included in the consultation process, I ask him to withdraw the amendment.

Brian Cotter: I thank the Minister for his answer. We still feel that works councils are important, but, in the light of his comments, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Bellingham: I beg to move amendment No. 1, in page 41, line 5, leave out Clause 46.

Conservative Members are not against union modernisation, and we are certainly not against trade unions—in fact, we are making a real effort to reach out to them. As I pointed out earlier, the Minister got wind of a meeting that my hon. Friend the Member for

[Mr. Bellingham]

Eddisbury (Mr. O'Brien) and I had the other day with Mr. Brendan Barber. The meeting was constructive, and we have a great deal in common.

The Minister has said on a number of occasions that the unions have shown remarkable resilience. They are modernising, but the key point is whether the state should fund the process. The Chancellor made it clear in his Budget that the country's finances are fully stretched—borrowing is soaring and a black hole is opening up—but the Government still spend our money with irresponsible abandon. The original budget for the Scottish Parliament was £44 million, but the cost is now more than £400 million, and there are also the Electoral Commission, the supreme court and now the modernisation fund.

Our concern is that there is no ceiling or limit on the money for the modernisation fund. Clause 116A states:

"The Secretary of State may provide money".

The Minister has stated that the sum will be between £5 million and £10 million over several years, but the commitment is open-ended.

Furthermore, the Minister said in Committee that the money may be spent only on specific items, and the clause mentions various items and initiatives that it can be used for. Clause 116A(3) states:

"Money may be provided in such a way as the Secretary of State thinks fit".

Mr. Sutcliffe: The hon. Gentleman will surely remember the partnership fund and the working partnership fund, which his party supported. We have set out the union modernisation fund in exactly the same way as the partnership fund.

Mr. Bellingham: The DTI partnership fund discusses match funding, but there is no match funding in the Bill. If the Minister were following the rules of the partnership fund, the unions would have to put up a pound for every pound the Government put up.

Mr. Sutcliffe: Just to be clear, we followed not the rules of the fund, but the way in which it was introduced.

Mr. Bellingham: We are still not satisfied. There should be an equal pool of money. We do not want clause 46 to go ahead, but, if it does, it should be even-handed. Many employer organisations want to modernise, reach out to their members and introduce new ways of communicating and dealing with their members, but there is no money for them. The clause is in no way even-handed: it is completely one-sided. The Minister has said on many occasions that the essence of the Bill is even-handedness, but this provision is not even-handed; it is biased and unnecessary. How do we know that the money is not a sop or a bung to the trade unions? That is why we tabled the amendment to delete the clause.

Rob Marris (Wolverhampton, South-West) (Lab): The hon. Member for North-West Norfolk (Mr. Bellingham) set out three concerns: first, the way in which the money might be spent; secondly, the amount of money, there being no cap; and, thirdly, the lack of even-handedness. It surprises me that he did not table an amendment to that effect instead of one that would delete clause 46 altogether. That suggests to me that his true motives are not those that he specified and that he has another agenda—to do down the unions.

Mr. Djanogly: To answer the hon. Gentleman's last point, the reason such an amendment was not tabled is that the Government inserted the provision in Committee at the last minute, so we had no alternative.

I am grateful to be able to speak on this bung clause—the sort of law that most people would not believe could be introduced. It is unbelievable that the Government are not saying how much they will give to the unions. Will it be £5 million or £10 million? Presumably £6.4 million would be the benchmark, as that is the amount that the unions provided to the Labour party last year.

John Mann (Bassetlaw) (Lab): The money that unions give as donations is governed by their political fund ballot rules. Is the hon. Gentleman aware of those rules?

Mr. Djanogly: I am indeed.

Do unions need modernisation in the first place? They probably do. In January, ASLEF wrote to 40 of its employees listing penalties, including the sack if they went on strike, and derecognition of the GMB union. It looks as though ASLEF does need a bit of modernisation. Last year, the GMB had its own problems. A leaked report shows that 60 employment tribunal cases lodged against the GMB cost it some £4 million. They included cases of sexual harassment, bullying, discrimination, and unfair dismissal; and it had a £19 million deficit in its employee pension fund to boot—no wonder *The Guardian* reported that it must rank among the worst employers in Britain. Unions probably do need a bit of modernisation, but the question is: should the taxpayer pay for it? My answer would be no.

John Mann: I appreciate that the hon. Member for Huntingdon (Mr. Djanogly) is rather too young to recall some of the activities of previous Governments, but it may help him if I remind him of the moneys given in the late 1980s by the Department of Trade and Industry under Lord Tebbit for the modernisation of trade unions. The hon. Gentleman may also be interested to know that from 1979 to 1992, under successive Governments, the education Department gave money for the modernisation of trade unions.

Mr. Bellingham: During the course of the Conservative Administrations, well over £20 million was given to the trade unions for specific ring-fenced items such as running secret ballots, but this money is completely open-ended.

John Mann: The hon. Gentleman is not too young, but again he gets it wrong. When I applied for money from those two Departments and from others such as the Department of Employment, there was no ring-fencing. The forms were absolutely clear that it was money for modernisation. This is a fine tradition, and I back the proposal.

9.30 pm

Mr. Sutcliffe: I am pleased that we reached the amendment because the discussion demonstrates again the Conservative party's prejudice against trade unions. Conservative Members talk about being pro-trade union. They have held two meetings with Brendan Barber, and I am pleased that they have got into dialogue but I wonder whether they spoke to the unions about modernisation.

Conservative Members' attitude is unsurprising but deeply disappointing because the Bill has tried to foster a new mood of co-operation and a culture change. However, we have the same old Tories saying the same old things about trade unions. I tried to give assurances and explanations in Committee, and I believed that Opposition Members agreed with me about the structure that we were trying to achieve. That certainly applied to Liberal Democrat Members, who opposed the money resolution but accepted some of the points that I made about the culture.

Some trade unions have amalgamated for a variety of reasons. We require a modern approach to employment relations, and that means that trade unions must have the skills to deal with the modern environment. The idea that the money will be used for donations to trade unions is not correct. The suggestion that the money is a bung is simply untrue and part of the scare stories that Conservative Members have presented.

Rob Marris: Will my hon. Friend clarify a point that the hon. Member for Huntingdon (Mr. Djanogly) made? He appeared to suggest that Conservative Members had not had time to table a reasoned amendment to clause 46 commensurate with their views of it.

Mr. Sutcliffe: I am grateful to my hon. Friend for raising that point. From day one of the Committee proceedings, the hon. Member for Huntingdon (Mr. Djanogly) attacked the trade union movement in any way that he saw fit. He stuck to the employers without speaking to them. If he had spoken to them, he would realise that they are impressed by the new culture that the Government are introducing. There is a framework agreement on information and consultation.

The law on political forums is contained in the Trade Union and Labour Relations (Consolidation) Act 1992, which was tightly drawn. Neither the clause that we are considering nor any provisions in our previous Bill have changed that legal framework. Unions cannot spend money on political objects, including donations to political parties, unless they have established a separate political fund for that purpose. They are prevented by law from using money from their general fund for such purposes. I therefore ask the hon. Member for North-West Norfolk to apologise for describing the money as a bung.

Mr. Bellingham: I shall not apologise because the Minister said that approximately £6 million would be paid to the unions for modernisation. Would not it be better if the £6 million that the trade unions pay the Labour party were used for that modernisation?

Mr. Sutcliffe: I do not understand the hon. Gentleman's point. It is clear that we are entering a new era of employment relations.

I must apologise to the House because I made a slip of the tongue in the debate on the money resolution when I said that employers' organisations, especially the EEF, had received money for structural changes. That was not correct, and I apologise for it. They had received money for projects. Indeed, £500 million has gone into developing business projects, and that is right. It is a commendable exercise by the Government to enhance and develop business and its activities.

However, we also need to tackle the other side of the equation. As I said earlier, the number of amalgamations between unions has meant that they have experienced a reduction in numbers. It is important that union officials can understand company balance sheets and work out the issues that affect the future of companies, especially, for example, the information and consultation directive.

It is vital to approach the matter in an adult and consensual way and for the fund to be set up in the same way as the partnership fund. It is also vital that there should be much consultation in the summer with employers and employers' organisations. Their representatives will sit on bodies to determine the allocation of the funds in the same way as happened with the partnership fund. The yah-boo-sucks politics of Conservative Members shows that they do not want to have a serious look at the fund; they simply want to scaremonger. They do not support the need for modernisation. They have approached the issues in this part of the Bill in a very negative way, and have not understood the opportunities that exist for a modern approach to employment relations by ensuring that both unions and employers have the same capabilities, and that the highly productive, high-performance workplaces that we want can be achieved. We are going through a critical period of global competition, and the union modernisation fund will be a positive step towards ensuring that trade unions—

It being three hours after the commencement of proceedings on consideration of the Bill, MR. SPEAKER, *pursuant to Order [25 March], put forthwith the Question already proposed from the Chair.*

The House divided: Ayes 157, Noes 315.

Division No. 114] **[9:35 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Brady, Graham
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burnside, David
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Carmichael, Alistair
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan

Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Fabricant, Michael
Fallon, Michael
Flook, Adrian
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jones, Nigel *(Cheltenham)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Letwin, rh Oliver
Liddell-Grainger, Ian
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Spelman, Mrs Caroline
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Walter, Robert
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Wiggin, Bill
Willetts, David
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Hugh Robertson and Mr. Mark Francois

NOES

Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Cabom, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Corbyn, Jeremy
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Gapes, Mike *(Ilford S)*
Gardiner, Barry
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Joyce, Eric *(Falkirk W)*
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Laxton, Bob *(Derby N)*

Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McIsaac, Shona
Mackinlay, Andrew
McNamara, Kevin
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Diana
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Hywel *(Caernarfon)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Noes:
Mr. John Heppell and Mr. Nick Ainger

Question accordingly negatived.

Order for Third Reading read.

9.51 pm

The Secretary of State for Trade and Industry (Ms Patricia Hewitt): I beg to move, That the Bill be now read the Third time.

I shall begin by drawing attention to the Register of Members' Interests. Like all my hon. Friends, I am proud to be a member of a trade union. I am also proud of the fact that in Britain today there are more people in work than ever before—28 million. We have slashed long-term adult unemployment to below 140,000. In 1986, it stood at nearly 1.5 million. We have slashed long-term youth unemployment to about 20,000. Back in 1986, 300,000 young people were on the dole. We have lower unemployment rates than any other G7 economy, and in the last seven years 1.8 million new jobs have been created in our economy, seven out of 10 in the private sector. That has confounded all our critics, including Conservative Members who said that our policies to re-regulate the labour market would be a disaster for jobs. The opposite has proved to be the case, and the measures that we introduced in our first term are working well. We are building on those measures in the Bill.

Mr. Redwood: Can the Secretary of State tell us what has happened to manufacturing jobs since the Government took office? Does that not demonstrate just how much damage some of their regulations have caused?

Ms Hewitt: That is a bit much, coming from a former Minister in a Conservative Government who devastated manufacturing industry and manufacturing jobs in constituencies up and down the country and did not give a toss for the workers who were thrown out of work. I regret to say that, in many sectors, manufacturing employment has continued to fall. As the right hon. Gentleman is no doubt aware, there has been a global downturn, which has made life for manufacturing exporters exceedingly difficult. I am glad to say, however—and I hope that the right hon. Gentleman welcomes this—that manufacturing is now turning the corner. With a strong and stable economy, historically low interest rates, specific measures such as investment assistance and our wonderful Manufacturing Advisory Service, we are helping more manufacturing companies to become competitive. The right hon. Gentleman's party failed to provide such help.

Getting people into work is essential, especially after the unemployment created by the Conservative party, but far more is needed in the modern world. We must have the conditions that will create more good jobs, better jobs and better workplaces. We know that the best businesses in our country operate on the basis of partnership between management and the work force—partnership with a recognised trade union where there is

[Ms Hewitt]

one, but partnership in every case. Among the most important of the Bill's provisions are the measures on information and consultation. They give effect to the information and consultation directive but do so in a way that suits our particular circumstances in the United Kingdom. Our provisions on information and consultation will help to create, in larger workplaces, a culture of partnership in which employees are informed, involved and committed to the success of their business.

Mr. Djanogly: What the Secretary of State says is not reflected in the Bill. The fact is that under the Bill, all that information and consultation is to be done by statutory instrument. She has not said how consultation or the directive will be put into effect, and if she would like to say now how that will happen, I should be grateful.

Ms Hewitt: The hon. Gentleman must surely notice that the Bill provides precisely the statutory authority that will bring information and consultation into effect and, in so doing, will end the absolute scandal that too many members of our work force have had to put up with: that of hearing from the radio in the morning, or, as in one notorious case, by text message to their mobile phone, that they are to lose their job. We will not put up with that. We have worked with the CBI and the TUC to agree a framework for the implementation of the information and consultation directive, and I very much welcome the fact that Digby Jones has said on that:

> "We have reached this agreement ... through constructive dialogue and discussion. It's exactly the spirit in which we all want new rules on information and consultation to operate in workplaces across Britain."

That approach with the social partners is a model of the approach already being used by the best businesses, which we want more of our businesses to adopt. I pay tribute to the work of both those organisations in reaching that agreement.

I also express my gratitude to hon. Members for their close interest in the Bill and the energy that they have displayed during its passage.

Mr. Bellingham: On both sides?

Ms Hewitt: There have been many constructive contributions, and I had the pleasure of reading the contributions that the hon. Gentleman made in Committee. I pay tribute to him for the spirit in which he moved, and then withdrew, several amendments. I also pay tribute to the Under-Secretary of State for Trade and Industry, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe) for the excellent work that he has done in shepherding the Bill through.

We have had an extensive consultation process on the Bill, and we will continue to listen, particularly as we finalise some of the clauses that we have added more recently. We have never lost sight of the need to keep the costs to business to a minimum, and nothing that we have added to the Bill during its passage will add significantly to those costs.

I shall highlight the changes that we have made to the Bill since its introduction. First, we are absolutely clear that we will not tolerate intimidation or bullying by employers or, indeed, by trade unions during recognition ballots. We will not have in Britain the kind of union-busting tactics that I am afraid have become all too commonplace in the United States. They are, fortunately, rare in our country, but we have listened to concerns raised during the Bill's passage, and we have responded with the new clauses, moved by my hon. Friend the Under-Secretary, that have been added today.

Secondly, we are not prepared to allow racists to hide behind membership of a political party to infiltrate trade union ranks. Clauses now in the Bill provide greater scope, quite properly, and in a way that complies with the Human Rights Act 1998, to root out that pernicious element and to exclude and expel it from trade union membership.

Thirdly, we will not allow rogue employers or, indeed, trade unions to flout the rules on lawfully organised industrial action. I promised on Second Reading that we would look closely at the Friction Dynamics case. That case was not only unusual but, fortunately, unique, and as a result of our consideration of the experience of the Transport and General Workers Union members at Friction Dynamics we have now tightened the legal definitions so that we will not see a repeat of employees being locked out of their workplace while the employer pays little more than lip service—if it can even be called that—to their statutory obligations. Again, we have strengthened the Bill in that respect.

Fourthly, we recognise the valuable role of modern trade unions in the modern workplace. They play a crucial role in helping to raise productivity, skills levels and the quality of our businesses' output. They can be partners with business in creating high performance, high productivity workplaces. Those are the only kind of workplaces that have a long-term future in an increasingly competitive global environment.

The modernisation fund that we have just debated on Report will give trade unions targeted funding to help them keep up in the rapidly changing labour market, and to make step changes in the way in which they work. I want to add my assurances to those that my hon. Friend the Member for Bradford, South has given both this evening and in Committee: this is not money for trade union recruitment, or money that can be used for industrial action. Nor can it be used for the political purposes covered by the political funds, which are entirely separate, separately constituted by law, and cannot receive money from a trade union general fund.

As my hon. Friend said, we shall of course consult fully on the plans for the fund, in order to ensure a robust set of rules, proper procedures and accountability, and so on. We will draw on the excellent existing model of the partnership at work fund, through which an independent advisory board makes recommendations on bids for money. We will not pre-judge the consultation process, but that model certainly provides a transparent and accountable method of allocating funds. The modernisation fund will account for between £5 million and £10 million, spread over several years. It will help trade unions to plan better for the long term, to think more strategically and to contribute better to our long-term economic success as a multiracial and diverse society.

The Bill takes another important step towards accomplishing our vision of full and fulfilling employment, and it reinforces the framework of fair standards at work that we have established over the past five years. It builds on the vital achievements of the national minimum wage, which was recently increased again, protection for part-time workers, paid paternity leave, the doubling of the length of maternity leave, the new rights to family friendly working, and the trade union recognition to which I have referred. It also leaves untouched the fundamentals of the trade union recognition system that we put in place in our first term: the small firms threshold, the voting threshold and the voluntary agreements.

We consulted extensively on those arrangements before the enactment of the Employment Relations Act 1999, and we know from our review that they are working. They have significantly increased, and are continuing to increase, the number of workplaces and workers covered by collective agreements, thereby helping to protect those workers, and helping—even more importantly—to create the partnership at work that I spoke of earlier. Business and employees are happy with them, and the number of stoppages at work due to labour disputes is at a record low. There were a mere 133 stoppages in 2003—the lowest figure since records began in 1920. I cannot go back quite as far as 200 years, as my right hon. Friend the Chancellor did recently, but it is a pretty good record, given the history of industrial relations in our country.

Mr. Djanogly: That record sounds excellent until one considers the number of unofficial days off for last year. On doing so, 2003 turns into the worst year since 1997.

Ms Hewitt: I notice that the hon. Gentleman does not make a comparison with the number of days lost under the Conservatives, especially in respect of the Royal Mail, for which I have a particular responsibility. Industrial relations are continuing to improve, despite all the scare stories from the Opposition at the time of the 1999 Act. We know that, crucial to success in a competitive global economy is the ability of Government, business, employees and their trade unions to work together on skills in high-performance workplaces and to ensure that we sustain the economic stability that has underpinned the extraordinary achievement on employment that we have delivered.

I believe that it is an excellent Bill and I commend it to the House.

10.5 pm

Mr. Stephen O'Brien : I draw the House's attention to my entry in the Register of Members' Interests. I should also like to say that I draw on many years of experience in manufacturing industry, working positively and constructively with all those in the business in which I was engaged—including union members, union officials, individual employees and employers. It gives me great pleasure to thank my hon. Friends the Members for Huntingdon (Mr. Djanogly), for Epping Forest (Mrs. Laing) and for Hexham (Mr. Atkinson), who served so diligently in Committee, and I pay tribute to the extraordinary hard work and scrutinising effectiveness of my hon. Friend the Member for North-West Norfolk (Mr. Bellingham).

There are real and urgent problems facing British industry today, and it is against that background that we must debate Third Reading. Productivity has halved since 1997, the total trade deficit rose to an unprecedented £18.8 billion last year and the British Chambers of Commerce informs us that the cost of regulation has shot up by an astonishing £9 billion in the last 12 months alone. The annual cost of poor skills amounts to an estimated further £10 billion.

In that context, it speaks volumes about the priorities of the Government and the Secretary of State that we are not debating any of those vital issues, but another Employment Relations Bill, for which there is scant demand, least of all from those engaged at all levels working in British business. We know that there is little demand because the Bill arose from a Government-commissioned review of the Employment Relations Act 1999. According to the regulatory impact assessment published alongside the Bill,

"The main conclusions of the review are that the legislation is generally working well".

If the Government's own conclusion is that the current legislation is working well, is it not strange that they have decided to use primary legislation essentially to fine-tune an Act passed just four years earlier?

The Employment Relations Bill that we are debating today is not the Bill that we saw on Second Reading. It is not the Bill whose tepid endorsement from the CBI and others was based on relief at its basic insubstantiality and on what it did not contain rather than what it did. We voted against it on Second Reading because it was an unnecessary Bill in its own terms.

Precisely as I predicted in my Second Reading speech, the Bill has turned out to be a Christmas tree—an unadorned framework on which interest groups, specifically the unions, have been invited to hang their favourite baubles. Precisely because that was my original suspicion, I asked the Secretary of State on Second Reading whether she would

"assure the House that additional measures will not be introduced by Government amendment, or conceded by them, with the exception of those that she has already flagged and on which we have had a constructive exchange"—[*Official Report*, 14 January 2004; Vol. 416, c. 832.]

Let me place on record, before Labour Members attempt to make any potentially mischievous or even grossly misrepresentative points, that what was then flagged was the Government amendment introduced after Second Reading, which resulted in what is now clause 28, dealing with the exclusion and expulsion from trade unions of racists. We said then that we would consider that positively, particularly when we had a chance to explore the detail, because Conservative Members are equally determined to root out racism. However, the clause does not refer to the British National party, only to "a political party" and to "excluded conduct" of an individual. That could have been achieved either through union rules or, failing that, by a statutory instrument brought under the authority of the 1999 Act. It does not justify the Government in bringing in wholly new primary legislation.

The Secretary of State refused to give me the guarantee that I sought on introducing or conceding additional measures. Instead, we have seen a host of late

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amendments, a great many of which were tabled just five days ago in a deliberate attempt to downgrade the House's opportunities for scrutiny and for outside organisations such as the CBI, the British Chambers of Commerce, the Engineering Employers Federation, the Federation of Small Businesses, the Forum of Private Business and many others.

Let me say to all those who study the record—if asked, those who worked with me when I worked within a large unionised industry, would confirm it—that I am not, nor have ever been, anti-trade unions or anti-trade unionists.

Because this is a short debate, I have time to focus only on the most scandalous of the late amendments—the Government's bung to the unions. The regulatory impact assessment accompanying the Bill states that the quantified benefit to the unions is between £75,000 and £108,000. The RIA was signed off on 3 December 2003. On 10 February 2004, the Minister for Employment Relations, Competition and Consumers announced that he was tabling a new clause that would

"make funds available to independent trade unions and federations of trade unions to modernise their operations."

He also said that he envisaged that

"the size of the fund would be in the region of £5 million—£10 million in total, with expenditure spread over several years, probably beginning in 2005–06."—[*Official Report*, 10 February 2004; Vol. 417, c. 67WS.]

That happens to coincide with what we understand to be the £5 million to £10 million that the unions, from the hard-won earnings of trade unionists, give to the Labour party. Such a fundamental alteration to the Bill, so vaguely phrased and coming after the signing off of the RIA, constitutes a total abuse of the parliamentary process.

Furthermore, it is evident that the Government have proposed this measure at great, uncapped cost to the taxpayer, having given no thought to the nature, structure, mandate or time limit of the so-called union modernisation fund.

Mr. Redwood : Will my hon. Friend comment on how wide-ranging clause 46 is? As I understand it, the money can be applied for any existing purpose or any new, unspecified purpose. It could not be any wider.

Mr. O'Brien: My right hon. Friend puts his finger on the inadequate opportunity that the House has had to scrutinise the proposal. The proposal is vague, it was introduced after Second Reading and I am sure that the other place will wish to scrutinise it with great care and consideration.

If I am wrong in what I have said, I invite the Secretary of State to intervene to correct me. Would she care to clarify the expenditure limit of the fund? Or will she confirm that effectively it has none? What is the time limit of the fund? Or will she have to confirm that it has none? As the Government know, it is not possible to amend a new clause in Committee. Why are the Government so reticent about providing a clear and accountable definition? Is it all part of the Government's embarrassed desire to avoid spelling out the extent of the bung?

Mr. Archie Norman (Tunbridge Wells) (Con): Does my hon. Friend also accept that this case is a clear illustration of the need for some form of external, objective audit of regulatory impact assessments? It is a classic case of the regulators assessing their own performance, being vague and, in this instance, virtually negligent in so doing.

Mr. O'Brien: My hon. Friend anticipates my tribute to his ten-minute Bill on the issue, to which the Government have paid no attention. It would ensure a degree of independence and impartiality so that the Government could not up the benefits of a Bill but seek to diminish the costs.

What is the justification for subsidising union modernisation but not a charity or voluntary organisation? Come to think of it, what is the Secretary of State's definition of modernisation, besides its habitual use by new Labour to mask yet again its absence of principle? It defines everything it sees as rotten so that it can justify the use of precious parliamentary time on it as necessary and useful. What processes will the Secretary of State put in place to ensure that the unlimited quantity of money goes exclusively towards the purposes of modernisation, whatever they may be? I am not surprised that we have heard no satisfactory answers to any of those questions. What is clear is that the only calculation that the Government have made is a cost-benefit analysis of throwing a sop to their friends and paymasters in an attempt to tame them ahead of the general election. That is the real regulatory impact assessment at the front of ministerial minds, not the version that they have provided for display in the Library.

I note that the Government have made great play of the support of the CBI for the Bill. However, the CBI has made clear its views on the union modernisation fund, which was of course introduced after Second Reading and after it had given its approval to the contents of the Bill. The CBI believes that

"the Government should not subsidise inefficient unions or union recruitment campaigns through its proposed union modernisation fund."

The Minister attempted to suggest that such purposes have been excluded, but the Government have not defined what is included. Lack of precise definition is part of the problem. The CBI also says:

"It is disappointing that the Government has taken this step given the low incidence of union membership in both the private and public sectors."

That gives rise to the question of how much information the Government provided about the amendment and how much consultation took place between the Government and the CBI. Was it about as much as the Chancellor provided for the civil servants he summarily dismissed in his Budget address?

The Secretary of State has rightly expressed her opposition to employees being sacked by text message, but what about a Government desperate to stay on-message on tackling public sector waste, which the Chancellor has now admitted amounts to £20 billion of

taxpayers' money? I invite the Secretary of State to have a quiet word with her right hon. Friend the Chancellor about the importance of leading by example in a "no surprises" culture in the workplace. Does she not feel even a tiny pang of conscience, given her Under-Secretary's edict? On 2 December, in a DTI press release, he said:

"I want to see an end to the climate where people only hear out of the blue about job losses from the media, or by text message. I want to see a "no surprises" culture at work where employers and employees discuss common ground and find solutions to mutual problems."

Only yesterday, however, we learned in *The Sunday Telegraph* that the Government are to slash or relocate at least 1,500 jobs in an overhaul of the Department of Trade and Industry. It reported:

"The headcount at the DTI's headquarters will be reduced by a third, with about 650 jobs cut and around 850 relocated to the regions."

Ms Hewitt: I hope that the hon. Gentleman will accept that we have been talking to our trade unions for several months about our plans to make our work force more efficient and to relocate some of our jobs.

Mr. O'Brien: It may be of some comfort to know that a fairly Chancellor-led surprise announcement was actually in train and that there were discussions with what the Secretary of State calls "our trade unions" rather than "the trade unions", which would be a more proper way of putting it. That is important.

Despite the Secretary of State's attempt to reassure us, it is equally important that, when the Government issue announcements about job cuts in the public sector, including the way that they slip out news about sackings from her own Department, they should be judged by their deeds. At the very least, they should adopt for their Departments the standards that she seeks to impose through the Bill on other employers, especially those in the private sector who are risk takers as opposed to the non-wealth-creating public sector—*[Interruption.]* Labour Members hate hearing that. They do not like to be rumbled, because the Bill is an effort to dress up something to do with their electoral advantage, as they define it, rather than a true concern for good business, good employment and good, safe jobs.

The other highly flawed provision in the Bill is the incorporation of the information and consultation directive in UK law. In that regard, I refer again to the regulatory impact assessment published in conjunction with the Bill. Incidentally, I make no apologies for my repeated references to the impact of regulation. On the Opposition Benches, we take that very seriously indeed, although I confess that I would have more faith in the reliability of RIAs if even one burdensome regulation had been aborted as a result of that procedure. I asked the Secretary of State about that in a written question, but she relied on her Cabinet Office colleague, who declined to give even one such example. The Minister for the Cabinet Office stated:

"There are no cross-government figures on the number of RIAs that resulted in decisions not to proceed with new regulations."—[*Official Report*, 2 February 2004; Vol. 417, c. 715W.]

Even the tentative quantification of the RIA cannot disguise the fact that the one-off costs to business of implementing the measure will be £45 million and that the recurring annual costs will be £46 million. This single measure alone accounts for more than 75 per cent. of the recurring regulatory costs of the entire Employment Relations Act 1999, which was itself a costly piece of legislation for British business. I hope that the Secretary of State will reconsider the belief, which she expressed on Second Reading, that the costs of the Bill to employers are broadly "insignificant". In her speech this evening, she said that the amendments subsequently proposed would not add a significant cost to businesses.

Ms Hewitt: I am puzzled. I understand that the hon. Gentleman is against the union modernisation fund; that is a clear dividing line. But is he also telling the House that he is against the information and consultation provisions?

Mr. O'Brien: Perhaps the Secretary of State should hold her breath. I am just about to develop why the Government have chosen to implement the information and consultation directive in a form much broader than was sought in respect of its imposition on this country. As the director general of the CBI has noted, the directive is

"a poor piece of EU legislation".

The fact that the Government lack the will and the influence in Brussels to refine an evidently crude directive at its inception is therefore regrettable, as is their lack of a requirement for a full regulatory impact assessment of that or any other EU regulation while it is being drawn up—despite the fact that it is at that stage that the Government can do most to influence a directive's nature and outcome. Theirs is an oddly relaxed attitude, given that about 40 per cent. of UK regulations that originate in Brussels are more costly to British business than those that originate in this place.

Even more galling is the way in which the Government manage to make the worst of a bad situation by transcribing burdensome directives into UK law with disproportionate zeal. There is no reason why the information and consultation directive should not have been introduced via a statutory instrument—indeed, it is unusual to introduce such a directive by primary legislation and to give the Secretary of State significant powers to

"make any provision which appears . . . to be necessary or expedient".

Why have the Government taken such wide-ranging powers when they did not want the directive in the first place? Lord Sainsbury of Turville—a DTI Minister—is on the record as saying that

"a general framework for informing and consulting employees in the European Community . . . is difficult to reconcile with subsidiarity and would cut across member state traditions to no benefit."—[*Official Report, House of Lords*, 5 March 2001; Vol. 623, c. WA 14.]

If the Government are capable of so vigorously—to the tune of £45 million a year—gold-plating legislation of which they do not even approve, it is terrifying to consider how they implement regulation that they endorse. That goes some way to explaining the BCC figure I mentioned earlier that the cost of regulation on British business has rocketed by £9 billion in the past 12 months alone.

What began as a non-Bill has ended up as a stealth Bill, which will serve to strengthen the unions' power and the Labour party's purported links to them, and

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to weaken both British business and Parliament. It is an abuse of taxpayers' money and of the scrutiny procedures of this House. One of the few positive notes that can be struck is that it represents a powerful and definitive argument for the two excellent ten-minute Bills recently presented by Back-Bench Members of the official Opposition, my hon. Friends the Members for Huntingdon and for Tunbridge Wells (Mr. Norman).

The Bill presented by my hon. Friend the Member for Huntingdon was designed to eradicate precisely the thoughtless bureaucratic gold-plating of EU directives that the Bill embodies in relation to the information and consultation directive. The European Communities (Deregulation) Bill declares that provisions of regulations will not have to be enforced if it can be proved that they will impose higher compliance costs or a heavier sanction for failure to comply than in other EU member states. That is a constructive and commendable approach to over-burdensome EU regulation, and any Government interested in our British national interest should take my hon. Friend's Bill seriously.

Mr. John Bercow (Buckingham) (Con): My hon. Friend is delivering a racy and intoxicating speech to which I hope I can add. Does he agree that it is most regrettable that the pioneering stance on sunset regulation adopted by the right hon. Member for Tyneside, North (Mr. Byers) when he was Secretary of State for Trade and Industry, as reflected in the Electronic Communications Act 2000, has since been abandoned and the Government are now adopting a tepid and reactionary attitude that fails to give the proper opportunity to minimise regulation in the way that the example of the United States teaches us is beneficial to industry and commerce?

Mr. O'Brien: I am grateful to my hon. Friend. It is nice to know that a speech can be intoxicating, although I assure the House that, at this stage of the day, I have not had the benefit of anything intoxicating to help me along. More important, he can be reassured that a presumption in favour of sunset clauses is a plank in the official Opposition's proposals to aid the British economy and British business, and that presumption will not be ditched for the sake of expediency.

The Government ignored the Bill presented by my hon. Friend the Member for Huntingdon. Yet again, they displayed their indifference to the needs of British business. With reference to the disgraceful way in which the union modernisation fund was announced, it is clear that the suggestion made by my hon. Friend the Member for Tunbridge Wells of a system of post-implementation audits for RIAs, as set out in his Regulatory Impact Assessments (Audits) Bill, would prevent Ministers from getting away with the shameful practice of signing off RIAs, only to table amendments later that impose potentially vast additional costs on the taxpayer. Indeed, my hon. Friend also provided for the fact that those who promote a Bill and who argue in favour of its benefits cannot be expected to be trusted to be impartial about the costs. Again, there was no squeak of interest from the Secretary of State or her Government colleagues. I know that my colleagues in the other place will be interested in pursuing all these points.

As presented on Second Reading, the Bill was unnecessary. Now, as predicted by the Opposition and feared by British business, it has become costly, nannying, preachy and burdensome. It is highly unlikely that it will influence a few bad employers. It will increase burdens on already good employers and give comfort to the few bad unions. The Bill is a product of the distorted priorities of those who sponsored it—a Government who are desperate to curry favour with their paymaster unions and a Department that is structurally indifferent to the flexible and fair needs of British business and wealth-creating small businesses, especially those employing fewer than 50 people. Above all, it is not even-handed between employer and employee. Had we been able to debate amendment No. 7, I know that that issue would have been taken seriously in another place. It is appropriately known as the Miller amendment.

It is no accident that the resource budget for employment relations of the Department of Trade and Industry has more than tripled since 1998, while the allocation for innovation has fallen by 7 per cent. over the same period. It is a matter of fact that the Secretary of State, like her Department, is on the side of the regulators and against enterprising British entrepreneurs and innovators. Unless and until there is a re-evaluation of the purpose and priorities of the Department, I believe that businesses will continue to suffer. The Bill is the latest in a litany of measures that the Government have introduced to burden British business. Unless it is defeated this evening—I urge my colleagues and all other Members to join me in the No Lobby—it will sit as another glaring indictment on the charge sheet against this Labour Government and this Secretary of State.

10.26 pm

Jim Sheridan: It is unfortunate that, once again, those who spoke from the Front Benches took most of the time that was allocated to an important debate.

As a long-standing member of the Transport and General Workers Union, I am proud of the Government for introducing legislation that protects and enhances the role of trade unions. I would argue that another term of Conservative government would have sounded the death knell for trade unions. In that event, we would have been talking today about the reinvigoration of trade unions instead of helping them to expand.

The T and G was much involved in my education and assisted me in getting to this place, for which I am extremely grateful. Many Labour Members have experience of working through the trade union movement and in so doing getting their education. There is an argument that we need more people of the same background and experience in the House if it is to be representative of the work force.

The most chilling comment that I heard during the debate came from the hon. Member for North-West Norfolk (Mr. Bellingham), the Opposition Front-Bench spokesman. He said that employees' performance could be affected if they had to attend trade union meetings.

Mr. Bellingham: I was making the point that when more than one member of staff went consistently to meetings—perhaps three, four, five or six meetings—that could affect performance, particularly in relation to health and safety.

Jim Sheridan: I thank the hon. Gentleman, but it was chilling to hear him say that the performance of employees could be affected if they had to attend a trade union meeting. Many members of the Labour party have experience of attending trade union meetings and of being discriminated against because they did so. Many of them are still on the dole as a result of being blacklisted. They are still looking for a job. In some instances, that is the result of the legislation that the Tory Government brought in.

Not much mention has been made of the foot soldiers in the trade union movement—shop stewards. There are young shop stewards, and I have in mind particularly the young females in the trade union movement, which is trying to encourage more women to become representatives. That is something that the Labour party would welcome.

I would put employers into three categories. There is the progressive employer who has nothing to fear from the Bill. The company that I have recently left is already engaged in consulting and helping trade unions, especially with training. It offers resources to help shop stewards to be trained. It recognises that that adds value to the company and helps to increase productivity. There is no problem with that.

Secondly, there are negative employers who wish to take advantage of inexperienced young shop stewards. They keep them waiting in corridors. They misinform them and treat them as idiots. Finally, there is the altruistic employer, whose attitude is, "If you do what you're told, if you're a good boy or a good girl, you'll be here for ever. Just do what I tell you." In my experience of working with the trade unions, I have never yet met a bad employer. I look forward to the day when I do.

On the modernisation fund, it is only right that trade unions should be given money to enable employees to negotiate on a level playing field with employers.

Anne Picking (East Lothian) (Lab): On the money going to modernise trade unions, I am sure that my hon. Friend will agree that it is no surprise to us that the Tories were against that. They are always anti-union and always will be. Is he as surprised as I am that the Liberal Democrats and the Scottish nationalists, who claim to be friends of the trade union movement, abstained or voted against it?

Jim Sheridan: My hon. Friend makes a good point. As a former president of Unison, the public services union, she knows what she is talking about. She is right. In my area, Renfrewshire, the Liberals claim to be the allies of the trade unions, but when it comes to giving the trade unions the resources to do the job, what do the Liberals do? They vote against it. The SNP say they stand up for Scotland. Where were they when it came to resources for the trade unions? They were not here. They could not be bothered to turn up. That explains why the people of Scotland should reject the nationalists, and why people throughout Britain should reject the Liberals.

Negotiations on pensions are complex, as are negotiations on health and safety. It is important that we have proper health and safety legislation that shop stewards and health and safety representatives are aware of and can deal with. We need people to know what employment law is about and how to relate that to the members. The same applies to company law. I know that many on the Opposition Benches do not understand why shop stewards should be involved with company law. They would rather keep that for the lawyers and the courtrooms. On redundancy packages and productivity pay, why should people not receive the best advice?

It would be remiss of me not to mention gangmasters. In that connection I pay tribute to the hon. Member for North-West Norfolk for his assistance and for recognising that legislation is needed to stop people being exploited by unscrupulous gangmasters, especially in agriculture. A private Member's Bill is going through the House and I hope that, with the support of hon. Members of all parties, it will become law.

We have tried voluntary codes and we have tried free markets, but they have not worked, so we need to try something else. Legislation is not a panacea for all the inequalities in the workplace, but it will go a long way towards stopping them. Effective employment legislation is needed particularly in agriculture, where current practice is nothing more than modern slavery and should be outlawed at every level. In addition to effective legislation, we need ministerial responsibility and financial resources to deal with unscrupulous employers.

Mr. Djanogly: Will the hon. Gentleman give way?

Jim Sheridan: My nipples are about to explode in anticipation of what the hon. Gentleman has to say.

Mr. Djanogly: Does not the hon. Gentleman recognise that the Bill is about squashing individual rights? We have the bosses getting together with the unions, and it is back to the 1950s. The people who suffer are individuals who want to have their own say.

Jim Sheridan: The Bill is about affording people the right to decent work and to dignity at work. When I spent time with the hon. Gentleman in Committee, it was nostalgic to hear him talk about trade unions, particularly when he talked about the 70s, 80s and 90s. Perhaps he was not around at that time, and he was basing his comments on what his parents or somebody else has told him. It was definitely nostalgic to listen to him talk about trade unions, his knowledge of which is somewhat limited.

[Jim Sheridan]

It being four hours after the commencement of proceedings on consideration of the Bill, MR. DEPUTY SPEAKER, *pursuant to Order [25 March], put forthwith the Question already proposed from the Chair:—*

The House divided: Ayes 331, Noes 134.

Division No. 115] **[10:35 pm**

AYES

Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Baird, Vera
Banks, Tony
Barnes, Harry
Barrett, John
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Beith, rh A. J.
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Cable, Dr. Vincent
Caborn, rh Richard
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Caplin, Ivor
Carmichael, Alistair
Casale, Roger
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Cohen, Harry
Coleman, Iain
Colman, Tony
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Corbyn, Jeremy
Cotter, Brian
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, Andrew *(St. Ives)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Holmes, Paul
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Nigel *(Cheltenham)*
Joyce, Eric *(Falkirk W)*
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McIsaac, Shona
Mackinlay, Andrew
McNamara, Kevin
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moore, Michael
Moran, Margaret
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Diana
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Pugh, Dr. John
Purchase, Ken
Purnell, James
Quin, rh Joyce
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Rendel, David
Robertson, Angus *(Moray)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry

Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Sanders, Adrian
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheridan, Jim
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Thurso, John
Timms, Stephen
Tipping, Paddy
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Hywel *(Caernarfon)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Nick Ainger and Mr. John Heppell

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brady, Graham
Browning, Mrs Angela
Burns, Simon
Burnside, David
Butterfill, Sir John
Cameron, David
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dorrell, rh Stephen
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Flight, Howard
Flook, Adrian
Gale, Roger *(N Thanet)*
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Leigh, Edward
Letwin, rh Oliver
Liddell-Grainger, Ian
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spelman, Mrs Caroline
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Walter, Robert
Watkinson, Angela
Whittingdale, John
Wiggin, Bill
Willetts, David
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Noes:
Mr. Mark Francois and Hugh Robertson

Question accordingly agreed to.

Bill read the Third time, and passed, with amendments.

Malcolm Bruce (Gordon) (LD): On a point of order, Mr. Deputy Speaker. As you know, the time constraints meant that you were not able to call me in the debate on Third Reading. I make no complaint about that—I appreciate the rules of the House. However, that means that, in relation to a programmed debate, our reasons for supporting a Bill and our qualifications are not on the record. Secondly, I wonder whether you and/or Mr. Speaker could review the speaking rules for programmed and timetabled Bills to ensure that all major opinions in the House are properly heard.

Mr. Deputy Speaker (Sir Alan Haselhurst): I sympathise with the circumstances in which the hon. Gentleman found himself. The Chair always nurses the hope on occasions when time is limited that hon. Members will somehow share out the time in a way that satisfies all points of view. Sometimes the Chair's hopes are not fulfilled.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Further to that point of order, Mr. Deputy Speaker. Would it not be useful on such occasions if the party that complained did not support the programme motion?

Mr. Deputy Speaker: The hon. Gentleman should not try to draw the Chair into a matter of debate.

DELEGATED LEGISLATION

Mr. Deputy Speaker: With the leave of the House, I shall put together motions 3 and 4.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

NORTHERN IRELAND

That the draft Northern Ireland Act 2000 (Modification) Order 2004, which was laid before this House on 4th March, be approved.—*[Paul Clark.]*

TERMS AND CONDITIONS OF EMPLOYMENT

That the draft National Minimum Wage Regulations 1999 (Amendment) Regulations 2004, which were laid before this House on 18th March, be approved.—*[Paul Clark.]*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

REVIEW OF THE WORKING TIME DIRECTIVE

That this House takes note of the European Union Document No.5188/04, Commission Communication on the re-examination of Directive 93/104/EC concerning certain aspects of the organisation of working time; welcomes the review; supports the retention of the opt-out to the working time limit; and urges that a solution to the problems caused by the European Court of Justice cases of SiMAP and Jaeger is found.—*[Paul Clark.]*

Question agreed to.

DELEGATED LEGISLATION

Ordered,

That the Pet Travel Scheme (Pilot Arrangements) (England) (Amendment) Order 2004 (S.I., 2004, No.828) be referred to a Standing Committee on Delegated Legislation.—*[Paul Clark.]*

Census 1911

Motion made, and Question proposed, That this House do now adjourn.—*[Paul Clark.]*

10.51 pm

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I fully appreciate that the subject of tonight's Adjournment debate might not feature in the editorial columns of tomorrow's newspapers, notwithstanding the fact that 1911 was a vintage year, when Lloyd George introduced old age pensions in his "people's Budget". However, I have received representations on the matter from several constituents. They are generally people who are interested in tracing their family histories and keen for the records to be brought into the public domain to assist that. I know that other hon. Members will have been contacted by constituents in similar circumstances. Indeed, only last week, I tabled early-day motion 871 on the release of the 1911 census data and it has already received 28 signatures from hon. Members of all parties.

I pay tribute to the hon. Member for Solihull (Mr. Taylor) who has been very supportive and I am pleased that several hon. Friends, including my right hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith), who chairs the Select Committee on Constitutional Affairs, are present.

The Minister will know about the phenomenal interest that was generated by the release of the 1901 census records in January 2002. He will also know that demand for the information was so great that 1.2 million people were trying to access the internet site that contained the records every hour. That somewhat outstripped the initial forecasts of 1.2 million users a day. That unforeseen demand resulted in the site's withdrawal on 7 January 2002, some five days after its launch. A full service was resumed 11 months later on 21 November. Whatever the Minister thinks about the release date for the records, I hope he will accept that when the 1911 census data are released, it must be done much more effectively.

First, I want to consider the period of closure—the time that must pass before the data are released. The Lord Chancellor recently advised an hon. Member that the period of census closure in Britain is normally 100 years. Only six out of the 15 pre-1910 United Kingdom censuses have been closed for 100 years. The details of nine out of 15 have been released after less than 90 years. The average closure period for censuses in Britain is 80 years and, according to the national archives in Dublin, records of the 1911 census in Northern Ireland were released in 1960, some 49 years after closure.

Of course, I accept that the situation north of the border is now devolved, but it has become apparent to me through my correspondence with the General Register Office for Scotland that, in these matters, the General Registrar for Scotland will take the same line on the release of personal information as his colleagues in England.

I do not wish to second-guess what the Minister will say tonight, but he will be aware that I have already tabled a number of parliamentary questions on this subject and I think that I can glean a fair idea from the answer that I received from the Under-Secretary of

State for Constitutional Affairs, the hon. Member for Shipley (Mr. Leslie) on 10 December 2003, in which he stated:

"The 1911 census returns, now in the custody of the National Archives, are currently closed for 100 years by the Lord Chancellor's Instrument no. 12 of 1966, on the grounds that the information was supplied in strict confidence."—[*Official Report*, 10 December 2003; Vol. 415, c. 457W.]

Before the Minister restates that position tonight, it might be useful to examine the legal basis for that view, to have a brief look at some of the financial benefits that could result from an alternative approach, and to consider the situation that pertains in the Republic of Ireland.

I shall turn first to the question of the legal basis. The principal point is that the original guarantee given to those who completed the 1911 census gave no time guarantee for the duration before which the records would be made public. The confidentiality assurances that were given to people in 1911 were outlined in a written answer that I received on 18 December. Those assurances stated:

"'The contents of the Schedule will be treated as confidential. Strict care will be taken that no information is disclosed with regard to individual persons. The returns are not to be used for proof of age, as in connection with Old Age Pensions, or for any other purpose than the preparation of Statistical Tables.'"—[*Official Report*, 18 December 2003; Vol. 415, c. 1112W.]

On a strict construction of that, one might say that no census would ever be released. The Government are clearly of the view, however, that that guarantee does not prevent the release of documents after a significant period has elapsed. That period is at the Lord Chancellor's discretion, and to hide behind the idea that we are keeping to a time guarantee given to those who completed census returns is slightly less than accurate. The 2001 census, for example, stated explicitly that records would be held confidentially for 100 years, but the situation in 1911 was very different.

The Lord Chancellor's Instrument No. 12 of 1966 established the 100-year embargo rule. Prior to that, the delay in making records public had been much shorter. For example, the 1841 and 1851 records for England and Wales were both released in 1912. Scottish records were also held for less than 100 years. The 1891 Scottish returns, for instance, were made public after a delay of only 64 years. Given that the release of returns after 50 to 80 years was the practice in the first half of the last century, that no confidentiality time period was given on the 1911 census and that the Lord Chancellor's Instrument No. 12 of 1966 was 55 years away at that point, I would be very surprised if anyone who participated in that census really believed that their return would be held for exactly 100 years and not a day less. What is more, section 5(1) of the Public Records Act 1958 provides for the general release of records after 50 years, and that was reduced to 30 years in 1967. The Lord Chancellor has the power to release the records early. The only question is whether he wants to.

Mr. John Taylor (Solihull) (Con): I have a constituent who would like me to ask a question about the release of census records in Scotland, but how can I do that as an English MP?

Mr. Carmichael: If the hon. Gentleman wants to enter into correspondence with the Registrar General for Scotland, my experience is that the Registrar General will be more than happy to help. Indeed, when the hon. Gentleman reads the earlier part of my speech in *Hansard* tomorrow—I know he was unable to be here for the start of it, when I referred to him—he will see that I have already explored with the Registrar General the question of release in Scotland. The approach that he takes is that it will be largely the same as that in the rest of the United Kingdom.

As a Member from a fiscally responsible party, I always endeavour to ensure that any call I make for Government action is fully costed. The good news for the Government in relation to this call is that such action would increase revenue flows to the Treasury. According to the National Audit Office report on the release of the 1901 census, "Unlocking the Past: the 1901 Census Online", the internet site allowing access to the England and Wales records generated revenues of £4.5 million by 31 October 2003. Of course, the fear is that the longer the 1911 census is not available to the public, the more revenue-raising potential will decline.

The release of the 1901 census was more successful in Scotland than in England and Wales. There were not the same problems of over-demand for information leading to website failure. The NAO report suggests that that was the case for two reasons: an up-front charge for access to the Scottish website and the progressive release of data on microfilm before its release online. I hesitate to call on the Government to increase charges for access to records, especially given the revenues made without such charges for the England and Wales records, but I ask the Minister seriously to consider the release of the data on microfilm ahead of online release. If the Government are to stick rigidly to the 2012 date, that would be welcomed by many genealogists and would assist with an effective release of the records so that additional delays, as happened in 2002, would not occur again.

In 1901 and 1911, the whole of Ireland was part of the United Kingdom. Censuses were carried out there along similar lines to those in England, Scotland and Wales. The 1901 Irish census returns have been available in the Republic on film since 1971, and the 1911 census returns since 2000. Does the Minister not think it strange that the 1901 Irish records were available on film in Dublin some 30 years before the Public Record Office in Northern Ireland released microfilms and that while there is already access to the 1911 records in the south, the north of Ireland will have to wait another eight years?

I am keen that the Minister should have adequate time to reply to the points that I have raised, so I shall make one final substantive comment. The more I have looked into the matter, the more I have realised that it comes down to a question of freedom of information and the public interest on the one hand and the right of privacy given to individual citizens on the other. In this case, the right of the people who are researching their family histories—genealogists—has to be balanced against the right of people who participated in the 1911 census to have their responses kept confidential. On this matter, I gently suggest to the Minister that the Government have so far got the balance wrong.

[Mr. Carmichael]

In a recent letter to me, the Registrar General for Scotland stated:

"Ideally . . . we would want to wait until the death of the last person who had appeared in the census"

before making the details public. He continued:

"While that would be impractical, the 100 year milestone ensures that few will still be alive. With today's greater longevity, a shorter milestone (say, 90 years) would substantially increase the number of survivors who might object to their data being released."

Today, millions of genealogists are keen to see the 1911 census. It carried no guarantee of confidentiality for a set period and it was taken when records were normally released after 60 to 80 years. What is more, the Lord Chancellor has the power to determine that it can be released before 2012, and the Irish equivalent, which was taken by the UK Government, is already available.

Early release would generate money for the poor, cash-strapped Chancellor, so what is the reason for having to wait? Is there a vast lobby of 93-year-old people out there who are desperate for us not to know the contents of their census return—their date of birth and their parents' names, addresses and occupations? I think not. I hope that the Minister has a much better explanation for us than that.

11.4 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): I thank the hon. Member for Orkney and Shetland (Mr. Carmichael) for raising the 1911 census for England and Wales. The Government welcome the opportunity to have a constructive debate on a complicated issue, which is to my mind essentially a question of balancing the access interests of family and other historians who wish to consult census returns to further their research against the privacy rights accorded to citizens when they provided personal information in their census returns. I am glad that he acknowledged that balance towards the end of his comments. I stress that tonight's debate is about England and Wales, since the Scottish census is the responsibility of the Scottish Parliament.

In recent years, many people have taken up family history for the first time and with a passion, as many key documentary sources have become available over the internet. The Government recognise that the pursuit of family history is very far from being a marginal leisure interest, as it has sometimes rather unfairly been regarded in the past. It fulfils two profound needs: the development of a sense of family, community and personal identity to provide a secure anchor for people in a sometimes rather anonymous modern world; and the satisfaction of a growing curiosity about the past. In the case of the United Kingdom, there is the additional desire on the part of family historians scattered across the globe to keep alive the link with the country from which their ancestors came.

The Government have positively encouraged family historians by providing much easier access via the internet to the many records created by Government bodies that can assist family history research. That fits in well with the wider "Modernising Government" agenda to make major public services available online, so that citizens can use those services in ways and at times that are convenient to them.

In the archival world, the national archive has made digital images of its major collection of wills available over the internet, and they are a crucial source for family historians stretching over 500 years. The archive runs an online family history consortium of Departments and other public bodies, which provides detailed guidance and signposts for those new to the subject. It also provides more than 200,000 original images about the experience of immigration into the UK since the mid-19th century, to attract new users to archives, as part of the Government's social inclusion agenda.

We are well aware that not everyone wishes to, or can afford to, install a personal computer in their homes. That is why we revived this country's libraries by providing free access to computer terminals as part of a national information network, in addition to making them more animated places offering a focus for a wide range of community activities. By the end of this year, all the UK's more than 4,000 libraries will be linked to the internet as learning and access centres. All Members will be pleased to see their libraries revived around the country.

In the last few years, there has been an explosion of interest in history, as the popularity of television programmes presented by Simon Schama, David Starkey and others indicates. Gone for ever are the days when history was the preserve of academic scholars in a few ivory-tower universities. The Government have played a full part in that transformation by increasing funding for museums, especially in the regions, and by abolishing entry charges, which has led to an increase in the number of people visiting museums. In the first year of the free access policy, which was introduced in late 2001, there were 5.3 million extra visits to museums, and last year there were an additional 5.6 million. The record is clear. There is support for libraries, museums and online services, and for those who want to understand not just the country's history but their own family histories.

When decisions are made about the provision of access to personally sensitive information, either in original documents or in digital copies of them, the interests of researchers are not the only factor to be taken into account. There is sometimes a danger of our being swept along in our enthusiasm to make more material available, without acknowledging that the individuals who supplied personal information also have important rights. Far from favouring a nanny state in which all decisions are made by a Government who know best, we wish to build a mature relationship between state and citizen that is based on trust. In building that trust, the Government need to adopt a careful and discriminating approach to the collection of personal information, and to demonstrate that they will use that information responsibly. In short, the Government believe that the right to privacy, and to the confidentiality of sensitive personal information, is every bit as important in a flourishing democratic society as the right of access to that information.The

release of the 1911 census provides one example of the need to strike a reasonable balance between the access rights of some citizens and the privacy rights of others.

Mr. Carmichael: I have a straightforward question. It is clear from the figures that I gave the Minister that the balance has been struck differently in the past. What has changed?

Mr. Lammy: I shall explain that shortly, if the hon. Gentleman will allow me. I can say, however, that on the last five or six occasions in the last century, the Government maintained the 100-year rule. For the 19th century, they reduced the period, but that was because there was a problem relating to pension entitlement. Individuals needed access to the census, and the Government took an interest in what was a national issue.

It is also important to note what was on the census form at that time. As the hon. Gentleman will know, census forms have become more complex and ask more searching questions than they used to. The 1911 census form asked sensitive questions for the first time. We appreciate the importance to many people of gaining access to census records as a way of starting, or continuing to pursue, their family history research. However, in the case of the 1911 census that must be weighed against the undertaking given to householders at the time in the following emphatic terms:

"The contents of the Schedule will be treated as confidential. Strict care will be taken that no information is disclosed with regard to individual persons".

The hon. Gentleman says that no 100-year rule was mentioned, but another interpretation of that confidentiality was that it should be in perpetuity. Some countries destroy their censuses after a reasonable period to ensure confidentiality; we have used the 100-year rule as an alternative. We were giving a remarkably categorical assurance in 1911. The Government believe that it must be taken very seriously indeed, especially because at the time it was generally interpreted as having no expiry date.

The hon. Gentleman has noted that the average time that elapsed between the taking of censuses in England, Wales and Scotland before 1911 and their public release was only 80 years, but there was a marked tendency for census forms in the 20th century to ask detailed questions. For example, the 1911 census introduced a question on fertility for the first time. If the average is to constitute any guide, we must be careful to compare like with like. Closer examination reveals that the hon. Gentleman's average of 80 years is heavily weighted towards 19th century censuses, which asked individuals for fewer details than later censuses. Censuses up to 1851 were made publicly available in the earlier 20th century because they often constituted the only proof of age, and therefore the only proof of entitlement to pensions, which were first provided by the state in 1908. Compared with later censuses, the 1841 and 1851 censuses asked for only basic personal information. Today, the state has a vast array of documentation relating to each citizen, and no one would seriously argue that access to the census returns is still necessary to establish proof of age.

The legislative and social context in which censuses are conducted has changed enormously since the early 20th century. Another consideration is that average life expectancy has increased considerably during the past 150 years, so the closure period needed to ensure that sensitive personal information is not released within the lifetime of most individuals has correspondingly lengthened. For those reasons, the argument based on past averages of censuses more than 100 years old is not, in the end, persuasive.

Mr. Carmichael: I am grateful to the Minister for giving way; he has been very generous with his time. Is he, then, critical of the Government of the Republic of Ireland for releasing information from the 1911 census relating to people in Northern Ireland? As I said, that information is already in the public domain. Have the Government received any complaints from people in Northern Ireland about the release of the information relating to them?

Mr. Lammy: In Northern Ireland, again, certain pension issues arose, which made that action necessary.

It is sometimes suggested that the confidentiality undertaking given in 1911 can now be set aside because most, although by no means all, the people mentioned in those returns are now dead. However, if that view prevailed, the damaging effects on future nationwide censuses could be considerable. In 1966, the then Lord Chancellor signed an instrument, under section 5(1) of the Public Records Act 1958, closing all decennial census records for 100 years on the grounds that the information was supplied in confidence, and that its disclosure would constitute a breach of good faith. In 1981, the confidentiality assurance on the census forms was made even more explicit, and mentioned the 100-year closure period. The form for the most recent census, in 2001, included the following unequivocal statement:

"The information you provide is protected by law and is treated in strict confidence. The information is only used for statistical purposes, and anyone using or disclosing Census information improperly will be liable to prosecution. Census forms will be held securely. Under the current terms of the Public Records Act 1958, the data will be treated as confidential for a period of 100 years."

The primary purpose of the census is to compile statistics about the population so that the Government can, for example, take full account of rapidly changing demographics in order to make necessary provision for public services. Filling in the census is compulsory, and those who refuse to fill the forms in may be prosecuted. However, the plain fact of the matter is that the census will not be a successful information-gathering exercise if it is not generally acceptable to the public at large. We know from experience that many members of the public are concerned about the confidentiality of a census and the uses to which the information is put. The hon. Gentleman will know that there is debate in the House about certain aspects of the 2001 census, and it is important that we encourage Members to have such debates. It is right that we protect confidentiality in striking the necessary balance.

If the Government were suddenly to reduce the closure period of 100 years for the 1911 census, seeds of doubt would inevitably be sown in the public's mind about the strength of the explicit assurance that later census returns will be closed for 100 years. No Government can afford to deprive themselves of the wealth of socio-economic data that contemporary

[Mr. Lammy]

censuses provide. The Government therefore believe that maintaining the security and confidentiality of the information that citizens supply about themselves in their census returns is of paramount importance. It is strongly in the national interest that public confidence in these confidentiality assurances be maintained.

That is the fundamental reason why the Lord Chancellor does not intend to reconsider the 100-year closure period established in 1966. Since then, successive Governments have reaffirmed the position in the undertakings printed on census forms since 1981, in the 1993 White Paper on open government and in the White Paper on the 2001 census. It is for that reason that I am unable, I am afraid, to accept the case that the hon. Gentleman has made, although I am grateful to him for bringing this issue to the House's attention this evening.

Question put and agreed to.

Adjourned accordingly at twenty-one minutes past Eleven o'clock.

House of Commons

Tuesday 30 March 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

FOREIGN AND COMMONWEALTH AFFAIRS

The Secretary of State was asked—

4th Geneva Convention

1. **Mr. Crispin Blunt** (Reigate) (Con): What sanctions are available to the UK in response to unlawful killings by an occupying power (a) under the terms of the 4th Geneva Convention and (b) otherwise. [164108]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): There is no specific sanction provided for under the 4th Geneva convention or otherwise but we have repeatedly made our concerns known at national and EU level to the Government of Israel about their policy of so-called targeted killings, which we consider to be unlawful.

Mr. Blunt: Before the killing of Sheikh Yassin and three people in his immediate vicinity, B'Tselem, the Israeli information centre for human rights—the Foreign Office accepts its figures as accurate—recorded that since September 2000, 135 Palestinians have been extra-judicially executed by Israel, and that in the course of those assassinations another 90 Palestinians were killed, including 28 children. The Government have repeatedly made it clear that that policy is illegal. Do they accept that the policy is not only criminal, but self-defeating? How many more murdered people will it take for them to attempt to fulfil their obligations under articles 146 and 147 of the convention? Surely it is incumbent on them to use other sanctions against the Israeli Government to get them to pursue a policy that is lawful, moral and much more likely to reverse the spiral of hatred and violence.

Mr. Straw: Our position on those so-called assassinations—straightforward killings—is the same as the hon. Gentleman's, and it is shared by others on both sides of the House. The killings are unlawful, unjustified and self-defeating, and they damage the case that Israel makes in the world. The fact that the killings led to the deaths of not only those whom Israel holds responsible for terrorism, but entirely innocent bystanders, including children, simply emphasises the unlawful nature of that approach, and its counter-productive effect. We will continue to make our position clear to the Government of Israel in representations, which we continually make both bilaterally and through the European Union.

So far as peace is concerned, the best way to secure a peaceful settlement to that long-standing and terrible conflict is by encouraging and cajoling all parties to return to the pathway set out in the road map. It is the only pathway to peace, and, despite the difficulties, we will continue to do our best to ensure that the parties pursue it.

Ms Oona King (Bethnal Green and Bow) (Lab): Unlawful killings are only one aspect of Israel's breach of the 4th Geneva convention: torture is commonplace; residents are sealed off; land is confiscated; and houses are demolished—I saw all that in the Gaza strip. Do the Government have the political will to consider sanctions at some point—all other measures have failed—to try to get Israel to uphold the 4th Geneva convention?

Mr. Straw: We pursue the enforcement of the 4th Geneva convention in a variety of ways, including regular conferences to review progress. I understand my hon. Friend's frustration and anger, but if we weigh the matter in the balance, we must appreciate how the environment in Israel has changed since the end of September 2000 with the instigation of the so-called armed intifada, which has led to the deaths of about 1,000 Israelis in the most terrifying series of terrorist attacks. In addition to the hundreds of Israeli deaths and injuries, the political process has been paralysed. We want Israel to observe its international and domestic obligations, but we also want a tougher and more effective approach from the Palestinian Authority to clamp down on terrorism emanating from within the occupied territories. We also want a more effective and less ambiguous approach from some of Israel's neighbours, which have encouraged terrorism in the past and still do so today.

Sir Patrick Cormack (South Staffordshire) (Con): We all agree with what the Foreign Secretary has just said, but because there is such widespread disquiet in the House, particularly among those who would count themselves as friends of Israel, after this Question Time, will he inform the Israeli ambassador that last week's actions are deeply deplored by hon. Members on both sides of the House?

Mr. Straw: I would be delighted to do so. The strength of my representations will be all the greater because it is perfectly plain that that view is reflected in every quarter of the House. The hon. Gentleman will know that I issued a strong statement of condemnation on the morning that the news of Sheikh Yassin's killing came through, and that afternoon my noble Friend Baroness Symons of Vernham Dean called the Israeli ambassador into the Foreign Office to receive our formal complaint.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Will the Foreign Secretary accept that the views expressed up to now this morning do not reflect the

views of all hon. Members? Does he understand that Israel's action in killing Sheikh Yassin was a legitimate response to an extraordinary situation? *[Interruption.]*

Mr. Speaker: Order. Let the hon. Lady speak.

Mrs. Ellman: Sheikh Yassin was the leader of the terrorist organisation, Hamas, which is dedicated to the destruction of the state of Israel, and which greets every attempt to make peace and reconciliation possible with more killings of civilians, whether they be young people in pizzerias and discos or old people at religious ceremonies sitting round the Passover Seder table. Does my right hon. Friend understand that Hamas is the enemy of peace; and can he give us any news as to whether he will follow the lead of the European Union in banning Hamas and its activities in the United Kingdom?

Mr. Straw: Of course I understand the strength of feeling on the part of my hon. Friend and several other hon. Members, but it is fair to say that there is widespread concern about the killing of Sheikh Yassin. I do not believe that any Member of this House who expresses their concern about such killings has, however, any doubts about the nature of Sheikh Yassin. I was the Home Secretary who first banned the military wing of Hamas and took the lead internationally in doing so—certainly in Europe. On Tuesday last week, my right hon. Friend the Chancellor of the Exchequer announced the freezing of the assets of several leaders of Hamas. We will continue to take all appropriate action against Hamas and its terrorist activities.

However, I say to my hon. Friend, as I say to my friends in the Israeli Government, that in my judgment, which is widely shared, their actions in adopting this policy of so-called targeted killings—among other things, they are not targeted—is not only unlawful, but counter-productive, because it greatly taxes the support of Israel's friends, as well as its opponents.

Mr. James Clappison (Hertsmere) (Con): While the loss of innocent Palestinian and Israeli life is equally regrettable, is it not absolutely right that at all material times Hamas must take a large share of responsibility for the loss of lives on both sides owing to its consistent opposition to peace, its use of terrorism to undermine peace, and support for peace, in Israel, and its continuing use of terrorist tactics? Is it not now essential that there should be a change in the Hamas leadership or a move away from support for Hamas on the part of Palestinians so that the emphasis can shift back towards negotiation, and a turning away from the violence to which Hamas is so clearly committed?

Mr. Straw: I entirely agree with the first part of the hon. Gentleman's remarks. Those who wish peace want to see Hamas not only dealt with appropriately, but marginalised politically. One of the sadnesses of what has happened in the past week is that its result has been far from such political marginalisation.

Mr. Ernie Ross (Dundee, West) (Lab): The overwhelming majority of Members will support everything that my right hon. Friend has said this morning. As he will know, many countries have had terrorists who went on to become Prime Ministers. We need to reinvigorate the Americans in order that they can get the peace process back on the rails—that is the answer to Hamas and to targeted killings. What is my right hon. Friend doing actively to encourage that?

Mr. Straw: We are doing everything that we can, including providing appropriate security advice to the Palestinian Authority and a great deal of other support. It should be remembered that after the United States, the United Kingdom is the largest bilateral donor to the Palestinian Authority across the international community. That is sometimes forgotten by those who wish to criticise the position of the British Government.

The organisation that has been the greatest block on progress in respect of the road map has been Hamas, because it was behind the bombing on 19 August, which effectively blew up the progress that had been made on the road map, and it has continued its terrorist outrages.

In our own way, we have faced terrorism, albeit on a much, much lower scale than that which is faced by Israel, and we know about some of the moral and political dilemmas that arise from it. We found that the best approach was to be tough but lawful, and to act in a way that ensured that the terrorist organisations were marginalised. That is the view not least of very many people living in Palestine, in the occupied territories, who have nothing but contempt and hatred for Hamas and who wish to see a peaceful outcome to the current terrible conflict.

United Nations Reform

2. **Mr. Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): If he will make a statement on United Nations reform. [164121]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): The Government support the United Nations and are fully committed to its reform. We welcome the Secretary-General's decision to set up a high level panel to make recommendations on the way in which the UN can better deal with threats to international peace and security. We are supporting the panel's work and hope that it will make clear recommendations on identifying and tackling the full range of threats to global security.

Mr. Lazarowicz: I welcome the Government's support for the debate on UN reform, especially given the genuine threat of terrorism. Will my hon. Friend ensure that the debate also takes account of the way in which the UN and the wider international community deals with issues such as climate change, world poverty and the sort of continuing dispute, for example, between Israel and the Palestinians, which was the subject of the previous questions? Does he agree that moves to reform the UN would be discredited if they were perceived simply as attempts to change international rules to favour the most powerful nations and allow them to be more successful at getting UN endorsement for their actions than they have sometimes been in the past?

Mr. Rammell: First, I assure my hon. Friend that that is not the intention of the reform debate. We have to demonstrate that the UN has both the physical and political capacity to face up to key strategic challenges such as international terrorism and proliferation of weapons of mass destruction. However, at the same time, we must tackle global insecurity and inequality. Our arguments are not about justifying the actions of the most powerful; they are emphatically about ensuring that the UN has the capacity to face up to the issues that I outlined. Indeed, the Secretary-General has been arguing for that.

Mr. George Osborne (Tatton) (Con): What is the Government's attitude in principle to the idea of the EU having a seat on the permanent Security Council?

Mr. Rammell: Only sovereign states are eligible to be members of the Security Council. It is therefore inappropriate for the EU to have membership.

Mr. Clive Soley (Ealing, Acton and Shepherd's Bush) (Lab): Does my hon. Friend accept that the debate on the UN is profoundly important for this century if we are to have good government and the rule of law throughout the world? In trying to achieve that, we need to give more attention to the needs of failing states, especially the small number that fall under the control of brutal dictators who are so well entrenched that the world has a right to demand their removal. In those circumstances, we should all be in favour of regime change if we have any concern for the stability of the world and the welfare of the populations in those states.

Mr. Rammell: I congratulate my hon. Friend on his arguments on the issue, which we have discussed previously. There is a strong case for earlier intervention in imminent or breaking conflict. We should consider agreeing criteria that justify humanitarian intervention. In this day and age, the argument that as long as nation states maintain their abuse of human rights within state boundaries they should be beyond the reach of the international community is unacceptable.

Sri Lanka

3. **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): If he will make a statement on the current situation in Sri Lanka. [164122]

The Minister for Trade and Investment (Mr. Mike O'Brien): The general election campaign under way in Sri Lanka has been comparatively peaceful. We welcome that, especially since the elections on 2 April will come at an important time in the peace process. After the elections, we will look to the new Government and the Liberation Tigers of Tamil Eelam—LTTE—to resume peace negotiations as soon as possible.

Mr. Carmichael: But does the Minister share my concern about the continuing and increasing persecution of religious minorities, including Christians, in Sri Lanka? Will he give some assurance that, following Friday's election, the most robust representations possible will be made to the effect that the proposed anti-conversion Bill is an unacceptable breach of religious freedoms and would place Sri Lanka outwith the family of civilised nations?

Mr. O'Brien: No individual should be persecuted for their faith. I understand that discussions have taken place in the Sri Lankan Government about some form of anti-conversion legislation. However, no decision has been made on the form that it is likely to take. Parliament in Sri Lanka was dissolved in February and the matter fell for the time being. Our high commissioner has raised the issue with Ministers in Sri Lanka and they said that any law would be carefully discussed with representatives of all major religions in the country to ensure that no religion was discriminated against. They also said that any measure would be targeted against what they call unethical conversions, which means those obtained by financial or other inducements. However, we look to the new Sri Lankan Government to continue to uphold the freedom to have or to adopt a religion of one's choice, which is currently enshrined in the Sri Lankan constitution.

David Taylor (North-West Leicestershire) (Lab/Co-op): Among those contesting Friday's elections are an array of Sinhalese nationalists who reject all forms of co-operation with the Tamils and try to deny minority representation. Does the Minister believe that all the excellent work done by the United Nations in the two years since the ceasefire is imperilled by Friday's possible outcomes? Should not greater efforts be made to bring Tamils back into national life and national development?

Mr. O'Brien: Of course, substantial efforts are being made to bring the Tamils back into Sri Lankan life. The negotiations that have been conducted to bring forward the peace process have in many ways, at least until recently, been a model and a bright light in what otherwise has been a difficult international landscape. As my hon. Friend refers to the considerable work being done by the UN, may I add that enormously important work has been done by the Norwegians in getting this process going and succeeding? They have done a tremendous job. We will have to await the outcome of elections, but either way the peace process is likely to continue, certainly with the support of the UN and this Government.

Former Yugoslavia

4. **Mr. Andrew Turner** (Isle of Wight) (Con): If he will make a statement on recent ethnic conflict in former Yugoslavia. [164123]

7. **Mr. Gordon Marsden** (Blackpool, South) (Lab): What recent discussions he has had with the Governments of (a) Hungary, Poland, the Czech Republic and Slovakia and (b) Russia about the future political status of Kosovo. [164126]

The Minister for Europe (Mr. Denis MacShane): The events in Kosovo were a tragic outburst of inter-ethnic violence, with 22 people killed and nearly 900 injured. The response of NATO and the European Union helped

to stabilise the situation, and it was discussed at the EU General Affairs and External Relations Council last week. There are regular discussions with members of the contact group, including Russia, and with all European partners, including the new EU member states, on the future of Kosovo.

Mr. Andrew Turner: I thank the Minister for his reply. Does he agree that a particularly vicious manifestation of this conflict is the destruction of irreplaceable cultural heritage? Recently, 42 monasteries and Serbian Orthodox churches have been destroyed in Kosovo. What steps can be taken to protect such buildings, which are part of the heritage of us all?

Mr. MacShane: I share completely the hon. Gentleman's protest about the loss of European cultural heritage. I visited the great monastery of Gracanica, and I know that our soldiers, as well as those from other NATO forces, have been deployed to guard churches. Equally, the burning down of the mosque in Belgrade was an unacceptable assault on the Muslim religion in the Balkans. I will visit Kosovo shortly, and I will make the point that that part of Europe's history deserves our special attention and protection.

Mr. Gordon Marsden: I thank my hon. Friend for that reply. I have just returned from Budapest as a member of a delegation of MPs and peers who discussed this issue with Hungarian MPs and Ministers. We were left in no doubt of their concern, and that of other Visegrad countries that have troops in the region, about the escalation of the problem. Does he accept that the concerns expressed by Javier Solana at the EU summit about the political situation in Kosovo—I understand that the Russians will raise the issue at the NATO Council in three or four days' time—underline the need for us to be more proactive in seeking a political settlement in Kosovo?

Mr. MacShane: I agree with my hon. Friend. It is a common view across Europe that for the last three or four years we have been chained to the wheels of events rather than guiding Kosovo and Serbia to a new political relationship and future. That relationship must be formed on the basis of common European values, maintain standards relating to the rule of law and democracy, and above all, show respect for minorities, other religions and the culture and communities of people who have lived there for many hundreds of years. The issue of Kosovo and the future of Kosovo and Serbia now require serious political thought and consideration.

Mr. Richard Spring (West Suffolk) (Con): Echoing that point, and given the recent announcement that the spearhead battalion is going into Kosovo with all the personal danger involved, may I ask what moves the Government are making at a political level to minimise the risks to our personnel that arise from the current political vacuum?

Mr. MacShane: I have visited British troops on the ground in Kosovo, and believe me, they are not just doing the superb professional job that we all know they do, but winning hearts and minds and working with both communities. To be honest, I am delighted that British troops have been found to go there because I think they will add value in helping to stabilise the local situation, but ultimately a political solution must be found. Much more serious consideration must be given to that.

Rachel Squire (Dunfermline, West) (Lab): I join my hon. Friend in praising the actions and standards of British troops in Kosovo. I went there recently with the Defence Select Committee. Does my hon. Friend agree, however, that the rule of law has not yet been established, as Kosovo is effectively still being run by Albanian-led criminal gangs? As Bosnia demonstrated, the rule of law must be established before both democracy and investment can be promoted. Will my hon. Friend stress to our allies who still have national caveats preventing the closest and most effective working relationships between the civilian police and the military that priority must be given to removing those caveats?

Mr. MacShane: My hon. Friend makes fair points, although I think that President Rugova and Prime Minister Rexhepi are decent and honourable men, and I would not want to refer to links between them and criminal gangs. It is all too easy to fling insults around. It must also be said that the closest possible support for the rule of law is needed throughout the region, including full-hearted co-operation with the international criminal tribunal in The Hague. If everyone in the Balkans made sure that those accused of serious war crimes, for example, were taken to The Hague, that would send a positive signal.

My hon. Friend is right to say that we need state authority in Kosovo. We need authority over property and investments, over the rule of law and over the bringing of people to justice. Some 189 people have been detained in connection with the recent inter-ethnic violence, and I hope that if a charge is approved they will speedily be brought before courts.

Sir Menzies Campbell (North-East Fife) (LD): Does the Minister recall that throughout the 1990s Europe was grossly disfigured by ethnic conflict in the former Yugoslavia, and does he recall the initial collective failure to deal with that properly? Examples such as Srebrenica, where 7,000 men and boys were slaughtered, are a shaming memorial to that failure. Those events make the need to restore stability in Kosovo all the more urgent.

The Minister has heard the House's general view that political initiatives are required. Will he take this opportunity to state Her Majesty's Government's position on a political initiative that is sometimes promoted, namely independence for Kosovo?

Mr. MacShane: The status of Kosovo is on the agenda, but I think it important for us to maintain our position, which is that we want the application of what I described as European standards in Kosovo. Violence must not be rewarded in any way: we must attach ourselves to that important principle. I also think that we need a new dialogue between Pristina and Belgrade. Some initial remarks in Belgrade were not helpful,

although since then a commitment by the Belgrade city government and the Pristina authorities to rebuild mosques and churches has gone in the right direction.

As the right hon. and learned Gentleman says, we need a political solution to the problem of Kosovo. The international community must pay much more attention to that.

Mr. Jim Marshall (Leicester, South) (Lab): In view of the need to maintain the rule of law in Kosovo, is there any evidence in the recent past that KFOR has perhaps relaxed its vigilance there?

Mr. MacShane: I do not think so. KFOR is a military operation. I have visited the area, as have many hon. Members, to see KFOR operations on the ground. It is a professional organisation and the outburst of violence happened fast and spread like bushfire. We have sent troops to help stabilise the situation. Once again, we could put even more troops in Kosovo, but what is really required is a political solution that must involve Belgrade and other partners in the region. I say again that it is not my intention to go through all the different options from the Dispatch Box, but the Government are now addressing themselves seriously, in collaboration with our partners, to tackling the problems.

Hugh Robertson (Faversham and Mid-Kent) (Con): Deeply regrettable though it is, is it not a fact of recent history in the Balkans that peace has rarely been achieved until the different ethnic groups of the population are separated, as in Bosnia? Do the British Government support an eventual solution for Kosovo that is based on those means?

Mr. MacShane: Having witnessed ethnic cleansing carried out by terrorist and militia activity, I do not believe that that is a policy that the House should easily sanction now where peace prevails. The hon. Gentleman might care to visit Croatia, where he would find that some Serbs had returned, or other parts of the Balkans where different communities live in peace—just south of Kosovo in Macedonia, for example. The notion that Europe can grow and develop only on the basis of driving different communities out of where they have lived over many years does not sit well with common European values.

Israel

5. **Patrick Hall** (Bedford) (Lab): What recent discussions he has had with the US Administration about the Israeli wall. [164124]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): We are in regular contact with the US Administration, at all levels, about the situation in the middle east, including the Israeli fence and wall.

Mr. Hall: Does my right hon. Friend share my view that the Israeli wall—particularly the part built illegally within Palestinian territory—generates a deep sense of injustice and anger among the people whose lives are disrupted by it every day? Does he agree that such injustice acts as a recruiting sergeant for extremists such as Hamas? They and the Israeli extremists deliberately maintain the vicious cycle of violence, which is unlikely to be broken unless and until the US adopts the unambiguous position that the wall must be removed. What more can the British Government do to impress that policy on the US Administration?

Mr. Straw: My hon. Friend is right to draw attention to the adverse effects of the wall. When completed, about 210,000 acres or 14.5 per cent. of west bank land, excluding East Jerusalem, will lie between the barrier and the green line. That land is among the most fertile in the west bank and is home to 275,000 people, so the wall is already of great and adverse consequence to the people who are trapped between it, the barrier and the green line. Once the wall is completed, it will be of even greater consequence.

We have many conversations with the US Administration in respect of the middle east, as well as other foreign policy issues. The US is the most influential power on the Government of Israel, but I have to say to my hon. Friend that the Government of Israel are nonetheless a sovereign Government and many people in the US Administration will say that it is not they in Washington who take decisions for the Government of Israel, but the Government of Israel in Jerusalem. That is true.

Mr. Gary Streeter (South-West Devon) (Con): Is it not sadly unrealistic for us to expect any bold new initiative from the Americans on getting the two sides back together in the run-up to the presidential election? Is there not therefore a dangerous vacuum in the middle east peace process, which Britain should be seeking to fill? Can the Foreign Secretary tell us exactly what the British Government are doing to try to get the two sides back around the table together? Is there not now a strong case for shuttle diplomacy on the part of the British Foreign Secretary to try to put the road map back on track?

Mr. Straw: I am grateful to the hon. Gentleman for that suggestion. If I felt that all that lay between the current terrible conflict and a peace settlement was my shuttling back and forth between Jerusalem, Tel Aviv and Ramallah, I would be there and would stay there until a settlement was achieved. Sadly, I do not take that view, and it is unrealistic to believe that any outside interlocutor—be it the British Foreign Secretary, the American Secretary of State or heads of state and government—can achieve that because the divide is so great and the hatred and fears on both sides so profound.

The United States Government remain engaged and committed, notwithstanding the fact that an election is coming up. We are working with the Palestinians above all and especially on their own security, because unless and until the Palestinian Authority can demonstrate that they can take control of security in their own territory in Gaza and the west bank, they will be unable to convince Israel or the international community that they can be an effective interlocutor. That is what we are doing, and we are making considerable progress. We continue to provide substantial aid to the Palestinian

Authority and the Palestinian people, and we are working through the European Union and the Quartet, and with the Government of Israel.

David Winnick (Walsall, North) (Lab): Is my right hon. Friend aware that a number of us who happen to be of Jewish origin by birth totally condemn Israeli policy in the occupied territories, consider that there is no justification for what is happening, and equally condemn murderous suicide bombings, which, as he says, are counter-productive? Is it not true that the only country that can make any impression on Israel and put any pressure on it is the United States? And has not the United States a duty and a responsibility to act in accordance with the wishes of the international community and to pressure Israel into observing international law?

Mr. Straw: As I have said, the United States has the greatest external influence, but it is only an external influence; decisions are for the sovereign Government of Israel, who jealously guard their own power and autonomy. We need to acknowledge the significant progress that the Bush Administration have made in the past three years in respect of Israel and Palestine. It was President Bush who pushed for the adoption of what became resolution 1393, which for the first time recognised a two-state solution: a secure state of Israel, side by side with a viable state of Palestine. That has been supplemented by resolutions confirming the road map, in which the United States played a leading part, along with the European Union and ourselves. The United States is engaged, but external actors can be as engaged as they like: that will have no effect unless and until the parties directly involved in the conflict are willing to negotiate.

Zimbabwe

6. **Simon Hughes** (Southwark, North and Bermondsey) (LD): What action is being taken by the Government to assist in the restoration of freedom and democracy in Zimbabwe. [164125]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Chris Mullin): The Government are providing practical and political support to civil society, human rights organisations and all those in Zimbabwe who want an early return to democratically accountable government that respects human rights and the rule of law. We have played a leading part in the European Union's decision to extend its sanctions against leading members of the regime.

Simon Hughes: Yesterday in this House, the Prime Minister made it clear that he raised the issue of Zimbabwe with Colonel Gaddafi last week, and he also made clear the British Government's opposition to what the Libyan Government have been saying. What proactive initiatives will Her Majesty's Government take to make sure that the Libyan Government in particular, and other African Governments more generally, change their view and withdraw the help, encouragement and support that they have been giving Mr. Mugabe?

Mr. Mullin: A lot of African Governments take the same view that we do of what goes on in Zimbabwe, but we maintain constant dialogue with them—no doubt we will do so with Libya—in order to make our view clear. Many are under the illusion that it has something to do with our failure to support land reform. Mr. Mugabe has spread that falsehood rather effectively, but we rebut it at every opportunity. We are ready to support land reform, provided that it is carried out in an honest and democratic fashion, rather than by Mugabe's thugs.

Mr. Kelvin Hopkins (Luton, North) (Lab): My hon. Friend will know that I have raised with him the question of political activists in the Zimbabwean Opposition whose lives are in danger. In view of the fact that a political activist was killed this week, will he consider giving more sympathy to activists who want temporary refuge in Britain until such time as Mugabe is finished?

Mr. Mullin: That is not within my gift. There are many Zimbabwean refugees in this country, and we consider carefully their applications for asylum. My hon. Friend is right to draw attention to the recent murder of a political activist in the course of a by-election in Harare. He may have seen the report "Playing with Fire", which was published recently by a South African non-governmental organisation. It says that 24 per cent. of Opposition Members of Parliament in Zimbabwe have been the subject of assassination attempts—a truly astonishing figure—and 16 per cent. have been tortured and three murdered. That in a nutshell tells us all we need to know about life in Zimbabwe under Mr. Mugabe's regime.

Mr. Michael Ancram (Devizes) (Con): May I gently ask the Minister when he will do more than just wring his hands about Zimbabwe? When will the Government take action? When will they start freezing the assets of the wealthy businessmen, some of them in this country, who bankroll Mugabe? When will he extend and tighten the European Union's targeted sanctions to bring real and effective pressure on Mugabe and his henchmen? When will the Government formally ask the United Nations to deploy staff to monitor the distribution of food in Zimbabwe? Those are three practical suggestions. When will the Government show some moral courage and stop walking by on the other side?

Mr. Mullin: We are not wringing hands. Indeed, some Conservative Members shook hands with Mr. Mugabe in the not-too-distant past. The right hon. and learned Gentleman knows very well that we played a leading part in extending the European sanctions. No day passes without the issue of Zimbabwe crossing my desk in some form or another. We take it very seriously indeed. We have been extremely proactive, and the Zimbabweans are well aware of that. So is the Movement for Democratic Change, which regularly thanks us for the assistance that we give and our attempts to draw attention to what is going on in Zimbabwe. I utterly reject the nonsense that comes from those on the Conservative Benches.

Mr. Bob Blizzard (Waveney) (Lab): What message does my hon. Friend have for the England cricket team, which is due to tour Zimbabwe later this year? The team does not want to go, but under international cricket

rules it can withdraw only if the Government instruct it not to go. I understand my hon. Friend's unwillingness to instruct an independent sporting body, but what can be done to break the impasse? Surely the will of the British people should prevail. I am sure that it is their will that the team should not tour Zimbabwe.

Mr. Mullin: We have made it clear from the outset that we disapprove of the proposed tour of Zimbabwe, but we do not have the power to instruct the team not to go.

EU Constitution

8. **Mr. Richard Shepherd** (Aldridge-Brownhills) (Con): If he will make a statement on negotiations concerning the proposed EU Constitution. [164127]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): As my right hon. Friend the Prime Minister told the House yesterday, the European Council last week requested the Irish presidency to continue its consultations and as soon as appropriate to arrange for the resumption of formal negotiations in the IGC.

Mr. Shepherd: I am obliged for that answer, but does the Foreign Secretary agree that under the proposed constitution the European Court of Justice has the power to strike down an Act of Parliament in conflict with European law or the European constitution?

Mr. Straw: That power has existed within the treaties since we joined the European Union in 1972, and it is reflected in the treaties that gave primacy to European law over United Kingdom domestic law. It is reflected in existing decisions of the European Court of Justice, and it is reflected in section 2 of the European Communities Act 1972, which was pushed through the House by the Conservative party. Article 10 of the draft constitution, which deals with the primacy of European law, has been confirmed and will be confirmed in a declaration as doing no more than restating the existing state of the law.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): Does my right hon. Friend the Foreign Secretary agree that this is an important subject about which we should have a big conversation with the British people? How better could that big conversation be terminated than by a referendum?

Mr. Straw: I agree—[HON. MEMBERS: "Stop there!"] If I am allowed to conclude my sentence, I shall say what I agree with. I agree not only that we should have a big conversation about the issue, but that we have been doing so. I have ensured that it has been the subject of a far greater degree of parliamentary scrutiny—by this House, its Committees and the other place—than has ever happened before on any draft constitutional treaty emanating from the European Union, and long may that continue. It is for each individual Member to have a big conversation with his or her electorate. For my own part, I never stop having big conversations with the people of Blackburn, including in Blackburn town centre, where I can often be found at 10.30 on a Saturday morning talking directly to my electorate. I recommend that to all Members.

Angus Robertson (Moray) (SNP): Will the Foreign Secretary confirm that the UK Government is content to allow the common fisheries policy to be enshrined as an exclusive competence within the new constitution? Will he confirm that fishing is not a red line issue for the British Government and that they do not think that it is important enough to put to a referendum for the people of Scotland to decide on?

Mr. Straw: We have discussed this before. I understand the hon. Gentleman's concern, but he is wrong. There is no change in the competences in respect of fishing. Under article I-12 on exclusive competence, there will be—as there is today—exclusive competence in respect of the conservation of marine biological resources under the common fisheries policy. However, in respect of article I-13, every other aspect of fishing remains a shared competence.

Mr. Wayne David (Caerphilly) (Lab): Given that the European Union will be enlarged on 1 May, does my right hon. Friend agree that if agreement were reached on the constitutional treaty, it would help to make the Union function far more effectively?

Mr. Straw: I agree with my hon. Friend in every particular. The case for the constitutional treaty is that it will help make the Union more effective. It will not transfer powers, in any substantive degree, to the European Union. Indeed, the reverse point was made when the House of Lords European Union Committee examined the matter. The Committee spelled it out in detail:

> "It is clear that the balance of power in the European Union is going to shift, but from the Commission in favour of the member states if the proposals in the Convention are adopted."

That is true.

Mr. Michael Ancram (Devizes) (Con): When will the Government come clean about the constitution? When will they decide whether it is essential if enlargement is to work, as we were told yesterday, or not necessary for that purpose, which is what we were told in December? Will the Foreign Secretary take the opportunity to disown the absurd suggestion that came out of Brussels last week that the constitution was somehow central to the fight against terrorism? The Prime Minister was quoted on Friday as saying that he wanted to dispel what he called "the myths" about the constitution. Why not start with the Government's myth, which is not believed by anyone else in Europe, that the constitution is not integrationist and admit, as the Belgian Prime Minister has done, that it is

> "the capstone for a federal Europe"?

Mr. Straw: I advise the right hon. and learned Gentleman not to pray the Prime Minister of Belgium too often in support, because that could lead him down some dangerous rabbit holes. We have never suggested that the constitution is essential to enlargement. It is a self-evident truth that enlargement will take place on 1 May before any draft treaty could conceivably be put in

place. What we have said is that it is highly desirable to make the enlarged Union work effectively, which is the case that we have put forward.

I am aware of all the right hon. and learned Gentleman's bluster on the draft constitution, but he has never given us clear further and better particulars of how he believes that the draft constitution—amended, as it will have to be if we are to recommend it to the House—could conceivably lead to the creation of some kind of super-federal state, because the simple truth is that it will not.

Mr. Ancram: For the record, at column 1263 in *Hansard* yesterday the Prime Minister actually said that the constitution was essential to make enlargement work. That is what I said, and the Foreign Secretary has denied it. He had better make up his mind because he and the Prime Minister seem to be at odds.

What is so different about this country that the British people, unlike the Irish, the Portuguese, the Danes, the Dutch or the Poles and many others, are not to be trusted with taking a sensible decision in a referendum? On Friday, the Prime Minister said that he wanted a real debate on the constitution, yet it appears that he intends a guillotine process, excluding the British people, designed solely to get this thorny issue out of the way before a general election. Will the Foreign Secretary deny reports that the Government intend to steamroller ratification of the treaty through Parliament in the current Session? Does he not realise how unacceptable that contempt for democracy would be to the British people?

Mr. Straw: I am very happy to deny those reports because they are not true; there is no constitutional treaty before the House. Any draft treaty would be examined with the greatest of care by the House and the other place in accordance with the constitutional arrangements that the Conservatives put in place—

Mr. Ancram: This Session?

Mr. Straw: I cannot say whether it will be in this or the next Session; it very much depends on when and whether—if and whether—a draft constitutional treaty is agreed politically. We should then have to wait for the final text to be cleared by the linguist jurists in Brussels before bringing it to the House. We shall examine it, and the House will be invited to examine it, in accordance with procedures laid down by the Conservatives when they were in government.

I remind the right hon. and learned Gentleman that the two biggest sets of changes in the way that the European Union operates and in its powers—particularly qualified majority voting—are to be found in the Single European Act 1986 and the Maastricht treaty of 1992. There was no referendum on the Single European Act. There was a proposal for a referendum on the Maastricht treaty—but what did the right hon. and learned Gentleman do? He spoke against the proposal for a referendum on the Maastricht treaty and he marched into the Lobby against the referendum on the Maastricht treaty even though the Maastricht treaty vastly extended powers to a degree that this draft will not do. We will take no lectures on the issue of a referendum—

Mr. Speaker: Order. I call Chris Bryant.

Chris Bryant (Rhondda) (Lab): Notwithstanding the circumstances, does the Foreign Secretary welcome the election of the Spanish Socialist Workers party, which unblocked the logjam in the process for bringing about a constitutional treaty? Obviously, if a constitutional treaty is brought forward, national Parliaments in Europe will have a much greater role in scrutinising EU legislation, so does he agree that the House will have to improve its act to do that effectively?

Mr. Straw: Of course we welcome the election of a sister party into government in Spain. That has already been made clear.

There is indeed a strong requirement for far better scrutiny of proposals emanating from the European Union, and it is for that reason that I made a statement to the House about four weeks ago, with all sorts of proposals about how scrutiny by the House, the other place and our Committees could be strengthened.

India/Pakistan

9. **Mr. Peter Luff** (Mid-Worcestershire) (Con): If he will make a statement on his assessment of relations between India and Pakistan. [164128]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): With permission, Mr. Speaker, I shall answer Questions 9 and 10 together. We warmly welcome the recent talks between India and Pakistan—

Mr. Speaker: Order. Question 10 is about Cyprus.

Mr. Straw: I apologise, Mr. Speaker. Question 10 was listed yesterday.

We warmly welcome the recent talks between India and Pakistan and the significant improvement in their relationship. During my recent visits to India and Pakistan, I congratulated President Musharraf, Deputy Prime Minister Advani and Foreign Ministers Kasuri and Sinha on that. We recognise that the talks, due to begin after the Indian general election, may be a long and difficult process, but I very much hope that they will, in due course, lead to a durable settlement of all the outstanding issues, including Kashmir. On 27 January, I wrote to all colleagues in the House spelling out in more detail the progress that had been made in respect of Kashmir.

Mr. Luff: In answer to an earlier question, we heard about the importance that cricket can play in international relations, so will the Foreign Secretary join me in expressing pleasure that the courage shown by the leaders of India and Pakistan has been mirrored so dramatically by the behaviour of the cricket fans of both countries during a thrilling one-day series and, again, during the ongoing test series? Given that those two countries were on the brink of nuclear war, some said,

only two years ago, given that the process of dialogue is now so firmly entrenched and given the unique relationship that we enjoy with both those countries, what more does the Foreign Secretary think that we can do to build on that uniquely optimistic scenario?

Mr. Straw: The hon. Gentleman is entirely right to draw attention to the importance of confidence-building measures, including cricket. The fact that the tests have gone as well as they have, without any violence, has greatly strengthened each side's confidence in the other, after years of enmity. The best that we can do is to support both sides in the process. Of course there are international dimensions to the process, which were terrifying two years ago, but it is essentially a bilateral conflict, so our role is one of support, not interference.

Dr. Brian Iddon (Bolton, South-East) (Lab): As a Member of Parliament who represents people of Indian and Pakistani heritage, as well as a fairly substantial Kashmiri community, may I say how much I welcome improved relations between India and Pakistan, but does my right hon. Friend agree that, if we can bring India and Pakistan around the table to discuss the thorny issue of Kashmir, all shades of Kashmiri opinion should be taken into account, and that we should eventually involve Kashmiris themselves in any final solution?

Mr. Straw: The Governments of both India and Pakistan recognise that Kashmir can have a stable future only if that future and its arrangements involve the communities on both sides of the line of control.

Cyprus

10. **Mr. James Gray** (North Wiltshire) (Con): What travel advice he was issuing to visitors to Cyprus on 20 March 2003. [164130]

The Minister for Europe (Mr. Denis MacShane): I draw the hon. Gentleman's attention to the answer that I gave on 25 February 2004 to his written question on this issue.

Mr. Gray: For the benefit of the House, I shall remind it what the Minister's response was. On 20 March 2003, as our troops were storming into Iraq, the Foreign Office website was advising:

"Cyprus is not directly affected by the situation in Iraq. We therefore see no reason for holiday plans to be changed."

How does he square that with the dossier, which, at precisely the same moment, was advising:

"Iraq has . . . 20 missiles with a range of 650 km, capable of carrying chemical and biological warheads, making Cyprus . . . vulnerable."

Which was right—the Foreign Office website or the dossier—and which turned out to be right in the end?

Mr. MacShane: The hon. Gentleman is revisiting an old and familiar theme. He has elided two dates: those of the September dossier, which referred to the capabilities that our intelligence agencies considered Saddam to have—an assessment shared by all other Governments at the time—and of travel advice, given six months later, that said that we did not believe that Cyprus faced a threat. The plain fact is that, for the tourism industry in Cyprus, the Government of Cyprus and the many British citizens who have relations with Cyprus, it was important to give accurate and fair travel advice. Of course it turned out to be true: Cyprus was not affected by the conflict. If the hon. Gentleman is suggesting that the dossier should not have referred to Saddam's capabilities, he will join a very motley and unfortunate crew indeed.

Mr. Edward O'Hara (Knowsley, South) (Lab): As he looks forward positively and not backward negatively about Cyprus, my hon. Friend will be aware that negotiations for a solution to the Cyprus problem are in their final, delicate stages, and we hope that the outcome will be that a united Cyprus will enter the European Union on 1 May. The negotiations may well be subject to some final adjustment by the Secretary-General of the United Nations. Will my hon. Friend give his assurance that Her Majesty's Government will do all they can to ensure that any final outcome of the negotiations will not include any permanent derogations from the EU's founding principles, such as one with respect to the settlement of Greeks in northern Cyprus and the permanent placement of foreign troops on the island?

Mr. MacShane: I am grateful to my hon. Friend for raising the issue. He is right. Today in Bürgenstock in Switzerland, the closing stages of negotiations are taking place and the authority is now with the Secretary-General, Kofi Annan, because Greek and Turkish Cypriots could not come to an agreement. We must wish him well.

I accept the point about European norms, but there are exceptions in many countries to EU acquis and rules. It is important to ensure that EU unilateralism—if I may put it that way—is not seen as superior to the decisions taken by Kofi Annan. The House has an enormous role to play once a decision leaves Bürgenstock. We should use all our influence and power with all our friends in Cyprus on both sides of the green line to urge them to say yes to this and to allow a united Cyprus to enter the EU and start a new and peaceful era in its history.

Point of Order

12.31 pm

Mr. David Wilshire (Spelthorne) (Con): On a point of order, Mr. Speaker. Yesterday I raised with Madam Deputy Speaker the anxieties of my constituents near Heathrow, bearing in mind that the last time there was a crash at Heathrow, the plane landed in my constituency. Those concerns arose from articles in Sunday newspapers. As I suspect you are aware, Mr. Speaker, there have been anti-terrorist actions around Heathrow this morning, which raise further concerns among my constituents. The Metropolitan police are putting a significant amount of information into the public domain, so would you use your good offices to have a word with the Home Secretary so that he will tell the House as much as he can about what has been going on this morning? My constituents and others are deeply worried because they feel at risk.

Mr. Speaker: I understand the hon. Gentleman's concerns. No doubt, the record will be read and the appropriate Minister will take heed of the hon. Gentleman's concerns.

Corporate Killing

12.32 pm

Mr. Frank Doran (Aberdeen, Central) (Lab): I beg to move,

That leave be given to bring in a Bill to create a new offence of corporate killing that applies to all companies and unincorporated bodies.

Over the years, the issue of corporate killing—or corporate manslaughter—has been raised many times in the House. The last attempt to introduce legislation on it was made by my hon. Friend the Member for Hendon (Mr. Dismore) in April 2000, and I am pleased to see him in his place. The issue raises strong feelings and it is worth reflecting a little on why so many people, particularly Labour Members, see it as so important.

In the late 1980s in the United Kingdom, there was a series of disasters, each of which shocked the nation. Even today the roll-call is painful to recite. In March 1987, the Herald of Free Enterprise ran aground off Zeebrugge, with 192 dead; in 1987, the King's Cross underground fire left 31 dead; in July 1988, the Piper Alpha oil platform disaster left 167 dead; in 1988, the Clapham rail crash left 37 dead; in 1989 the Kegworth airline crash left 47 dead; in 1989; the Hillsborough football stadium disaster left 97 dead; and in 1989, the Marchioness river boat sinking left 51 dead.

Those disasters involved different companies and occurred across a diverse range of industries, but the public inquiry that followed each one had a common thread: the disaster could have been prevented had the company involved taken steps to ensure that its organisation operated safe systems of work within a strong safety culture.

The disaster with which I am most familiar is Piper Alpha. I will not rehearse all the background to it; suffice it to say that Lord Cullen, who carried out the public inquiry, made fierce criticisms of Occidental, the oil company operating the Piper Alpha oil platform. He said that there were

"significant flaws in the quality of"

Occidental Petroleum's

"management of safety which affected the circumstances of the events of the disaster . . . Occidental management should have been more aware of the need for a high standard in incident provision and firefighting."

He went on to say:

"Senior management were too easily satisfied that the permit to work system was being operated correctly, relying on the absence of any feedback of problems as indicating that all was well . . . they adopted a superficial attitude to the assessment of the risk of major hazard."

I shall come back to Piper Alpha later.

The accumulation of disasters—and inquiry conclusions that suggested, at best, that there was a widespread problem of a poor safety culture—led to demands for improvement. There was also increasing concern about the inability of the law to punish those responsible for the perceived negligence that led to many unnecessary deaths. There is a common law offence of corporate manslaughter or culpable homicide in Scotland. In England, the offence may be committed by companies or individuals. An individual commits manslaughter if it can be proved beyond reasonable

doubt that he or she caused a death through gross or wilful negligence. There is no separate test that allows the court to consider whether the company acted with gross negligence. For example, it is not possible for the courts to consider a company's various failures and determine whether, on aggregate, it could be said that they constituted gross negligence. Corporate guilt is entirely dependent on individual guilt.

In practice, the offence is extremely difficult to prove. The Piper Alpha case was considered under Scots law, under which the tests are similar. The Lord Advocate refused to instruct a prosecution. He decided that there was insufficient evidence on which to base a successful prosecution, despite all the harsh words of, and the evidence placed before, Lord Cullen. Indeed, after most of the disasters in the 1980s on which an inquiry was held, there was no—or inadequate—investigation of criminal offences.

In 1996, the Law Commission for England and Wales produced a report on involuntary manslaughter that recommended two offences of unintentional killing which were based on different fault elements: reckless killing and killing by gross carelessness. The commission prepared a draft Bill. The Labour party manifesto in 1997 gave a commitment to introduce legislation, and that was reinforced after the election by the then Home Secretary. Since then, there has been a consultation process and several statements confirming that commitment, including a further manifesto commitment in 2001.

During consideration on Report of the Criminal Justice Bill in 2003, the Home Secretary said that the Government would announce a timetable for legislation and that they intended to publish a draft Bill. That timetable has not yet been provided, and there is no sign of the draft Bill. Indeed, the rumblings from inside Whitehall are not positive. It is suggested that there are still serious difficulties with the Bill and there is speculation that the main problems centre on the issue of Crown immunity. Of course, I have no way of knowing whether that is true or simply gossip, but if there is a problem, the Government need to resolve it quickly.

My Bill would provide that a corporation would be guilty of corporate killing if a management failure by that corporation was the cause, or one of the causes, of a person's death, and if that failure constituted conduct that fell far below what could reasonably be expected of the corporation in the circumstances. The Bill would also apply to a Crown body. It should apply to the Crown and it would considerably strengthen the health and safety culture in this country.

Lord Cullen's inquiry into the Piper Alpha disaster made it clear that there were substantial and significant failings in the way in which the Department of Energy too, which was then responsible for enforcing safety offshore, carried out its responsibilities. A short time before the disaster, a worker was killed on the Piper Alpha platform. Department of Energy inspectors investigated and made recommendations, but none of them was carried out, which meant that the last hope of preventing the Piper Alpha tragedy was lost.

I have always been concerned that there was no prosecution of Occidental, the oil company that operated the Piper Alpha platform. If my Bill had been in force at that time, there would have been a prosecution. There is no question in my mind but that if Occidental had been prosecuted, it would have been appropriate to prosecute the Department of Energy. We cannot have a system that punishes operators for poor safety if we do not apply the same standards to those who are required to regulate the safety system. If the Government are still wrestling with how Crown immunity might apply in the case of corporate killing, I urge Home Office Ministers to contact their colleagues in the Department for Work and Pensions.

In June 2000, the Department of the Environment, Transport and the Regions published "Revitalising Health and Safety", which was described as a strategy statement, and which included a number of action points. Action point 15 states:

"the Government will seek a legislative opportunity, when parliamentary time allows, to remove crown immunity from statutory health and safety enforcement."

As the House knows, responsibility for health and safety now lies with the Department for Work and Pensions.

My Bill would extend to Scotland, which I think is important. Although responsibility for legislation lies with the Home Office, the Bill is a health and safety measure that will apply in the main to companies and businesses throughout the UK. Both health and safety law and corporate law apply across the UK, and uniformity is vital, especially within larger corporations.

The main purpose of my Bill is not to create queues of recalcitrant company directors, or even civil servants, being brought before the courts to be punished for their poor safety records. Its purpose is to act as a disincentive to poor safety systems and to encourage companies and others to recognise that poor safety is far more expensive, in every way, than good and strong safety cultures and practices. My earnest wish is that the Government introduce their legislation as soon as possible, but in the meantime, I recommend the Corporate Killing Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Mr. Frank Doran, Tony Lloyd, Judy Mallaber, Ian Stewart, Geraldine Smith, Mr. Andrew Dismore, Miss Anne Begg, Rob Marris, Joan Ruddock, and Mr. Bill Olner.

Corporate Killing

Mr. Frank Doran accordingly presented a Bill to create a new offence of corporate killing that applies to all companies and unincorporated bodies: And the same was read the First time; and ordered to be read a Second time on Friday 21 May, and to be printed [Bill 84].

Opposition Day

[8TH ALLOTTED DAY]

Immigration Entry Clearance Standards

Mr. Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister.

12.42 pm

David Davis (Haltemprice and Howden) (Con): I beg to move,

That this House condemns the Government's failure to maintain immigration entry clearance standards; regrets the confusion as to whom the relaxed guidance actually applies; notes the unwillingness of Ministers to take responsibility for the operation of immigration policies; expresses deep concern that, at a time when homeland security is paramount, current fast-tracking procedures do not enable full and thorough checks on applicants; applauds those public servants who bring the Home Office's failings and dishonest internal workings to the attention of honourable Members and the wider public; calls on Her Majesty' Government to reinstate those officials currently suspended from duty; recognises with regret that recent revelations have exposed grave deficiencies in the immigration service; and believes that the Government has lost both the confidence and the trust of the British people in its ability to control immigration policy.

Before I start on the substantive motion, may I, through the Home Secretary, offer the congratulations of the Opposition—and, I suspect, all hon. Members—to the security services and the police on the remarkable operation that they carried out today, thwarting, we believe, a major terrorist attack?

The Secretary of State for the Home Department (Mr. David Blunkett): I am grateful to the right hon. Gentleman for his words. I believe that we all give considerable thanks to the security services and the counter-terrorism branch, which have done and are doing a first-class job of securing our safety. We now wish to ensure that due process of law takes its course and that the public, especially in those local communities, are reassured both of the adequacy of policing, and that we have in hand any other measures that might be necessary to secure social cohesion.

David Davis: I thank the right hon. Gentleman for that.

Today's debate is about the effective collapse of immigration controls in this country. Let us start by recognising the origins of that catastrophic failure. In May 1997, the Labour Government tore up all our policies on immigration and asylum. In particular, they got rid of the so-called white list, restraints on benefits and the agreement with the French Government. The result was an increase of 200,000 incomers per annum in the UK in the first five years of the Labour Government. It is therefore no wonder that the immigration and nationality directorate was collapsing under the strain.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will the right hon. Gentleman give way?

David Davis: I will give way in a minute.

That is why the Government have a problem. It is why they are mounting a pathetic attempt to blame everyone else—the civil service, the right-wing press including the *Daily Mirror*, and now the Conservatives. That is daft. We did not face half a million incomers every year, because we got our strategy right.

What emerges from the documents—*[Interruption.]* I am sure that hon. Members will be on their feet today. What emerges from the documents that we have seen so far—and the new documents that I am releasing today—is a picture of civil servants—honourable, committed and hardworking—who are struggling under impossible burdens.

Several hon. Members *rose*—

David Davis: I will give way in a moment. I see that we have a good set of Government Whips' plants today—almost vegetables, one might say.

These are civil servants who were instructed to hit clearance targets with no consideration for the quality or purpose of the work that they do. Civil servants are being instructed to do—

David Taylor: Will the right hon. Gentleman give way?

David Davis: I will give way in a moment.

Civil servants are being instructed to do things that they believe are improper or even illegal. We are clear from what they say, explicitly, that the collapse has happened over the past two or three years, not 10 or 20 years. It emerges also that these civil servants are the heroes of the piece, not the villains, as Ministers have intimated during the past few weeks.

I give way to the first plant.

David Taylor: I will resist the temptation to turn this intervention into a point of order that ends in my instructing my hon. and learned Friend the Member for Medway (Mr. Marshall-Andrews) for being called a Government Whips' plant.

Will the right hon. Gentleman tell us whether that golden asylum and immigration legacy to which he is referring, which the Government inherited on 1 May 1997, included an average time to deal with applications of almost two years? Does he not believe that that played some part in the problems that have been encountered since then?

David Davis: I shall remind the hon. Gentleman of the figures, if he wants to talk numbers. I always enjoy bandying numbers with Whips' plants. In our last year in office, I think that there were 35,000 applicants, compared with 125,000 in Labour's first year in office.

I shall move on to the sequence of events.

Mr. Tom Watson (West Bromwich, East) (Lab): Will the right hon. Gentleman give way?

David Davis: I will give way in a moment—I will give another plant a chance.

Mrs. Gillian Shephard (South-West Norfolk) (Con): Speaking as a Whip non-plant, perhaps I could strengthen the evidence that my right hon. Friend is giving the House by telling him that over the past two to

three years the Breckland district council, which covers part of my constituency, has calculated that between 15,000 and 20,000 migrant workers have arrived in its district area. It has no means of knowing whether they are here legally or illegally. It has been extremely difficult to raise concerns among Ministers about whether these people are protected, catered for, dealt with or in any way rendered less vulnerable than invisible people will be.

David Davis: My right hon. Friend makes an excellent point. She flags up something that I had not intended to raise, but I think it important: that is, that the issue has serious implications. The proper management of immigration in its totality has an important role in improving or maintaining good community relations, reducing or controlling the burdens on societies and protecting the people themselves. As the cockle pickers' incident demonstrated only too clearly—it took the Government six weeks to convene a ministerial meeting—everyone is affected, including people coming into the country.

I shall go through the events of the past few weeks. Three weeks ago, the civil servant, Steve Moxon, revealed that immigration officials in Sheffield had been ordered by senior managers to drop key checks on migrants coming to Britain under the European Community Association Agreement. First, the Home Office denied it categorically again and again. Eventually, the Minister was forced to admit that the allegations were correct. However, she did not tell us the full facts.

The Immigration Minister told the House that the decision to waive checks was "rare and untypical". Now we have learned that it applied to bogus students, sham marriages, people with dubious immigration histories—in fact, it applied to anyone whose application was more than three months old. In effect, this meant granting visas on the back of spurious and demonstrably false claims. As one civil servant in the immigration and nationality directorate wrote in a letter this weekend,

"This is almost like the CPS"—

the Crown Prosecution Service—

"being told to destroy the papers in all prosecution cases, except where there is a 100 per cent. prospect of a conviction, so that the backlog can be cleared."

That is the view from the front line—not from the ministerial suite, but from the front line of the immigration and nationality directorate. If virtually all applications were being granted, how on earth can we believe the Minister's claim that the practice of rubber-stamping was rare and untypical?

The Immigration Minister also told the House that the decision to sanction such a policy was taken at a junior level in Sheffield. She told us that she had had nothing to do with it. This week we learned that the Minister had sanctioned a much broader policy. The memo that ordered civil servants to grant all applications over three months old stated:

"This exercise has been agreed by the Minister of State, Beverley Hughes."

So how can the Immigration Minister deny all knowledge of this practice, when she ordered it in the first place?

Mr. Watson: When the right hon. Gentleman received the e-mail from Bucharest on 8 March, did he consider it his duty to submit the evidence to the Sutton investigation? Why did he wait three weeks to bring it to the notice of the House?

David Davis: I could almost see the Whips' sheet in front of the hon. Gentleman when he was reading out the question. I have two points to make. I remind the hon. Gentleman and this arrogant Government that Ministers are accountable to Parliament, not the other way round. If the hon. Gentleman had listened to his own Home Secretary on the radio this morning, he would have heard him say that that was the responsible thing to do if one did not know the provenance of a piece of information. That is what I did until I could confirm the provenance of the document, which was last Wednesday night/Thursday. *[Interruption.]* The hon. Gentleman should talk to his own Home Secretary. He was the one who said that that was the right thing to do. The Whips' plants should get their act together.

I shall excite the Whips' plants now. In the past few days, documents that have been sent to me, which I am making public today, indicate that the decision to waive checks on ECAA applicants went wider and deeper than any previous memo suggests. These documents suggest that ministerial denials of responsibility are, frankly, incredible. I have given the Home Secretary a copy of the documents and placed a copy in the House of Commons Library. The story they tell is one of concerns ignored, warnings unheeded and objections overruled.

Last night the Minister of State claimed that she knew nothing of the allegations of the consul in Bucharest. That is difficult to believe when one looks at the facts. I have a letter written by Sir John Ramsden, a senior Foreign Office civil servant, to Chris Mace, who is the deputy director general of the immigration and nationality directorate. It was copied to Peter Wrench, the deputy director general in charge of policy. It is one of several accounts of the abuses of the ECAA scheme.

Let me read the House the key extracts. Sir John is writing about the ECAA scheme. He states:

"It clear from what they"—

the British Embassy in Bucharest—

"told me that this has developed into an organised scam that completely undermines our entry control procedures—and indeed makes a bit of a nonsense of having a visa regime."

He continues:

"Post had just received 70 virtually identical business plans . . . Interviewed applicants rarely knew what was in their business plans, typically explaining that these had been 'written by the solicitors.'"

The letter goes on:

"It was often clear that applicants had no idea about the trade they were supposed to be setting up in the UK. . . Post have to write long referral letters pointing out the flaws in the cases submitted to them . . ."

But the business case unit in the Home Office

"only rarely refuses applications. . . . Even those with a previous immigration history e.g. people caught submitting forged documents in the past have been accepted under the scheme."

He concludes:

"It is demoralising for our Post to have to devote a great deal of work to servicing a scam which makes them look ridiculous."

Mr. Blunkett: I do not dispute for a moment that such allegations are deeply serious and should be dealt with

[Mr. Blunkett]

as such. Is the right hon. Gentleman suggesting that any Minister approved the actions that he describes—that where previous fraudulent activity had been identified and where there was clearly illegal action, Ministers had told staff that they should ignore it and wave through the application?

David Davis: Unfortunately, the Home Secretary has teed me up well for my next paragraph. The letter was written to the Minister's senior civil servants in November 2002, six months after the Immigration Minister was appointed to her position. Are the Government seriously suggesting that she was not told? In which case, who is running the Department?

Hugh Bayley (City of York) (Lab): Will the right hon. Gentleman give way?

David Davis: In a moment.

Last night the Minister asked why the consul in Bucharest had not taken the matter up with his senior managers. Let me read to the House a letter that James Cameron wrote to the Home Office as far back as October 2002 to complain about the way in which ECAA applications were processed. He states that the Home Office

"judgement and decision making with regard to BCU/ECAA applications is a continual problem for overseas posts such as Sofia and Bucharest."

He continues:

"Many of the applicants have adverse immigration histories, administrative removals, suspect relationships, have applied after Leave To Remain has expired, and been working illegally in the UK for sometime prior to their ECAA application."

He goes on:

"As if this was not enough, most of our ECAA applicants have paid £1500–£2000 to a UK lawyer who 'guarantees' them a visa at the end of the application process.

The applicants rarely know what is in their business plan, cannot speak English, and have absolutely no knowledge or experience in the type of skills needed for respective businesses.

Unfortunately against our strongest recommendations,"

the Home Office

"continues to issue ECAA applications such as these."

Let us understand what this means in reality—what Mr. Cameron and his demoralised staff had to face. I shall give just a few examples of the people being let in under the scheme. I have concealed individual names to protect their identities. One example is a Ms A. who was a former British asylum seeker. All her claims for asylum and all her appeals were turned down in the mid-1990s. Facing deportation, Ms A. absconded. She was subsequently picked up by the police and removed from the UK in 1997—*[Interruption.]* Yes, picked up and removed. Exactly right—*[Interruption.]*

Mr. Speaker: Order. We must have order.

David Davis: Thank you, Mr. Speaker. I need protection.

Ms A. was not, one would have thought, an ideal candidate for the ECAA scheme, yet in October 2002 she was granted an entry visa to the UK under the scheme, under a Labour Government. Or consider Mr. N., whose application to the ECAA scheme was reviewed in March last year. The British embassy "strongly" recommended that Mr. N.'s application be refused because he had insufficient funds to support himself without recourse to public funds. The Home Office's response? "Entry cleared."

Many other examples of extraordinary ECAA applications include not least a range of builders who know nothing about bricks and mortar, and electricians who know nothing about electricity. A common factor in these applications was an inability to speak English. And the Home Office response? "Entry cleared."

Hugh Bayley: Will the right hon. Gentleman give way?

David Davis: No, I will not. I have given up.

Those are not one-off examples. It is an organised scam. It is well run and well known to the Home Office, yet instead of being tightened since these examples, the rules have been weakened. Yesterday the Home Secretary made a statement on organised crime. This is a prime example of organised crime. One of the excuses given by the Minister and the Prime Minister was that the vast majority of ECAA cases were already in the country legally, but that was all part of the scam.

I have a letter from the British embassy in Bulgaria to the immigration and nationality directorate in Croydon. It lists the names of 48 people who applied to come to the UK for four to six-day holiday visits from Bulgaria, with an organisation called Delfi Tours.

Geraint Davies (Croydon, Central) (Lab): Will the right hon. Gentleman give way?

David Davis: No, I will not—I want to finish this point.

More than three quarters of those who came to the UK on those holiday visas applied for ECAA status and never returned to Bulgaria. The vice-consul points out that Delfi Tours is

"just one agency of about 40 we have on a list."

The letter states that that

"is clear evidence of organised human trafficking for economic migration from Eastern Europe . . . If this does not demonstrate the enormity of the problem and that something should be done about the ECAA problem sooner rather than later, I don't know what would. It is surely high time Ministers were addressed and the policy of 'switching' in country removed altogether".

The letter also states:

"It is no wonder that our daily work is now confined mainly to the depressing task of processing ECAA main applications, ECAA dependants, family visits to ECAA members, or hapless visitors or businessmen with forged documents and increasingly credulous applications to visit the UK with the sole purpose of working there . . . Many local agencies and legal firms in the UK are now jumping on the ECAA bandwagon and submitting mass applications here for applicants with horrendous previous local or UK immigration records, as it is widely and correctly perceived that it is easier to get into the UK under the Agreement that it is to go on a visit."

That letter was from the British vice-consul in Sofia to the immigration and nationality directorate in Croydon, and it was sent on 20 October 2002. How can Ministers seriously claim that they knew nothing about that?

I will give way to the hon. Member for Croydon, Central (Geraint Davies), who has a constituency point.

Geraint Davies: When the right hon. Gentleman was Chairman of the Public Accounts Committee, he signed off a report showing that the previous Government's legacy on immigration was a computer system that did not arrive—hundreds of staff were sacked during that wait—and the loss of hundreds of files when the whole department moved from one office to another. Given that history and his intention to cut £600 million from the Home Office's budget, will he accept that the prospects of his managing the system any better are next to nil?

David Davis: Rather sadly, coming from an ex-member of the Public Accounts Committee, barely a point in that intervention was correct. The hon. Gentleman omitted to mention that the Passport Agency was famously computerised under this Government, and as a result one could not get a passport to leave the country—everybody could get in, but one could not get out. *[Interruption.]*

Geraint Davies *rose—*

Mr. Speaker: Order.

David Davis: I think that Mr. Speaker is protecting the hon. Gentleman from me.

We are discussing a massive well organised migration scam that civil servants had drawn to the attention of the Home Office, but Ministers did nothing about it. That is the central allegation that the Home Secretary must answer.

When my office spoke to Mr. Cameron last Thursday, he said that the concerns he raised could easily have been brought to my attention by any one of his demoralised staff. As the man in charge, however, he felt he should be the one to raise them. Frankly, he is a very brave man: at the end of the day, the buck stops with him, and the Minister should learn something from that.

This is not a question of one or two operational failures; what we have witnessed over the past month is an extraordinary outbreak of incidents that are symptomatic of a catastrophic failure of the system. It is a story of committed and loyal civil servants struggling to make a failing system work, and having their cries for help ignored.

Hugh Bayley: Will the right hon. Gentleman give way?

David Davis: The hon. Gentleman is being ignored, so he knows how the civil servants feel.

Three weeks ago, I said that there had either been collusion, cover-up or simple incompetence; I am beginning to believe that it was all three.

I am glad to see that the Home Secretary recognised the magnitude of the problem this morning. That is why, as I understand it, he has announced a major investigation, with staff being sent to Bucharest and Sofia—the problem is here, not there—and the setting up of a hotline for civil servants who want to reveal problems without being set about by the Government public relations machine. I welcome those measures, which belatedly begin to recognise the size of the problem.

The Home Secretary must make a decision, however. Either he believes that what I have described is the result of systemic operational failure, in which case the Minister is to blame, or it is a failure of policy, in which case he is to blame. Whichever it is, somebody should shoulder responsibility for this disaster.

1.5 pm

The Secretary of State for the Home Department (Mr. David Blunkett): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"congratulates the Government on having embarked on radical end to end reform of the immigration and asylum system including strengthening border controls, reducing asylum intake by more than half, increasing immigration removals to record levels and speeding up the processing of applications for leave to remain in the UK; notes that, as indicated in a statement published by the Government on 29th March, all Governments have instituted reasonable and proportionate measures to deal with backlogs of applications by people already in this country for permission to extend their stay; and applauds the fact that the Government, by investing more staff resources than ever before, has reached the point where the Backlog Reduction Accelerated Clearance Exercise (BRACE) is no longer necessary."

The allegations are serious and concern sensitive issues with profound implications for attitudes to immigration and for the actions of the Government, both now and in the future. *[Interruption.]* It is no good Conservative Members shouting, "Hear, hear", because they will not get any jokes or knockabout—these matters should be treated with the gravity that they deserve. This is not a knockabout occasion; this is supposed to be a serious debate. *[Interruption.]* When children shout, "Get on with it", they do themselves no service.

We should have a grown-up debate and examine the issues with the gravity that they deserve, and we should also understand the concerns that the issues raise with the public. Whatever the knockabout in this House, the concerns of the public affect not only how we do business but race and community relations, and wider immigration policy.

We should conduct the debate carefully: we should not duck the issues or underestimate the concerns, but we should not play into the hands of the British National party either.

Mr. Jim Marshall (Leicester, South) (Lab): I do not recognise the system described by the right hon. Member for Haltemprice and Howden (David Davis). I have to deal with many immigration and asylum cases in my constituency, and it is still exceedingly difficult for people from certain countries to get into the United Kingdom either to settle or as visitors, so I do not understand the big picture that he is painting. If, however, what he says contains some truth—it appears that it does—will the Home Secretary put the issue into perspective by discussing the order of magnitude of the people whom we are talking about compared with people who want to come to the United Kingdom from all parts of the world either to settle or as visitors?

Mr. Blunkett: I will happily do that for my hon. Friend and the House, and I intend to work through the

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allegations one by one. Today, I have announced the suspension of all applications from Romania and Bulgaria, and the fast track has already been suspended, as those who are familiar with the issue will know. I am instigating an immediate further inquiry, and, as the shadow Home Secretary, the right hon. Member for Haltemprice and Howden (David Davis), has said, I have indicated that staff should immediately go to Bucharest and Sofia to examine the further allegations.

Had the claims been made available to the Sutton inquiry, we would have taken them into account from 8 March. Unfortunately, the claims were not available, but as I indicated on the radio this morning, we are setting up a hotline and a website so that those who do not want to use the existing whistleblower procedures can feel free to speak without intimidation. That may disappoint *The Sunday Times* and other newspapers, because staff will have to report things through the system, not outside it. I promise them, however, that any allegations will be dealt with properly and sensitively.

We will pick up on the work of the National Criminal Intelligence Service. That was mentioned in Mr. Cameron's e-mail, which indicated that it was doing an excellent job—as it was, on the back of the conference that was held with the Foreign Office in November 2002 on dealing with the problems and opportunities of developments in south-east Europe. That was part of our recognition of the fact that organised criminality would undermine the case for accession to the European Union, undermine proper immigration procedures, and undermine our attack on drug smuggling. That led to allegations of the kind that have been reiterated today.

I mention the conference in November 2002 because the fresh material—not fresh in the sense that the right hon. Member for Haltemprice and Howden has had it for a long time, but in the sense that he has put it into the public arena—relates very much to what was happening in autumn 2002. Yes, Chris Mace and Peter Wrench did work for the Department then, but they have not done so for some considerable time. [HON. MEMBERS: "So what?"] Conservative Members should not assume that we disagree with them just because they have a political hare running. Some of us agree that action should have been taken. Some of us—including the Minister of State and me—believe that if material is placed before senior management they should act on it. We are talking about allegations of fraud and forged documents. People who use false papers and have an immigration history that rules them out should be ruled out. It does not require a great deal of intelligence to recognise that, just common sense. *[Interruption.]* I hear another sedentary intervention saying that my right hon. Friend the Minister is to blame. How on earth can one blame her for actions taken in relation to the failure to follow through on allegations of the magnitude that I have described and have been alleged by the right hon. Member for Haltemprice and Howden?

The e-mail that was revealed last night was sent by Mr. Cameron on 8 March. That coincides exactly with the day on which my right hon. Friend the Minister set up the review to examine these issues. I do not dispute for a moment that the shadow Home Secretary did not know who had sent the e-mail, and I do not doubt his word in terms of its not being revealed until last Thursday, but I do think that it was irresponsible, having had that document and others, not to have placed them before the Sutton review.

Mr. Eric Forth (Bromley and Chislehurst) (Con): So it is all our fault, then?

Mr. Blunkett: I thought that we had all agreed that where fraud, deception, forgery and illegal action need to be dealt with, we all have a responsibility to do so.

Several hon. Members *rose—*

Mr. Blunkett: I shall give way in a moment to the hon. Member for Tiverton and Honiton (Mrs. Browning), who will have apoplexy if I do not, but I just want to make it clear that responsibility is not confined to Ministers: we all have an obligation. I simply put myself in the position of the shadow Home Secretary and ask whether I would want to make mischief—

Mr. Speaker: Order. There are so many voices in the Chamber that I cannot hear the Home Secretary. I should be able to hear the Home Secretary. I say again, as I have said before, that shouting is unacceptable in the House.

Mr. Blunkett: Thank you, Mr. Speaker, although I am not worried about being shouted at.

Were I to be in the shadow Home Secretary's position, I would certainly want to cause maximum embarrassment to the Government. Oppositions do that—we did it ourselves. However, I would have questioned my conscience as to whether, having received material and held it for several weeks, I would have been honour-bound to present it not to me, the Home Secretary, but to Ken Sutton.

Mrs. Angela Browning (Tiverton and Honiton) (Con): I point out to the Home Secretary that I am listening very quietly, unusually for me. As a former Minister, I, like many of my colleagues, was subjected by this Government, when they were in opposition, to a two-year full public inquiry chaired by the Master of the Rolls, with all ministerial papers being made available. I refer of course to the BSE inquiry. I have no objection to having been put through that exercise, but I remind the Home Secretary that not one Minister who was subject to that inquiry sought at any time to blame any official. During our term of office, the buck stopped with Ministers, and we recognised that fact.

Mr. Blunkett: But I do not remember a single Minister resigning. I remember that BSE cost the country billions of pounds, that it cost people a great deal of misery, and that there were very many allegations, but I do not remember the Secretary of State or any Minister resigning. *[Interruption.]* Hon. Members are shouting that they were exonerated. Well, my right hon. Friend the Minister has been exonerated. [HON. MEMBERS: "No, she has not."] Yes, she has. This is not simply a matter of protecting my integrity or that of my right hon. Friend or other Ministers: it is about the confidence that the public need to have and about the morale of staff in dealing with such issues as they undertake a

difficult job. The right hon. Member for Haltemprice and Howden said, "We value the staff, we have confidence them, and we applaud them for their courage." So do we. We have, above all, a duty of care to our staff, and we have not sought to blame them for what has happened. [HON. MEMBERS: "Yes, you have."] No, we have not. We have sought to get to the root of the allegations that were made in relation to specific measures that were taken, why they were taken, and who authorised them to be taken, even if we understand why they were taken. There is a difference.

Mr. Mark Oaten (Winchester) (LD): As the internal inquiry was unable to consider the Cameron e-mail, will the Home Secretary come to the Dispatch Box and agree to a full independent inquiry so that it can be considered?

Mr. Blunkett: I am already at the Dispatch Box announcing the measures that we intend to take and the way in which we will deal with the material: we will of course make it publicly available.

Chris Grayling (Epsom and Ewell) (Con): The Secretary of State said a moment ago that Ministers have not sought to pin the blame on officials. Was he not present for the statement that his right hon. Friend the Minister made to this House about a month ago, when she specifically indicated that officials, not herself, were responsible for what had gone wrong? She should know what is happening in her part of the Department. If she is not in full control of the situation, that suggests that she is not up to the job.

Mr. Blunkett: I am sorry, but I intend to deal with the specific allegations one by one; trying to slur the Minister does not shed any light on the situation—

Mr. George Osborne (Tatton) (Con) *rose*—

Mr. Blunkett: I want to make some progress before I give way again.

We need to get a bit of light on the issue, as well as heat, so I am happy to deal with the facts. I remind the hon. Member for Epsom and Ewell (Chris Grayling) that I was not in the Chamber for my right hon. Friend's statement because I was in the United States; otherwise, I would have made the statement myself. I have read it, however, and the truth is that she simply gave the facts. There is a big difference between trying to get to the facts and blaming staff, as was illustrated by the example of BSE that was cited a moment ago. Somebody had made the decisions, so somebody was to blame, but in the end nobody was blamed. Well, fair do's: if nobody is to blame for anything, nobody is accountable for anything. We are accountable and responsible for our policies. I am responsible and accountable even when I have not devised the policies because that is our constitution, which goes back a very long way. As someone who did politics at university, I am fully familiar with its niceties.

Let me deal with the context of the events. For example, let us consider the suggestion of the right hon. Member for Haltemprice and Howden that we inherited a golden era of immigration and asylum control. In fact, we inherited a complete shambles in 1997. The previous Government did not have an electronic fingerprinting system; they had a computer that had broken down, and it took 20 months to process the initial decision on asylum compared with two months now. There were 54,000 outstanding cases whereas there is now less than half that number. Fewer than 9,000 people were removed every year, whereas last year we removed 17,000 asylum seekers as well as 12,000 other illegal immigrants. If the Opposition want to bandy words about who inherited a shambles and who did something about that, we are happy to do so.

My right hon. Friend the Minister of State for Citizenship and Immigration has been instrumental in turning the system around in the past 18 months. She has ensured that, instead of a 45 per cent. increase in asylum claims, there has been a 50 per cent. drop in the past year. *[Interruption].* I mention asylum only because there has been a clever attempt to combine the word "asylum" with the immigration allegations that have been made in the past three weeks, to the point where even a BBC political reporter did that on the news yesterday. That is not surprising because some of the newspapers that have jumped on the bandwagon have hinted—they have not told lies because not telling the truth is good enough for them—that the matter related to the asylum system rather than entry clearance, and to those who were already in the country and having their cases reaffirmed. [HON. MEMBERS: "Blame civil servants and the media."] I was not blaming anybody but simply pointing out that there is a desire to confuse the system. It exists because some people deeply oppose any inward immigration to this country.

Mr. Osborne: Will the Home Secretary give way?

Mr. Blunkett: I shall in a moment. When we published our White Paper two years ago, we set out a clear, balanced policy and a comprehensive approach to immigration, nationality and asylum. We said that we wanted to clamp down on those who entered the country clandestinely. We wanted people who did not have a legitimate asylum claim to apply openly and legitimately to come into the country to work.

Several hon. Members *rose*—

Mr. Blunkett: I shall give way in a moment. People inside and outside the House have opposed that balanced policy throughout. I want to make it clear that we are sticking to it. Whatever the allegations, whatever the truth of the matter, we shall not be diverted into believing that everybody who applies to enter our country—those who want to work or happen to have a foreign name, a different nationality or religion—is somehow suspect and up to no good, and should be rejected.

Andrew Selous (South-West Bedfordshire) (Con): The Home Secretary spoke of the importance of good community relations. All hon. Members agree with that. However, does he accept that the failure to remove 250,000 failed asylum seekers since 1997 has the potential fatally to undermine the ability to build good community relations in this country?

Mr. Blunkett: Doubling the removals of those who are not here legitimately has helped. Identity cards

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would be a major step forward in ensuring that we knew who was in the country, whether they were entitled to services and whether they had been authorised to draw on those services. It would also make the reinstitution of embarkation procedures, which the previous Government abandoned, at least a possibility. At the moment, it is not.

Mr. Stephen McCabe (Birmingham, Hall Green) (Lab): There are two central issues. The first is the specific charges of fraud, which need to be fully investigated; the second is that we have deliberately misused the European Community Association Agreements system, which the previous Government introduced. It has been put to me that the charge constitutes nothing more than naked opportunism. If there is any substance in the allegations, surely we need to know what happened when the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) was Home Secretary. Should not we be able to compare the previous Government's policy with the current one? Should not all documents and memos that relate to that period be disclosed so that everyone in the country can see the whole picture and the whole truth?

Mr. Blunkett: The Freedom of Information Act 2000 will allow that to happen next year.

Mr. Osborne: Will the Home Secretary give way?

Mr. Blunkett: In a moment. I simply want to make the point clearly that we need a properly managed, correctly authorised and accurately reported asylum and nationality system that rejects those who should not be in the country but welcomes those who should.

I want to deal specifically with the four issues that the media raised in the past few weeks.

Mr. Neil Gerrard (Walthamstow) (Lab): Before my right hon. Friend moves on, I want to make a point about responsibility. Will he cast his mind back to the backlog clearances that took place in the past and remember who was responsible for conducting them in 1993? The details were never made public. Yet the results of such exercises in the past few years have been announced and Ministers have clearly stated the criteria for them.

Mr. Blunkett: We all remember who was Home Secretary in 1993 and we shall remind the public of that repeatedly between now and the general election. We are dealing not with naked opportunism, to use the term of my hon. Friend the Member for Birmingham, Hall Green (Mr. McCabe), but opportunism clothed in concern by those who want to get it right only when it suits them to put the evidence in the public arena.

Mr. David Cameron (Witney) (Con): Will the Home Secretary give way?

Mr. Osborne: Will the Home Secretary give way?

Mr. Blunkett: I shall do so once and then I shall deal with the four allegations.

Mr. Cameron: Given the state of affairs that my right hon. Friend the Member for Haltemprice and Howden (David Davis) described, will the Home Secretary give a guarantee that anyone else who comes forward to tell him what is happening in his Department, about which he apparently does not know, will not be suspended or sacked?

Mr. Blunkett: I have made it clear that people who use the normal whistleblower procedure or the new hotline will not be disciplined for producing evidence. Let us show some maturity: I do not know everything that goes on, with the tens of thousands of people that my Department employs directly or indirectly. Any politician who pretended that they did would be stupid or duplicitous. We are neither.

Kevin Brennan (Cardiff, West) (Lab): Will the Home Secretary give way?

Mr. Blunkett: I shall in a moment but first I want to deal with the four allegations. Two were straightforward and would not normally have been viewed as a cause celebre and, as I said earlier, two raised profound issues that need to be tackled. The first of the latter was the Moxon allegations. Whatever that individual's background and whatever statements he may have made, he deserved to be taken seriously. The review was set up to examine what he had alleged. The allegations related to the accession countries and what would happen before 1 May.

It was alleged that fast-tracking had been authorised to get people through the system and thus reduce the number of people who were seen to come in and register after 1 May. My right hon. Friend the Minister of State's head was supposedly on the block and her resignation was called for because of that. First, the allegations were proved to be entirely untrue: she had not authorised any change in practice in relation to fast track. Secondly, 80 per cent. of the cases were of people already in the country whose stays were being reauthorised. Even if one is not terribly intelligent, it is not difficult to understand that one cannot fast-track people into the country who are already here. Therefore, one cannot be accused and found guilty of fiddling the figures—that was the allegation—so that those people would not be counted from 1 May. Despite all the hysteria, that allegation did not stand up to scrutiny.

Dr. Nick Palmer (Broxtowe) (Lab): The civil servant who made the original allegations, who reportedly believes that Muslims will need to be dealt with by nuclear weapons, is today quoted as saying that the Minister for Citizenship and Immigration is

"not long for the political world".

Does my right hon. Friend think that that is a matter for a civil servant to decide? How confident is he that there is no political agenda involved?

Mr. Blunkett: I am trying desperately to keep the debate on a level that addresses facts and issues. People will have to draw their own conclusion both about behaviour in the Chamber and how people have been dealing with these matters outside. The facts in relation to the case that was put by Mr. Moxon, whose subsequent revelations will lead people to make judgments about his motives, need to be set aside.

After the Moxon suggestions, we had the e-mail from Mr. James Cameron, which was sent, as I understand it, on 8 March. As I spelled out, that was the day on which the review began. Incidentally, that was just four days after Mr. Cameron had been in the same room as one of my senior officials in Bucharest, along with others, talking about the very issues that we are debating this afternoon.

On 1 and 2 March, Mr. Cameron was quite properly in a meeting with a senior official from my Department. That official was seeking to get to the truth about the allegations and behaviour involved. When he came back, he wrote a note indicating that he would take action on the appropriate lines to ensure that the allegations were properly investigated. As he had indicated that, I was surprised to learn that, four or five days later, these allegations were made as if no one had been listening or taken any action at all—*[Interruption.]* No, I am not smearing anyone. Perhaps it would be better if I did not give the facts so people could just have their prejudices. I am merely speiling out that tightening checks and investigating concerns are not the prerogative of the Opposition. It happens that my staff were, rightly, concerned about that and prepared to act on it. Therefore, the Cameron allegations must be taken seriously, unlike the second allegation, which was about the backlog reduction accelerated clearance exercise.

Mr. Osborne: If there were concerns about the Cameron allegations before they were expressed in the e-mail, why were they not investigated by the Sutton inquiry? In addition, if the Secretary of State is in charge of his Department, why do so many civil servants feel that they must send missives to the Opposition? Why do civil servants in his Department feel that they cannot use internal channels to raise their concerns?

Mr. Blunkett: First, Mr. Cameron is not a member of my staff, but that does not change the issue. We should not bandy words about which civil servants leaked what to whom, because we had a bellyful of receiving e-mails and faxes when we were in opposition, some of which were accidental, as the right hon. Member for South-West Norfolk (Mrs. Shephard) will recall, including finding her diary and handing it back to her. I put that on the record because it is important to show that politicians have some integrity. We remember what we received and did not receive from nefarious sources when we were in opposition, and that will continue.

I will come back to James Cameron in a moment. The second allegation was about the clearance exercise, which was not only in line with practice developed from the late 1980s, as was described a moment ago, but entirely sensible and in accord with the practice that we would have expected to be laid down, not necessarily authorised by current Ministers but certainly authorised in the past by Ministers. The second call for my right hon. Friend to resign was therefore absolutely spurious, and had no basis in fact.

The third allegation was even more ridiculous and concerned applications for citizenship. With security checks still in place, character checks and references still taken up, full immigration history still undertaken, and after a risk assessment and 100 per cent. tally with passport checks on visits overseas, it was decided not to recall people's passports that had already been in the possession of staff dealing with those cases. Again, a call was made for my right hon. Friend's resignation on a completely spurious issue designed to muddy the waters on the premise that if one flings enough mud, repeats things often enough, and feeds something into the equation on a daily, weekly or *Sunday Times* basis, eventually something will stick.

I want to make something clear. *The Sunday Times*, the Tory party and anyone else can keep on throwing mud, but my right hon. Friend is not resigning, she is not being sacked and she has the total support of this side of the House and everyone who has dealt with her.

Mr. Clive Soley (Ealing, Acton and Shepherd's Bush) (Lab): My right hon. Friend is right to pinpoint *The Sunday Times*, which is full of dishonesties and inaccuracies on stories of this nature. This one was particularly untrue. Is he aware that its editor is a man called John Witherow, of whom the vast majority of the public will not have heard because of his hiding behind a wall of privacy? He is fond of misleading the public and charging them money for the privilege of being misled, but has never thought about resigning himself. I can tell my right hon. Friend that in 100 years, not one editor has resigned for giving inaccurate information or lying to the public—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. That was far too long. The Home Secretary has got the point.

Mr. Blunkett: My hon. Friend, in his usual acerbic way, makes a point. My relations with *The Sunday Times* are bad enough as they are, so I will not make them any worse by commenting on it.

Mr. John Denham (Southampton, Itchen) (Lab): My right hon. Friend was describing the process that has been under way over the last few weeks. Does he recall that, a few moments ago, the shadow Home Secretary claimed that not until this weekend did he know about previous backlog clearance exercises? Would he be interested to know that on 14 March, my right hon. Friend the Minister for Citizenship and Immigration gave evidence to the Home Affairs Committee, at which she spoke openly about the BRACE exercise? Would he also be interested to know that in the audience when she said that was the shadow Home Secretary? Does the Home Secretary agree that, although these issues are serious, some of the outrage is a trifle synthetic?

Mr. Blunkett: I agree entirely with my right hon. Friend. The allegations included one that my right hon. Friend the Minister would not come to the House, as if she had not just been in front of the Home Affairs Committee, answered the private notice question, dealt with Home Office questions at the beginning of last week—*[Interruption.]* Of course, we took it for granted. I am merely advising colleagues about the allegations that she had not done so. I heard those allegations on the radio. One can say things on the radio and be heard. That is a fact; I have discovered it. Those things can be recorded and used in evidence against one, which is why programmes such as "Question Time" and "Any

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Questions" are so boring nowadays. One has to be so careful about what one says, which makes life much less entertaining.

Let me return to something that is not at all entertaining—

Mrs. Alice Mahon (Halifax) (Lab): May I say something before my right hon. Friend does that? I do not think that I could be described by any Member as a Whips' woman, but may I now say how delighted I am that my right hon. Friend has defended the Minister of State so vigorously? As a humble Back Bencher who deals with her Department regularly, may I say that she probably has the worst job in Government, but that she does it extremely well? She is always available and is a very committed Minister.

Mr. Blunkett: I could not have put it better myself, and someone who is normally the scourge of the Front Bench is probably the best person to say it.

Paul Farrelly (Newcastle-under-Lyme) (Lab): The Home Secretary has described the exemplary record of my right hon. Friend the Member for Stretford and Urmston (Beverley Hughes) as a Minister. May I record my appreciation, and that of my constituents, of the timely, courteous and entirely proper way in which she has dealt with immigration inquiries that I have raised with her? I am sure that Members in all parts of the House share my experience.

Mr. Blunkett: I entirely agree. But let me now return to Mr. James Cameron, because the allegations are genuinely serious and require action.

I said that Mr. Cameron had been at a meeting with one of my senior officials in Bucharest at the beginning of March. Shortly before that meeting, a clearly undesirable lawyer had been arrested. As the shadow Home Secretary said, the lawyer has been involved in fraud and unacceptable illegal dealings relating to entry to this country from Romania and Bulgaria. This individual was picked up at the end of February, a week before the e-mail was sent, and will appear in court on 29 April. That was part of the ongoing National Criminal Intelligence Service work that Mr. Cameron was generous enough to mention at the end of his e-mail.

I have mentioned both the NCIS work and the lawyer's arrest to show that, far from being behind the door, my officials, the enforcement agencies and all concerned have been working assiduously to try and ensure that the right things are done. One of the allegations—that lawyers were not being pursued, and the enforcement and intelligence agencies were not doing their job—was quite simply untrue. If it is true that staff in Sheffield were dealing with matters in an unwarranted fashion, we must look into that, and look into who gave the instruction. I agree that low-level staff should not be blamed for what is not of their making.

Mr. James Clappison (Hertsmere) (Con): Will the Home Secretary give way?

Mr. Blunkett: I will in a moment, but I want to finish the point.

In February, middle managers in Sheffield were concerned about fast-track clearing from Bulgaria and Romania, so they reverted to more detailed assessment. I have announced today that we are stopping all entry from Romania and Bulgaria, because that should be done while we get this right. When I met the Romanian Prime Minister last year, we stressed—as we stressed to the Interior Minister two weeks ago—that part of the movement towards full accession and the lifting of visa regimes from Romania and Bulgaria would depend on getting to grips with criminality, illegal and forged documentation and an atmosphere and culture that lead naturally to suspicion.

Kevin Brennan: My right hon. Friend speaks of necessary measures, but in the long term is it not right to bear it in mind that many immigrants from Romania have made a great contribution to the United Kingdom—not least Mr. Bernat Hecht, the father of the Leader of the Opposition, who cannot be blamed for the subsequent sins of his son?

Mr. Blunkett: I certainly do not want any of my sons to be blamed for my activities.

Let me put this on record. As soon as the lawyer was arrested at the end of February, staff in Sheffield—sensibly, from their point of view—not only suspended dealing with cases that had been handled by him, but recalled those that had already been dealt with. Our staff are caring. They do give a damn. They wanted to get this right, and—I say this very forcefully—they were not under instructions from any Minister to do other than follow the procedure, deal with the law and uphold what we would consider to be decent, proper, professional standards.

Mr. Tim Boswell (Daventry) (Con): A few moments ago, the Home Secretary spoke of his dealings with the Romanian Prime Minister last year, and a strong reprimand—my word, but I think that it summarises the position reasonably—or warning to him about the dangers of improper practice in relation to visa applications. If the Home Secretary made those remarks to the Romanian Prime Minister at that time, presumably he did so following advice from officials in or around Bucharest, and from his own Department. If he had that advice, why did Mr. Cameron's revelations this month apparently come as a surprise that required a complete reversal of policy?

Mr. Blunkett: The specific allegations made by Mr. Cameron go much further than allegations made previously. The e-mail does not simply say what Mr. Cameron said to my senior official at the meeting, or what was said to his immediate colleagues. In the light of that, and in the light of the mistrust, misapprehension and concern that now exist among the public—understandably, given what they have been reading—it is sensible to try and bottom this once and for all.

Yes, I did know that there were difficulties. Jointly with the Foreign Office, we had a conference here in London attended by Prime Ministers from all over south-eastern Europe. The publicity is on record and shows that we discussed the real issues of organised crime that we debated here yesterday afternoon. I was surprised that the revelations came after that statement

rather than as part of it, because we are dealing with exactly the issues of trans-border and cross-border organised criminality that we discussed yesterday. It is because of such issues that we are establishing the serious organised crime agency. We have been aware of them, and the Romanians themselves are aware of them. That is why they have been prepared to work so closely with NCIS and to have our staff working with them on both immigration and border controls and on drug enforcement.

Tony Lloyd (Manchester, Central) (Lab): My right hon. Friend has made one of the most sensible points that we have heard in all this. In the context of migration from south-east Europe, we know that we are dealing with criminality and possibly even with terrorism. The allegation that our right hon. Friend the Minister of State would collude in that is not just ridiculous but goes so far over the top that I think Opposition Members should consider their own position. Having alleged a lack of integrity on the part of our right hon. Friend, unless they can demonstrate that she had a motive, the charge is not against her but against the Opposition Front Benchers.

Mr. Blunkett: My hon. Friend has put his finger on a central issue. If, for the fourth time, there is a call for my right hon. Friend's resignation, on what basis is it made? To substantiate it—having not substantiated the three earlier calls—those issuing it would have to show that she had authorised or condoned the actions that Mr. Cameron alleged to be taking place, which are now to be investigated and about which a further allegation has been made this afternoon by the shadow Home Secretary. There has to be some route back from the authorisation or condoning of the sort of gross illegality that has been alleged. That is why I agree that making allegations is easy, but providing facts to back them up is much more difficult.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con) *rose—*

Mr. Blunkett: I will give way in case a fact is about to emerge.

Mr. Clifton-Brown: I am grateful to the Home Secretary for giving way. He has now twice told the House that on 8 October one of his senior officials went to Bucharest to investigate what was going on there. Was that a routine investigation and, if not, why was the Sutton inquiry not asked to investigate those matters, too? Does it not show that the Sutton inquiry was not in possession of the full facts and therefore not a thorough inquiry?

Mr. Blunkett: I said that my senior official went on 1 and 2 March, and I pointed out that the Sutton review was about the first of the spurious allegations and was being investigated. The subsequent allegations, including those made in the e-mail sent on 8 March, but not revealed by the shadow Home Secretary until last night, were an entirely different issue. I have already said that the blending of all the different issues together is understandable as clever politics, but it is wholly a tactic rather than a reality of fact.

I have therefore disentangled points one, two and three this afternoon. We dealt with the first through the review; the second and third were spurious and, in any case, conformed to the practice of previous Home Secretaries—of which, incidentally, I approve and take responsibility for. The fourth is now about to be investigated. Those are all nothing more than allegations against a Minister who has done so much to reinforce our border controls, and to tackle—she will announce it in a few days' time—months of work on sham marriages, bogus student applications and the lack of proper controls that we inherited from the previous Government. She has done a fantastic job on turning round the asylum system. Of course, our opponents, who have to move on to the next issue, have tried to present what we have been doing in getting a grip on the system as a shambles.

Those who have made the allegations this afternoon have failed to make their case. They have failed to demonstrate the facts and failed to demonstrate again and again that calls for my right hon. Friend's resignation were justified. That is why we stand four-square behind her. We are getting to the truth by all means and reassuring people that we know what we are doing. We are ensuring that we have a balanced nationality, immigration and asylum policy, and we are proud of the work that we have been able to do so far. We are determined to ensure that no one undermines that policy, whether through illegal activity outside our country, through sloppy work inside it, through lawyers—I have indicated that a lawyer has been arrested—or through a failure of enforcement.

All of that will be taken into account in the review, but, in the end, we have to make a judgment. Has the Minister of State done a first-class job? We all know that she has, so the answer to that question is yes, yes, yes. That is why she has our unequivocal backing and will continue to do so.

1.53 pm

Mr. Mark Oaten (Winchester) (LD): This is a serious debate, and I am glad that the Home Secretary has acknowledged that some of the issues raised, particularly in the most recent allegations, are indeed serious. I wish to examine the allegations in some detail and also examine some of the operations taking place in the Department, particularly those of the immigration and nationality directorate. There have been calls for the Minister for Citizenship and Immigration to resign, so I shall also look at some of the reasons behind those demands for her resignation.

Before I go into the detail, I would like to make a general observation about the climate in which the debate is taking place. I am convinced that if we did not live in a society where issues of migration, asylum and immigration were sometimes deliberately muddled and confused, and where we had to respond to so much nonsense in the tabloid press, some of the misunderstandings and the actions of individual civil servants would not have happened in the first place. In a climate where politicians and Ministers are so frightened to explain transparently and in some detail what they are planning to do—in other words, their precise intentions on asylum and migration—the real issues will be buried and hidden away, leading to the sort of confusions that have emerged over the last couple of

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weeks. I believe that all sides have a responsibility to improve the quality of debate on asylum and migration issues, so that we do not end up with the sort of debate that we are having now—a debate that is the consequence of the climate in which we live.

Clearly, the allegations that have emerged over the past three or four weeks are of serious concern. This country cannot have a system of immigration that is open to different levels of interpretation in different Government offices and that is not transparent. The House should be able to know exactly what Government policy on immigration is and we should not allow decisions to be taken, as it would appear, without clear ministerial approval.

The issues are complex and hard to understand, so I want to look in detail at the three basic allegations that have been made. The first could be described as the Moxon/Sheffield set of allegations. In layman's terms, they suggest that a policy was in place to fast-track in-country applications from EU accession country nationals. It is alleged that rather than going through the usual detailed paper process, a simpler application base was used and that the policy was put in place not necessarily to deal with a three-month backlog, but from day one in order to speed up the process. Sutton has investigated that and I am happy to accept Sutton's conclusion that, on the specific allegations made by Moxon, the Minister did no wrong.

The second allegation can best be described as *The Sunday Times* memo. It was written by Graham Austin and Moira Bing to senior immigration officials at the casework directorate at Croydon. Again in layman's terms, it suggests that there is a policy to waive through immigration applications if they take more than three months and that those applications are for a range of permits—family visits, spouses, domestic workers and so forth. The memo stated:

"As there is a large number of applications that are over three months old waiting to be decided it has been agreed at ministerial level that an enhanced procedure should be undertaken to clear these as quickly as possible."

It goes on clearly to state that the Minister for Citizenship and Immigration approved the exercise. It is alleged that there was a new procedure for fast-track applications. Even though that was not examined by the Sutton inquiry, I am prepared to accept the Home Office view that it was not a new policy, but standard practice which had been applied to in-country applications for some time.

The Minister for Citizenship and Immigration (Beverley Hughes): For the record, Ken Sutton explicitly dealt with the backlog reduction accelerated clearance exercise. Many people may have read my ministerial statement and various commentaries, but not the Sutton report itself. If they read it, they would find that it refers expressly to BRACE and its predecessor.

Mr. Oaten: I am grateful for that clarification. My understanding was that the particular allegations and the memo presented to *The Sunday Times* had not been submitted to Sutton and that we had therefore not had independent clarification of the allegation by a national newspaper, which we did have in respect of the Moxon/Sheffield case.

Beverley Hughes: For further clarification, the particular minute dealt with my intervention in the case of Mrs. Martin, which Members will recall arose about a year ago. Mrs. Martin was an American woman who came here with her British husband after the second world war. She had lived here for 40 years and had several children. Under BRACE, taking a decision on the basis of the papers, Mrs. Martin's case for settlement was refused because she could not prove that she had lived in the country for 40 years. I intervened to say that that was not a sensible decision in cases such as hers. I said that such a refusal on the basis of the papers under BRACE should be referred to a senior caseworker to ensure that it was a sensible decision.

Mr. Oaten: I am grateful to the right hon. Lady for clarifying that point.

On the second allegation, which relates to *The Sunday Times* memo, I accept the Home Secretary's assertion that this procedure has been in place for some time. However, I have two concerns, the first of which relates to the word that he used yesterday on the Floor of the House. He said that such applications were "substantially" in-country applications. It would help if he clarified what he meant by "substantially". As I understand it, some 80 per cent. of applications are in-country, which means that some 20 per cent. are not. It is important that we do not simply assume that, in all such cases, we are simply recycling the numbers.

Mr. McCabe: On a point of order, Mr. Deputy Speaker. Do the official Opposition require a quorum when it is their motion that is being debated? I can see only four of them in the Chamber.

Mr. Deputy Speaker: As the hon. Gentleman knows, he is making a political point, not a point of order for the Chair.

Mr. Oaten: So, these applications are not just in-country applications. We need to acknowledge that a number of outside-country applications are involved.

The third allegation, which is by far the most serious, relates to the Cameron e-mail, as we might best describe it. Cameron clearly claims that normal checks were being waived in respect of certain countries that are among the next wave of EU member countries, and the Home Secretary is right to say that that claim is serious. Cameron's memo states that

"no right-minded entry clearance officers would consider issuing a visa to these applications".

That hard-hitting statement raises a number of serious issues and, as the Home Secretary has acknowledged, concern also exists about the activities of certain lawyers. The Cameron memo also states that there is evidence that one lawyer helped more than 500 applicants. Incidentally, such help cost each client between £1,000 and £2,000. Those are serious allegations, and I should make it absolutely clear that we have no time for a system that allows clearly bogus applicants to fast-track the system in that way. We are

also extremely concerned about the activities of certain lawyers, and when the Minister responds I hope that she can say a little more about what is being done to crack down on them. It is clear that a rip-off is taking place in some of those countries, and that there is another, hidden story behind the detail.

Those are the allegations, and although I accept that the Minister does not have a case to answer in respect of the first two, there is a strong need for a proper inquiry into the third. I am disappointed that the Home Secretary did not acknowledge that such an inquiry should be independent; instead, he wants to establish another internal Home Office inquiry.

Mr. Dominic Grieve (Beaconsfield) (Con): Does the hon. Gentleman agree that we need to examine how a climate has been created within a Government Department in which such short cuts can be contemplated? Surely one reason is that this Government are being target-driven by public relations presentation, in order to justify certain policies in a difficult environment. That is one key reason why nobody has any confidence in what the Government say any more.

Mr. Oaten: The hon. Gentleman makes a fair point that touches on my opening remarks. While we live in this climate, which was caused in large part by his own party, Ministers will adopt a public relations, target-driven approach, rather than tackling and talking about the issues in an honest and up-front way.

Mr. Watson: I congratulate the hon. Gentleman on taking on this issue in a cool and sober way, and on the fact that more Liberal Democrats are present than Conservatives, even though it is a Conservative-initiated debate. He talks about the need for a proper debate, but does he agree with the hon. Member for South Cambridgeshire (Mr. Lansley), who said that immigration was

"an issue which we raised successfully in 1992 and again in the 1994 European election campaign. It played particularly well in the tabloids and has more potential to hurt"?

Does the hon. Gentleman agree that this debate has more to do with Conservative PR than with the real issue of fraud?

Mr. Oaten: There are surely some among the so-called official Opposition who believe that this issue will help them to win votes at the next general election. However, it did not seem to do the Conservatives much good when they raised it during the 1997 and 2001 elections. So one of three allegations is serious and worthy of investigation, and I say again to the Home Secretary that I am disappointed that such an investigation will not be independent.

I turn to the allegation that is not talked about, but which constitutes the wider problem: the underlying culture within the Departments and the way in which they are run. The Sutton report considered this issue in some detail and raised a number of concerns. It is a great pity, incidentally, that the report was pushed out last week, on a day when endless Government announcements were made. As a result, it did not receive the coverage and detailed examination that it deserved. Sutton revealed a serious breakdown in the managerial process. Some of its recommendations are quite remarkable. Recommendation No. 5 says that the immigration and nationality directorate should produce for all staff a guidance note outlining how IND policy is developed. That is breathtaking. No Department should need to produce guidance notes on its own policy. If such guidance was necessary, it should have been provided ages ago, rather than being provided now in the form of a recommendation.

Recommendation No. 6 says that all staff new to IND at grade 7 or 6 should undergo training on policy and working with Ministers. It is breathtaking that such policy guidance and training was not in place to begin with. The fact that it was necessary for an internal inquiry to recommend that training be given to staff on how to work with Ministers illustrates that a complete failure has occurred.

Mr. Grieve: The hon. Gentleman's point reinforces what I said earlier, and describes the difficulties that officials encounter in interpreting Ministers' policy guideline wishes. As a result, a breakdown in communication occurs, and such a breakdown is surely squarely the responsibility of both the Minister and the Secretary of State.

Mr. Oaten: One of two things is being demonstrated. The Department failed because proper training was not in place and policy guidance was not given to officials in the first place; or Ministers' new guidance is so complex, or it changes so quickly, that front-line staff have been unable to keep up. Whichever of those is true, it is clear that something has gone wrong.

Recommendation No. 7 is also breathtaking. It says that technical expertise should be included for those deciding cases. Of course it should. The implication—that those deciding cases did not have the technical expertise in the first place—is astonishing. If we are to have confidence in the system, the individuals involved in complex cases should have such expertise in the first place. Why were they allowed to do what is a complex job for such a long time without the necessary skills and knowledge? We should not need to wait for an internal inquiry to come up with such an obvious and basic recommendation. There is a serious case to answer in respect of that fourth allegation, but Sutton touches on only some of the managerial problems that existed.

I want to ask a few questions of the Minister and the Home Secretary, and to discuss the list placed by the Home Secretary in the Library last night concerning the backlog clearance process that has taken place since the 1980s. I acknowledge that that principle and that process began under Conservative Governments, but does the Home Secretary not accept that his Government have gone further than the Conservatives in respect of backlog clearing? Why was it decided that the BRACE scheme would kick in only after a 12-month delay? He has changed the guidelines, and the scheme now kicks in after a three-month delay. Is that not a clear acknowledgement that the system is getting out of control?

Can the Minister say more about the plan to tackle the clear pressure to which the IND is being subjected? In his Library note, the Home Secretary said that he believed that the introduction of charges for

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applications on leave to remain would give the IND an opportunity to invest more, and to move towards "high standards". It is true that from 1 August 2003, there has been a big increase in the charges for applications. Can the Minister explain where that money is going, how much money has been raised by that increase in the charge and how much money has gone directly to improving the quality of IND and exactly how many extra staff will be employed? There is clearly a pressure, a backlog and a burden on staff, and I hope that the Minister can explain how many additional staff will be employed to clear that backlog.

What is the position of the so-called whistleblowers? Where do Mr. Moxon and Mr. Cameron stand in relation to their employment? Are they both under investigation? What kind of hearing will they have? Have either of them broken any codes that they signed in relation to employment? Based on what I have heard in relation to Mr. Cameron, I have concerns about the way in which a consul or other diplomat, who must surely be privy to extremely privileged information, has operated in sending that e-mail.

While I want a system in place that protects whistleblowers, I acknowledge that some individuals, especially in consulates or embassies, hold positions of enormous trust. I do not necessarily argue that the two individuals who have been referred to should be reinstated. That is one of my concerns about the Conservative motion, which implies that those individuals should be praised as heroes and reinstated. I do not take that line, but I hope that the Minister will explain that they will be treated fairly and under which codes of conduct they will be processed.

Kali Mountford (Colne Valley) (Lab): I am grateful to the hon. Gentleman for clarifying his attitude to civil servants. I welcome what he said about whistleblowers, but when it comes to disciplinary action is it not the duty of the House to avoid political interference? The matter should surely be one for the civil service.

Mr. Oaten: I entirely accept that. I hope that the process that the Minister sets out for any disciplinary action will be independent and clear and will be undertaken according to the proper codes. I am sure that it will.

Mr. David Lepper (Brighton, Pavilion) (Lab): Is the hon. Gentleman acknowledging that there is a proper process in place for whistleblowers to report their concerns and have them investigated and that my right hon. Friend the Home Secretary has announced extensions to that process with a website and a hotline? Does the hon. Gentleman agree that what we heard from the official Opposition earlier suggested that no such system was in place and that the only recourse for civil servants who are concerned about certain practices is to shoot off e-mails or messages to the press or the official Opposition?

Mr. Oaten: I do not accept that. Clearly, in this case, the individuals did not feel able to go to senior managers and they decided to send e-mails in a different direction. So there has been a problem with the process, and the climate in the Department is not one in which individuals feel that they can go through the proper process. For whatever reasons, the individuals involved felt that they had to go to the tabloid press or Opposition parties. So there is a problem that needs to be addressed.

Mr. Cameron: Does the hon. Gentleman agree that Mr. Moxon's options were effectively closed down because he sent an e-mail to the Minister's private office and received no answer for two months? He could not really go to his senior officials because they were the ones who had apparently introduced the illegal policy without consulting Ministers. What was he meant to do?

Mr. Oaten: I accept that Mr. Moxon made a number of attempts to send an e-mail to the Minister, but the process by which whistleblowers should raise a concern should not involve sending an e-mail to the Secretary of State or the Minister of State. They should understand that those Ministers will be bombarded by endless e-mails. If the system is to work properly, there has to be someone within an organisation whom employees can approach rather than having to go to a national newspaper or to a Minister. Clearly there has been a failure and it needs to be addressed. Proper procedures need to be put in place.

Mr. Watson: Given that it took the right hon. Member for Haltemprice and Howden (David Davis) two weeks to answer his e-mails, can we forgive my colleague on the Front Bench for not taking note of some of hers?

Mr. Oaten: I am sure that none of us wants to examine how long it takes us to respond to e-mails at any given time.

As the Home Secretary has acknowledged, there was valid criticism of the Conservative Front-Bench spokesmen for jumping slightly too quickly in their relationship with Mr. Moxon. I am on the record as saying that I met Mr. Moxon in the morning and it was clear to me that he was a troublemaker. Just a few alarm bells started to ring in my mind. They did not seem to ring down the corridor in a different office. However, the Conservative Front-Bench team seems to have learned a lesson in relation to the Cameron e-mail. I accept, as the Home Secretary accepts, that it was right not to draw conclusions immediately from an e-mail—e-mails are not signed—but to take some time to check out the source. So on this occasion we can excuse the Conservatives for the delay in responding.

Lady Hermon (North Down) (UUP): I appreciate the hon. Gentleman's generosity in taking yet another intervention. He has criticised the wording of the Opposition motion in a particular regard. Is it his opinion that the allegations made by the shadow Home Secretary—I wrote down the words that he used at the time—of "collusion", "cover-up" and "incompetence" are extremely serious when there is not a shred of evidence that the Minister of State or the Home Secretary authorised any such activity? Will the hon. Gentleman comment on the serious words used by the shadow Home Secretary?

Mr. Oaten: The hon. Lady has a valid point. The shadow Home Secretary was clear in the language that

he used and the allegations that he made. I shall come shortly to those allegations and how they relate to the Minister of State. They are important. One of the only ways in which we shall clear up the allegations is to set up an independent review. The hothouse of allegations around here means nothing. An independent review could check whether such allegations have any merit.

Mr. Grieve: The hon. Gentleman may agree that the evidence is already pretty clear that the Government have been at some pains at departmental levels to avoid publicising some of the things that they have been doing in relation to entry clearance. We have that on the documentation that has become available.

In terms of the Government's way of going about their business, does the hon. Gentleman agree that it is already pretty clear that on that level there has been a cover-up?

Mr. Oaten: The phrase "cover-up" can be interpreted in many different ways. When it comes to the serious matter of asking a Minister to resign, do we believe that a general allegation that the Government have covered something up is a resigning issue? I argue that it is not. All Governments manage their stories to put across the best message. For goodness sake, if people had to resign for doing that, none of us would be left in this Chamber.

Mr. David Heath (Somerton and Frome) (LD): Apart from you.

Mr. Oaten: Not even me.

I move on to the timing in relation to the applicants who were so close to the 1 May deadline and EU accession. I understand that in a busy office with a pile of papers to go through one might say, "What is the point of rejecting this application when in just a few months, on 1 May, this national will have full EU membership? Let's just let this one go through." But the Government have a policy of taking other applications right up to the 30 April deadline. They have made it clear that for asylum applications from the Czech Republic the deadline should be 30 April. Surely there has to be some consistency. What guidance is being issued in relation to applicants from countries that are just a couple of weeks away from becoming EU members?

The Home Secretary has announced that he is suspending all immigration applications from Bulgaria and Romania. Is the Minister comfortable with that? Has the decision been legally checked? Is the process legal? Does she believe that the decision could be challenged legally? If it is legal and necessary due to the concerns of the Home Office, does she believe that there is a case for widening it to apply to other countries? Is she sure that the kind of practice that Mr. Cameron has exposed in Bulgaria and Romania is not taking place in other countries? Surely there is a case for the investigation that the Home Office has announced into those countries to be expanded to consider practice in other countries; otherwise, we may have to have another debate in six months' time, after we have had another leaked memo from a different consul in a different part of the world.

I come to the sensitive issue of the Minister's position. I have found the Minister to be able and polite, and during the passage of the Asylum and Immigration (Treatment of Claimants, etc.) Bill, my colleagues and I found her to be open, frank, honest, helpful, clear and plain-speaking. I have nothing but respect for the Minister. I have never, in seven years of doing this job, called for another politician to resign. That is done on a knee-jerk basis, far too often and I am uncomfortable with the constant calls for individuals to resign. However, on this occasion, I have had to consider the issue, because the press have asked me endlessly whether I support the Conservatives' calls for the Minister to resign.

In considering the issue, I have had to analyse several points. First, did the Minister ignore warnings from officials? The Sutton inquiry found that she did not ignore the warnings on the specific allegations and that in fact some of those warnings did not get through to her. On that ground, there is no case. Secondly, did the Minister mislead the House? That is one of the most serious allegations that can be made and is a reason for individuals to resign if they have done so. Again, despite some of the comments in the memo in *The Sunday Times* about the Minister knowing about the process, I am clear that there is a difference between her authorising that process and the allegations that were made when she came to the House on 8 March.

Thirdly, has the Minister got to grips with the management process? Sutton does set out some concerns about what is taking place in the Department. I know that the Minister has said on the airwaves that she has been responsible for sorting out the chaos and introducing procedures to try to improve matters. However, she still has a case to answer on some of the problems in her Department. Fourthly, should a Minister be held to account for managerial failures? That is the most complex and difficult question because increasingly Ministers say—with some justification—that something is an operational issue, and not a ministerial responsibility. However, the extension of that argument leads to questions of where democratic accountability lies and where the buck stops. There are concerns that the Minister has not got to grips with the managerial process.

In the circumstances, it does not appear to me that a case can be made for the Minister to resign. That is why we have not supported such calls. However—and I hope that the Minister and the Home Secretary will consider this—because of the public concern about what has happened in the Department, Ministers should agree to a full inquiry into the Cameron allegations, and a broadening of the remit of Sutton to examine the procedures in place in the immigration and nationality directorate. The concerns are so severe that a wider independent inquiry should take place. The Minister's future should be decided after that, and not in the hothouse of the television studios or the Chamber where it is too easy to call for resignations.

Those of us who wish to speak tolerantly about asylum and immigration—who wish to argue that the country is not going to be flooded and that we should have a mature debate—are undermined enormously if the information and figures from the Government are

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not accurate. That does not help us in making our case. That is why a full, independent and public inquiry into the facts should take place.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I should advise the House that Mr. Speaker has placed a 12-minute limit on Back Bench speeches, which will apply from now on.

2.24 pm

Mr. Frank Dobson (Holborn and St. Pancras) (Lab): I am sorry to have to speak in this debate, because I had hoped for better from a Tory party led by the child of someone who was a refugee from Romania. However, if one has any expectations of the Tory party, one is frequently disappointed. My right hon. Friend the Minister is being pursued as part of a deliberate strategy by the Conservatives to stir up antipathy towards people coming to this country. The Conservatives do not give a damn about the damage that that does to community relations. As far as they are concerned, a few cheap hits in the House of Commons are worth it, even if they result in some expensive hits on the streets and estates of this country. Those of us who represent constituencies where various communities manage to live happily with one another—including intermarrying—are disgusted by that approach.

If people think that I exaggerate, all that I can do is remind them—as my hon. Friend the Member for West Bromwich, East (Mr. Watson) has already done—of the stated views of the hon. Member for South Cambridgeshire (Mr. Lansley) when he was director of the Conservative Research Department, even though he is now a shadow health spokesman. He said that immigration was

"an issue which we raised successfully in 1992 and again in the 1994 European election campaign. It played particularly well in the tabloids and has more potential to hurt"—

to hurt whom? It might hurt the Labour party or the Liberal Democrats, but it will hurt most—many—of our fellow citizens and people who come to this country to try to earn a decent living in peaceful circumstances.

All over the world, since history began, there have been huge movements of population and they have always presented great difficulties. However, they have been a huge asset to this country. A book published a few years ago, with the strange title "Hitler's Gift", listed all the geniuses whom he drove out of Germany and eastern Europe to this country and north America. They transformed the standard of our mathematics and physics, and we left Germany and eastern Europe far behind. That was a permanent legacy.

We should also consider the people who have come to this country more recently and the benefits that they have brought to our fellow citizens. For example, Professor Sir Magdi Yacoub is the world's greatest heart surgeon and he is welcome. He contributes, and so do hundreds of thousands of other people who have come to this country and made it a better place. We should make them welcome, instead of indulging in cheap stunts in pursuit of Ministers, in the hope of some short-term, shoddy political gain.

Mr. Cameron: Will the right hon. Gentleman give way?

Mr. Dobson: No, I have only 12 minutes and I intend to use them.

The Government inherited a huge mess in immigration and asylum, with huge delays. The Conservatives apparently confused the amount of time taken to deal with applications with thoroughness, but the two are not necessarily related. The process was not thorough, but it did take a devil of a long time. The Government have set about tackling that problem and have faced enormous difficulties in doing so.

Things have gone wrong, and I know that my right hon. Friend the Minister—and she is a friend—will not take offence if I say that the Home Office and the other Departments involved did not cover themselves in glory in relation to events at Morecambe bay and the warnings given by my hon. Friend the Member for Morecambe and Lunesdale (Geraldine Smith). We cannot blame an individual Minister for the failure of four Departments to co-ordinate their activities properly. If everybody in the House, on both sides and in all parties, had listened to what Joan Maynard and Dick Body said about gangmasters 20 years ago and had done something about it, those events would never have happened. We cannot blame my right hon. Friend for those failures, because she was not even a Member of Parliament at the time.

My right hon. Friend has an awful job, but it is done more efficiently than it has been in the past. I have been a Member of Parliament for 25 years and I know that she achieves a good turn-round on the innumerable letters that I send her. I do not know what else she can manage to do besides answering my letters, because her replies are always thorough and accurate. I believe that other Members write to her, too. She is in a terrible position; when she makes a decision she is denounced by some people as illiberal and by others as limp-wristed and weak, because she has let all sorts of "villainous" people into the country.

Now we have the Tory party jumping on the bandwagon with a leak from Sheffield. In an excellent speech, the Liberal Democrat spokesman, the hon. Member for Winchester (Mr. Oaten), asked whether the Sheffield civil servant had broken a code of conduct. He may have broken such a code if it turns out that he has pulled a political stunt with the Leader of the Opposition. It is against the civil service code of conduct for a civil servant to appear at a political stunt with the Prime Minister, so it would probably also be the case if he did so with the Leader of the Opposition.

The Tories are trying to link that to the advice that work permit applicants from the immediate accession countries should be "waved through", because it is so close to when they will be entitled to enter the country anyway. I have news for the Tory party: there is nothing new in that. The Tory party may have no corporate memory, but as the Leader of the Opposition was involved, he should be able to remember that the Home Office acted in the same way in 1995 when Austria,

Sweden and Finland were about to join the EU. As we were never told, we do not know whether the right hon. and learned Gentleman was unwilling, in the words of the motion, "to take responsibility" for the policy, or whether there were "dishonest internal workings" in his Department. He certainly kept quiet about it. Of course, he could say that he was following another Tory precedent, because exactly the same thing happened when Spain and Portugal were accession countries in 1986. As the period of accession drew nearer, the easier it was to enter this country, and eventually work permit applicants were "waved through", but that policy was not disclosed.

As has been mentioned, in 1992–93, when the Leader of the Opposition was Home Secretary, 20,000 people whose applications would otherwise have been turned down were given exceptional leave to remain, yet nothing was said about that. We found out that it had all been done secretly only when the figures were published some years later and had to be explained.

Of course, there are well organised scams. Indeed, I turn from scams to scum, because the people who organise the trafficking of their fellow human beings are among the scummiest people in the world. It appears that some of them are involved in what is going on in Rumania and Bulgaria and we need to check that and sort it out—and it will be sorted out.

There is a wider point, however. We are talking about people who are applying for work permits. They will receive a work permit only if we do not have people qualified for the work for which they require the permit. Work permits are going to people in the construction industry, to electricians and plumbers. Why do we not have enough of those workers? It is because the stupid Tory Government, under Mrs. Thatcher, abolished apprenticeships and sold off the training centres that could have trained the skilled people whom we now lack.

The Tories did not train enough doctors. They cut back on the training of nurses and reduced the number of nurses in training. Despite all that, they had planned to hold a debate later today—until they suddenly, opportunistically, chose to change the topic—about Labour's failure to prepare for doctors' reduced hours. The Tories reduced doctors' hours, but they did not increase the number of doctors to compensate for that. That is how we got into a mess, and the Labour Government are trying to get out of it.

When Nigel Lawson was Chancellor of the Exchequer, he mocked our calls for more and better training. He said that the jobs of the future would not necessarily be high-skill or low-skill, but that they would be no-skill jobs. As a result, we have a lot of people with no skills and they are the ones who find it hardest to get a job.

Today, we see the complete hypocrisy of the Tory party. The Tories left the immigration service in chaos and the Government are improving it. As for blaming officials, we shall take no lessons from the Leader of the Opposition; blaming officials was his stock in trade. The House will remember the famous interview when he said that he was responsible for prisons policy but not for operations. Paxman asked him again and again and again whether he took responsibility for operations in the Prison Service and he denied it. That is another reason why we shall not tolerate this lousy, opportunist, second-rate, smeary effort from the Tories today. [HON. MEMBERS: "Say what you mean."] One of these days, I shall say what I really think about them.

I want to say something very serious: if this sort of stirring up against people goes on, Islamophobia will grow. Our fellow citizens will be assaulted because they wear a scarf around their head. They will be spat at as they take their children to school and they will find life more and more difficult—

Mr. Deputy Speaker: Order. The right hon. Gentleman must respect the time conventions as well as everyone else.

2.36 pm

Mr. James Clappison (Hertsmere) (Con): I look forward to the day when we hear the frank and unvarnished opinions of the right hon. Member for Holborn and St. Pancras (Mr. Dobson).

Control over borders should be a high priority for Members, in today's world more than ever. Many of our constituents say that there can be fewer high priorities and they expect us to hold the Government to account for the security of our borders and the soundness of the immigration system.

When something goes wrong, as it has plainly done on several occasions, we need to find out how bad the breakdown of the system is, the extent of what has gone wrong, how long it has been going on and the number of cases affected. Notwithstanding the remarks made from the Treasury Bench earlier, it is clear that something went wrong in the Sheffield department of the Home Office. Indeed, I thought that had been accepted on both sides of the House, but as I listened carefully to the Home Secretary earlier he seemed to be rowing back. He seemed to be trying to suggest that all the allegations made by Mr. Moxon had been disproved and that the Sutton report, to which I shall return in a moment, had completely exonerated the Government.

On Mr. Moxon, there seems to be an attempt in certain quarters to play the man rather than the ball—something with which we are all far too familiar. Whatever else may be the case about Mr. Moxon, his allegations turned out to be right. The Minister admitted that to the House and said that the procedures that had been followed would be withdrawn, so we do not need to go over that ground today. However, I remind the House that the Government's case then was not that everything was above board and that everything was going right; they said that something had gone wrong but that it was an isolated matter involving local guidance. On 8 March, the Minister told us that she knew nothing about what had gone wrong at the Sheffield office.

Today, we have heard new allegations that put a rather different complexion on the information that the right hon. Lady gave the House on 8 March and the Select Committee on Home Affairs the next day. They also overtake the Sutton report, which she set up—an internal inquiry by a senior civil servant from her own Department, albeit from a different part of the Department, but still an internal inquiry. The matters that have come up over the last day or so clearly overtake the Sutton report, whose remit restricted

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Mr. Sutton to looking into a particular range of issues in the Sheffield office. In the final report, which I have read, Mr. Sutton emphasised, above all, that the context for his inquiry was a limited proportion of the casework of the immigration and nationality directorate. That was what he put first and foremost.

The suggestion that the Home Secretary has confirmed in large measure today is that, in fact, the issues run much wider than those considered by Mr. Sutton and that there was far more irregularity than just that which he considered, covering far more issues. As Mr. Cameron apparently put in his e-mail—one could not do better than this—what was revealed at the Sheffield office earlier this month was just the "tip of the iceberg", and we now need to look at how much of the iceberg remains beneath the surface. Not only is the Sutton report completely overtaken by what has emerged subsequently, but the new matters, which are partly admitted at least, put a completely different complexion on what the right hon. Lady told the House and the Home Affairs Committee earlier this month.

The right hon. Lady told the House that the relaxed procedures employed by the Sheffield office, about which Mr. Moxon complained, related to people who were already legally in the country and who were seeking to extend their stay. In her statement to the House, she emphasised:

"It is worth remembering that, principally, the people affected were already lawfully in this country."—[*Official Report*, 8 March 2004; Vol. 418, c. 1245.]

Yet in the new allegation, backed by documents, the case is clearly made that relaxed procedures were employed for such people, at least in Romania and Bulgaria, when they sought to enter the country in the first place.

According to Mr. Cameron—the man behind the report—the procedure involved thousands of applications from those seeking to enter or settle in Britain as students, spouses, au pairs, domestic servants, working holiday makers and dependant relatives of migrants already here. If that is right—it seems to have been admitted that it is right—I am afraid that it does not tally at all with the impression, given by the Minister on 8 March, that those involved were already in the country.

The Minister needs to tell us just what the state of her knowledge was about the allegations made by Mr. Cameron at the material time. If what Mr. Cameron is saying is right, the defences were down at every stage of the immigration control proceedings. They were down when the applicants applied to enter, and they were down again when people already in the country applied to the Sheffield office to stay.

How the fraud was dealt with is even more serious. Again, what has transpired puts a completely different complexion on what the right hon. Lady told the House. When she spoke in the House on 8 March, she was at pains to dismiss the question of fraud altogether. I remind her of her words:

"There was no question of staff being instructed to grant such leave to those whom they believed to be fraudulent."—[*Official Report*, 8 March 2004; Vol. 418, c. 1245.]

Breaking away from what she said, we know from what Mr Cameron said that fraud was very much an issue. I have only seen reports of the e-mail sent from the British embassy in Romania, but it would seem that fraud was very much an alarming issue in the case of both Romania and Bulgaria. According the reports that I have seen, the e-mail says:

"both countries were until March 1 overwhelmed with badly prepared bogus applications. When entry clearance officers write to Sheffield and state clearly that the application is being supported with forged and counterfeit documents the letters are ignored and the applications are still being issued".

We have heard more details about that, the involvement of the National Criminal Intelligence Service, and the extent of bogus applications and irregularities among the legal profession.

I shall ask the Minister some questions that she has to answer today. Was she aware of the allegations being made by Mr. Cameron when she made statement to the House on 8 March? Was she aware of what he said then? If so, how can she possibly justify the way in which she dismissed the question of fraud out of hand, as she did not only on 8 March on the Floor of the House, but in her evidence to the Home Affairs Committee?

I turn now to the memo that we have heard about in a separate allegation. The right hon. Lady told the Home Affairs Committee on 9 March—the day after the statement—that the backlog had arisen as a result of matters that took place in the previous autumn. She referred to the BRACE procedure, but she said that it was a longstanding approach to backlogs that simply allowed caseworkers to use discretion if all the papers in certain cases, possibly marriage cases, were not there.

The memo, which has apparently come from two senior civil servants in the Minister's Department, clearly refers to an enhanced BRACE policy that was implemented in July 2003, with, it is said, the specific approval of the Minister. If so, it puts an entirely different complexion on what she told the Home Affairs Committee, when she said that the policy was not implemented until later last year and that it arose because of backlogs. Was she aware of that memo? Was the memo true? Was the policy implemented with her agreement in 2003—not in response to an individual case, as she told the House in response to the hon. Member for Winchester (Mr. Oaten), but on a much more widespread basis than she admitted to the hon. Gentleman?

The memo of July 2003 says:

"As there are a large number of applications that are over three months old waiting to be decided, it has been agreed at ministerial level that an enhanced procedure should be undertaken to clear these as quickly as possible.

This note confirms that the decision in this case has been taken under an enhanced procedure for clearing backlog cases, which commenced on 14 July, 2003."

Why did the Minister not refer to that memo when she appeared before the Home Affairs Committee? She had something to say about BRACE and the backlog procedures. Does the memo not put an entirely different complexion on the evidence about the Sheffield problems that she gave to the Home Affairs Committee?

Mr. Watson: Will the hon. Gentleman give way?

Mr. Clappison: I will not give way to the hon. Gentleman, because time is limited.

The Minister said that the Sheffield matters were all locally determined by staff and had arisen as a result of local problems with a backlog later in the year, but the policy was decided centrally and agreed by Ministers. The right hon. Lady should deal with the question of what she knew about the BRACE procedure and the enhanced procedure in 2003. She should also deal with what she knew about Mr. Cameron and his allegation that the iceberg would have remained completely unknown if it had not been for my right hon. Friends on the Front Bench. They deserve congratulations for bringing this matter to light. They have done a public service, and I commend them on the way in which they have brought the issue to the attention of the House. They are right to do so.

Mr. Watson: Will the hon. Gentleman give way?

Mr. Clappison: No.

The Minister now has to face up to her responsibilities. She has been asked many times what responsibility she takes in all this. How does she square her responsibilities with what she has said in the past? What does she accept responsibility for today, given the mess, with all the immigration system's defences down, as described in the memo at the Sheffield office? It is no use the right hon. Lady shaking her head; we want answers. What responsibility does she accept?

2.48 pm

Ms Sally Keeble (Northampton, North) (Lab): I am pleased to have the opportunity to take part in this debate because it touches on one of the issues of greatest concern to my constituents—matters relating to asylum and immigration—and it is precisely for that reason that I believe that the Conservative party has raised it particularly at this time. When an election is coming, the Conservative party talks about immigration. Muddling up debates about eastern Europe and the EU also plays well.

Mr. Cameron: Will the hon. Lady give way?

Ms Keeble: No, I will not give way because time is limited.

I am particularly pleased to support the work that my right hon. Friend the Minister has done in pushing forward improvements to the asylum system. An awful lot of what is needed in her job is exceptionally unglamorous and does not involve big policy decisions; most of it relates to putting in the proper procedures, seeing them through and getting the systems working. She has done that extraordinarily well, and certainly the recent moves that she has made have produced real benefits for my constituents.

Shortly after I was elected, I went to look at some of the asylum procedures that were in place in my constituency. A number of people were arriving there, but we inherited the system from the Conservatives, and it was the most ramshackle, non-system that I had ever seen. There was a completely farcical approach to the payment of benefits, there was no networking between the different agencies, and the Conservatives' idea of new technology was a pencil sharpener. There was no proper system for identifying the people who were claiming asylum and receiving benefits. For a party that talks tough about identity cards, it was astonishing to see the total failure to identify properly the people who were coming in and out, claiming benefits and moving around the system. There was also a complete denial of the fact that many people were coming into the country and claiming asylum. If there were not scams then, that was partly because one did not need to run an effective scam to work through what was a totally shambolic system.

The Labour Government have increasingly put steps in place that have improved the system, and my right hon. Friend the Minister has pushed them through. For example, a new system was put in place for asylum support. Certainly, it faced problems, but it was a distinct improvement on the shambles that we inherited from the Conservative party. A range of different identification documents and cards are in place and they will establish who people and their dependants are. Those documents can be relied on and they replace the lack of documentation in the previous system. There has been an increase in the number of decisions taken, and they have repeatedly been reported to Parliament.

There has also been an increase in the number of removals. Any Member who visits their police station can ask the police officers there about the number of removals that they have to deal with. There has certainly been in an increase in the number of removals going through Northampton. There has also been open discussion about managed migration, which relates to the points that my right hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson) made about ensuring that we have the people to do the jobs that others simply do not want to do.

In my constituency, there has been, particularly recently, an increase in the number of enforcement actions taken. For example, a successful raid took place today on a factory that employed illegal migrants. Fifty-seven people were stopped and, so far, 33 of them have been arrested and will be removed. I very much welcome the increase in such actions.

It is certainly true that there is further to go. The Conservative party has highlighted a scam, but it is not the only scam that has ever existed. There should be proper recognition that circumstances have changed over the past couple of years and that an increasingly and extremely sophisticated international industry is engaged in trafficking and the forging and sale of documents. That has made it extremely hard to tackle some of the problems that we confront.

I know that my right hon. Friend the Minister shares my concerns about the proliferation of forged documents, and I know that she and her Department are also working to tackle the problem. An examination of the forged documents in the possession of the immigration and nationality directorate at Croydon and at Heathrow make it clear that they are produced to an extremely high standard and put through a sophisticated market. However, there is an increasing problem of documents being obtained through apparently legal means and then being used by different

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people. There are increasing problems of impersonation, and I hope that my right hon. Friend will put more resources into dealing with the appalling problem of forgeries that are part of a huge international trade. The people detained today in my constituency were found to be travelling on false documents.

Laura Moffatt (Crawley) (Lab): Does my hon. Friend agree that all these issues are real and that this Government have tackled them by putting in more resources and getting the organisation right? The last thing we need is any future Government threatening cuts in those resources. That would make it impossible in future to tackle the problems created by new technologies.

Ms Keeble: My hon. Friend is right. I was just about to come to that point.

The Conservative party has been extremely good at talking the talk in the way it did before 1997. It absolutely refused to put in place the steps and procedures that were needed to deal with the problem. Just as it did not have proper procedures for dealing with benefits, it did not have the proper documentation available to check on who people were, or the proper new technology in place to enable the different agencies to network properly. It also refused to support openly the proposals that my right hon. Friend the Minister and colleagues introduced to improve and speed up the legal procedures, so that we could deal with claims, in particular false claims, more quickly. Rather than just talking about the problems, we need to ensure that there is proper support in place for the solutions that the Government are putting forward.

My right hon. Friend is tightening up on the procedures to prevent abuse of the legal system, but there is also a need for the Law Society to deal with some of the problems created when certain lawyers handle such cases. It is noticeable that the case in Bucharest involved lawyers who were taking substantial sums of money for processing many claims that they must have known were false.

I very much welcome the steps that have been taken so far. My right hon. Friend has done more than any other Minister who has held her position to tighten up the procedures, to take difficult decisions and to see them through. I hope that she will continue to do that in exactly the way she has done previously. The public must also realise that, if the problems of asylum and immigration are to be dealt with properly, it will take tough decisions and proper resourcing. Cuts of the type proposed by the Conservative party will not suffice, and impractical proposals such as parking people on offshore islands, are complete nonsense. It is only by clamping down on the procedures while dealing with the issues of properly managed migration that my right hon. Friend the Member for Holborn and St. Pancras mentioned that we can allay people's fears and make for a civilised society that has decent race relations and sound systems.

2.58 pm

Mr. David Cameron (Witney) (Con): We have learned three important things in the debate so far, the first of which is that Ministers seem very reticent about wanting to get to the facts.

Lady Hermon: Will the hon. Gentleman give way?

Mr. Cameron: I have only just started my speech, but I will be delighted to give way to the hon. Lady.

Lady Hermon: I am enormously grateful to the hon. Gentleman for allowing me to intervene so early in his speech. For clarification and my peace of mind, will he justify the shadow Home Secretary's use of the word "collusion"? I should like to learn four things from the debate, one of which is the justification for the use of that word by the shadow Home Secretary.

Mr. Cameron: Much of my speech will be about the Minister's role, so I shall try to answer the hon. Lady's question during it.

We have learned three important things. First, Ministers seem reluctant to get to the facts. The Home Secretary told us that Mr. Cameron—no relation, I stress—the official in our Bucharest embassy, met Home Office officials on 1 March. We need to know who was told about his concerns. Why were they not examined by the Sutton inquiry? We need to see the minutes of the meeting between Mr. Cameron and the Home Office official so that we can find out who knew what and when. If Ministers wanted to get to the facts, the Sutton inquiry would have covered that straight away.

Secondly, Ministers seem reluctant to take responsibility. The Home Secretary said on the radio this morning that Ken Sutton will now widen his inquiry, go to Bucharest and examine the matter further, which is important. He also said, as he repeated in the House, that no Minister would resign—there will be no scalps. What will happen if Ken Sutton finds that Ministers were responsible in some way and that they knew something but did nothing about it? The Home Secretary has effectively prejudged his own inquiry.

We learned a third important fact from my right hon. Friend the Member for Haltemprice and Howden (David Davis): that our embassies in Sofia and Bucharest had written to the Home Office raising important concerns. The most important question that the Minister for Citizenship and Immigration must answer is whether Ministers saw those letters. If they did but did not act, they are to blame for much of what has gone wrong. If they did not see the letters, does that not prove that we need a wider inquiry, worthy though the Sutton inquiry is? I am sure that Ken Sutton is a great man, but we need a proper independent inquiry.

I wanted to speak in the debate because immigration and asylum are of long-standing interest to me. I am not some Johnny-come-lately to the subject, although Labour Members say that we are interested in the matter only because of the politics. I worked in the Home Office, I have served on Committees that have considered asylum and immigration Bills and I am a member of the Select Committee on Home Affairs. I have asked the Minister questions about the Moxon affair in that Committee and the Chamber, but I have

not been satisfied by the answers that I have received. I do not believe in pursuing Ministers for the sake of it. We did that with the former Secretary of State for Transport, Local Government and the Regions; he has gone and what benefit was that? We must try to get to the truth.

I agree that the Minister for Citizenship and Immigration has what I once described in *The Guardian* as the "job from hell" in having to deal with all inquiries. I do not pretend that a Minister with thousands of civil servants can be held responsible for every last thing that they do. However, I have seen events unfold from relatively close at hand, so I know that the way in which the Government have handled the matter has not been impressive in any sense.

Let us be absolutely clear about what has happened throughout the saga. First, the policy on entry clearance for one group of people was being operated by officials without ministerial knowledge. That is clearly evidence of a failing Department—we have heard further evidence from my Front-Bench colleagues about its failure today. The Minister herself said about the Sutton report:

"This report makes clear that the current system of management and lines of accountability in parts of IND are not good enough"—

as I said, we have a failing Department.

Next, we find out that the whistleblower—Mr. Moxon—told the Minister's private office that the policy has been introduced, but he received no response for more than two months, which is evidence of a failing private office. As she told the Home Affairs Committee:

"That was a failing in my office, there is absolutely no doubt about that".

We know from the Minister's mouth that as well as a failing Department, we have a failing private office.

The whistleblower then went to the press. *The Sunday Times* called the Minister's press office and the Home Office made several denials. Its final denial said:

"There have been no changes in procedures or dip in the level of scrutiny applied by case workers."

That was simply not true, because as the Minister admitted at the Dispatch Box on 8 March:

"The response from the Home Office to the press reports on Friday ... was wrong."—[*Official Report*, 8 March 2004; Vol. 418, c. 1247.]

As well as a failing Department and private office, we have a failing press office that actively misleads the press. In the same statement on 8 March, the Minister said that the lapse in scrutiny was "rare and untypical"—those words are important.

Next, the Prime Minister backed up the Minister during Prime Minister's Question Time by saying:

"the issue is simple: a practice developed in"

the Home Office

"that should not have developed ... I am trying to put the matter in context because it is not the case that it involves hundreds of thousands of people a year. It almost certainly involves only a very small number of people"—[*Official Report*, 10 March 2004; Vol. 418, c. 1516.]

He repeated the line that the problem was a rare and untypical one in the Home Office. However, we know that it was not rare and untypical and that the accelerated procedures were applied to other groups. As the leaked memo in *The Sunday Times* said:

"all applications as far as possible over 3 months old should be granted ... This exercise has been agreed by the Minister of State, Beverley Hughes."

No one can doubt that the matter is serious.

From what I have seen, a clear picture emerges of complacency among Ministers, of them not wanting to get to the facts and of them having the truth pulled out of them slowly, bit by bit. Let me give two examples of that.

Lady Hermon: Will the hon. Gentleman give way?

Mr. Cameron: I have given way to the hon. Lady once; I am trying to answer her question at length.

First, in the Minister's response to the urgent question on 8 March, did she tell the House that accelerated procedures were being applied to other groups of applicants for residency in this country? No, she did not. Did she answer questions about that matter from my right hon. Friend the Member for Haltemprice and Howden and others? No, she did not. Did she deliberately give the impression that the situation was rare and untypical? Yes, she did. If the Minister had come to the House to apologise for what had happened, announce a proper inquiry and talk frankly about the problems of dealing with backlogs, the Home Office would not be in the mess that it is in now. The way in which she made her statement on 8 March was a genuine misjudgment.

Mr. Parmjit Dhanda (Gloucester) (Lab): The hon. Gentleman talks about misjudgment and backlogs. Was it a misjudgment in 1992 and 1993 when the backlogs were wiped out by the Conservative party?

Mr. Cameron: If we were to have a proper debate, we could talk about a time when we had a Home Secretary who actually cut crime and had a decent asylum and immigration policy with fewer applications than at present, but that is not what we are discussing today.

The scope of the inquiry that the Minister set up shows a second profound misjudgment. Part of her Department is failing, and her private office and press office have been shown to fail. There are huge question marks over the extent to which the accelerated procedures for migrants have been applied. We know that much more widespread concern exists, including that expressed by our embassies in Bucharest and Sofia. However, what was to be covered by Ken Sutton's inquiry? Would it cover her private office? No. Would it cover the press office that deliberately misled the press? No. Would it examine initially how far the accelerated procedures for granting immigration went? That was not the case to start with because there had to be a second announcement about the inquiry on 12 March. A third extension of the Sutton inquiry was announced on the radio this morning by the Home Secretary when he said that Ken Sutton is going out to Bucharest. The situation is utterly unconvincing. As my right hon. Friend the Member for Haltemprice and Howden and the hon. Member for Winchester (Mr. Oaten) said, we need a proper independent inquiry. The Minister has made a profound misjudgment.

Lady Hermon: Will the hon. Gentleman give way?

Mr. Cameron: I will not give way again. We have seen a picture of complacency and unwillingness to get to the

[Mr. Cameron]

facts. The truth had to be dragged out of the Minister time after time. The hon. Member for Winchester was rather generous to the Minister—

Mr. Clappison: And polite.

Mr. Cameron: He was polite as well. The Minister has lost the confidence of many of her officials because she has blamed them for what went wrong. She has certainly lost the confidence of much of the press because her press office has completely misled it. She has lost the confidence of many MPs because she simply has not given us full answers.

The question for the Home Secretary and the Prime Minister is: if one has a Department and a private office that have failed, and if there is more and more evidence of chaos in the system and clear evidence that a wider inquiry is needed, is the Minister of State the right person to turn matters around? I find it hard to believe that the answer to that question is yes.

3.8 pm

Mr. Parmjit Dhanda (Gloucester) (Lab): I am sure that I am not the only person in the Chamber to remember the episode of "Yes Minister" in which Sir Humphrey remarked that almost all Government policy was bad, but frightfully well carried out. I do not think that that is the case in this instance. Today we must ask with whom responsibility lies when a policy is right, but not carried out properly.

Let us not mistake the broad consensus—I think that there is probably some consensus on both sides of the House—that the basic policy is right. I hope that there is some agreement that this country needs hard-working migrants to boost our economy and enrich our society. When my parents came here in the 1960s, they were part of a generation of immigrants who helped to build up our public services. Likewise, prospective immigrants today, if they have qualifications, skills and a willingness to work, should be welcomed—and, yes, even fast-tracked.

Today's dispute is about the implementation of such a policy and the ways in which my right hon. Friend the Minister for Citizenship and Immigration should be held responsible for errors in that implementation. Unfortunately, the right hon. Member for Haltemprice and Howden (David Davis) advanced an argument the conclusions of which bear no relation to its premises. The Opposition cite the principle of ministerial responsibility, by which they mean the Minister taking responsibility for officials' actions that contradict the very policy set out by the Minister. Not only do the Opposition blame my right hon. Friend personally, but they claim that the only way in which she can exercise responsibility for it is by resigning. That is simply not the case.

Ministers are answerable to Parliament for the actions of their officials. They can be and are held accountable through questioning and public debate, as has happened in the present case. Ministers might have to explain in the House what has been done by an official, and that, too, has happened in this case. That is the convention, that is what my right hon. Friend has done in the House, and that is what has been examined in some detail by Ken Sutton. None the less, the Opposition allege that responsibility must, at all times and in all places, equal a resignation. No offence is considered too far removed from a Minister's private office. The claiming of a ministerial scalp seems to be the most important—indeed, the only—thing that the Opposition are willing to accept.

The Tories' rationale for demanding that my right hon. Friend leave office was unwittingly revealed by the hon. Member for South-East Cambridgeshire (Mr. Paice) last night on "Newsnight". He told Kirsty Wark:

"It is difficult for this government to accuse us"—

that is, the Tories—"of popularity." I would not dream of accusing them of such a thing. However, in the present case, they are guilty of ham-fisted and unprincipled opportunism.

Mr. Cameron: If this is all about opportunism, why has the Home Secretary today announced that no further immigration applications will be accepted from Romania?

Mr. Dhanda: I was coming to those points. My right hon. Friend the Home Secretary is absolutely right to have a further investigation. He says that if there are issues to be investigated, let us investigate them, and he is right to do so.

Mr. Edward Garnier (Harborough) (Con): Will the hon. Gentleman allow me to intervene?

Mr. Dhanda: Let me make a little more progress, then I shall be happy to give way.

In my view, when the shadow Home Secretary received the e-mail in question, he should have reported it to the Home Office straight away. Instead, he decided to wait three weeks. The hon. Member for South-East Cambridgeshire tried to explain the inordinate delay by claiming:

"We needed to check out the email before handing it over. We needed to check if the allegations were accurate."

That has been repeated today in the Chamber. However, checking the accuracy of the allegations was the whole point of the inquiry, so the e-mail should have been forwarded three weeks ago.

Mr. James Paice (South-East Cambridgeshire) (Con): I am afraid that the hon. Gentleman is misattributing remarks. The point that my right hon. Friend the Member for Haltemprice and Howden (David Davis) and I have made, time and again, is that we needed the time not to check the accuracy of the statement—we were in no position to do so—but to check the e-mail's provenance. All we knew was that we had an anonymous e-mail; we had to find out its provenance and determine whether its author had some justification for making the allegations set out within it. That is totally separate from authenticating its contents.

Mr. Dhanda: I believe that if the hon. Gentleman found evidence of a burglary or a murder, he would not act as judge and jury himself, but would report that evidence to the authorities immediately. The Opposition chose not to do that in the present case, and although the

hon. Gentleman has given his reasons for acting as he did. I disagree with them. The Opposition stood back and calculated the political gain that they believed they would score from delaying for some weeks. They put the e-mail in the public domain only yesterday, repeated its allegations today, then—feigning indignation—they called for the resignation of my right hon. Friend the Minister for Citizenship and Immigration.

Mr. Paice: The hon. Gentleman appears to be in conflict with the Home Secretary, who this morning accepted that my right hon. Friend the Member for Haltemprice and Howden was right to wait while the provenance of the e-mail was checked. Of course, we had no knowledge as to its authenticity until the Foreign Office interviewed Mr. Cameron and suspended him, and he then telephoned my right hon. Friend's office. That was the first time that we were certain that the author of the e-mail was anyone who knew what they were talking about.

Mr. Dhanda: As I said, the hon. Gentleman and his colleagues could have sent the e-mail to Ken Sutton for investigation had they chosen to. They chose not to do that, and that is a matter of record.

A resignation in these circumstances not only lacks a basis in constitutional principle—

Mr. Garnier: Will the hon. Gentleman give way on that point?

Mr. Dhanda: No, I have given way enough.

A resignation would also fail to serve any practical purpose. We are well aware of the developments in the Home Office and of how much my right hon. Friend the Minister for Citizenship and Immigration has managed to achieve. Margot Asquith once memorably said of Lloyd George

"He cannot see a belt without hitting below it."

Neither can the Opposition—nor can they see a bandwagon without jumping on it, or a principle without abandoning it.

I know that a great deal of work needs to be done in the Balkan states. On Saturday, in Split, I met representatives of south-east European countries. I believe that they would be the first to accept that much work is necessary before their countries can become accession states. However, I share the concern expressed by my right hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson) that debates such as this one can have a detrimental effect on immigrant communities resident in this country. I hope that the debate and the way in which the Conservatives have decided to handle these issues will not have a negative impact.

Mr. Garnier: I hope that the hon. Gentleman is not under the misapprehension that the debate is about Beverley Hughes. This debate is about the Minister—

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. and learned Gentleman will use the correct parliamentary language.

Mr. Garnier: With respect, Mr. Deputy Speaker—

Mr. Deputy Speaker: No, there is no "with respect". The hon. and learned Gentleman must use the correct parliamentary language.

Mr. Garnier: Let me rephrase my intervention. This debate is not about the individual woman who happens to be the right hon. Member for Stretford and Urmston (Beverley Hughes). It is about the office holder who happens to be the Minister for Citizenship and Immigration at the Home Office. It deals with a precise and discrete constitutional question about where ministerial responsibility lies. It is not a personal attack on the individual Minister—*[Interruption.]* Will the hon. Member for Gloucester (Mr. Dhanda) accept that—

Mr. Deputy Speaker: Order. Interventions can only be so long.

Mr. Dhanda: The hon. and learned Member for Harborough (Mr. Garnier) tries to make a point in his own way, but I do not think that he has taken the House with him.

The shadow Home Secretary said that he feels that the Conservatives had their immigration and asylum strategy right. I say that a strategy that in April 1997 had people waiting up to 20 months for a decision was not the right and proper strategy. The current incumbent in the post of Minister for Citizenship and Immigration, my right hon. Friend the Member for Stretford and Urmston (Beverley Hughes), has presided over a Home Office department that has ensured that the people in two thirds of cases now wait for less than six months. She is doing a terrific job and everyone in the House should get behind her.

3.19 pm

Mr. Peter Lilley (Hitchin and Harpenden) (Con): The debate raises two issues. The first is the pattern of behaviour of Ministers, which began with denial, followed by grudging acceptance when finally they were faced with documentary evidence of what they had previously denied. That was then followed by denigration and suspension of the whistleblowers. They moved on to protestations of ignorance of what was happening in their Departments, and in the end they blamed officials. Above all, and most wrong of all, Ministers refused to accept responsibility for the actions and inactions of their Department. In my view, to blame officials is despicable, to claim ignorance is culpable and to deny responsibility is intolerable.

It is not only the Minister of State. The Home Secretary behaved with apparent chivalry by clasping the right hon. Lady to his bosom but, in fact, he was using her as a human shield. He must ask himself who is ultimately responsible in the Home Office for policy and who will take responsibility. The position of the Home Secretary must itself be under question. I suspect that the Prime Minister will move the right hon. Gentleman from his present post before too long. Anyway, there must be an independent inquiry into what has happened under his stewardship of the Government's policies.

Far more important than that is the policy that is being pursued by the Home Office. Most people imagine that its policy on immigration is to restrict immigration to what is necessary for family reunions, for meeting shortages that cannot be met until we have trained indigenous people to meet the requirements of particular jobs, and for bringing in people with company-specific knowledge necessary for the functioning of their companies, for example.

[Mr. Peter Lilley]

We learn, however, that there has been a transposal of policy. The basic thrust of what is happening in the Home Office is to facilitate and encourage immigration to this country. I say that advisedly, and not only because of the devastating revelations about particular eastern European countries that my right hon. Friend the Member for Haltemprice and Howden (David Davis) set out. The Department has set a target to boost the number of people asking for work permits to come into this country: from a figure of about 47,000 in 1997, it has set a target of 200,000 in the current year.

I asked the Minister, on the day after she made her statement, a series of questions. I asked what the targets were within the Department. Characteristically the right hon. Lady has not answered. Is that because she does not know the answers to the questions that I tabled for answer within five days or is she withholding them until after this debate, as has been done so many times before?

Lady Hermon: Forgive me for being boringly repetitive, but will the right hon. Gentleman explain and justify the right hon. Member for Haltemprice and Howden (Mr. Davis) using very serious language and suggesting that there was collusion? Where is there one item of evidence that there has been collusion?

Mr. Lilley: I did not catch that particular word, but I take it that my right hon. Friend was referring to collusion with the accelerated procedures, which seem to have been responsible for the bulk of cases. It is claimed that only a small tweak was introduced. The Minister of State said that it was not introduced by senior managers, but Ken Sutton said that it was introduced by senior managers.

It is not only that a target has been set to increase the number of work permits; people are being actively encouraged to apply for work permits. I have a letter that was sent out by the Home Office Work Permits (UK) to small businesses in this country, which reads:

"Dear Sir or Madam: Are you struggling to find the quality of staff you need to run your business effectively? Do you want to employ an individual from outside Europe but are not sure how?"

The unit says that it can get help from the Department in bringing in high, medium and low-skilled people to fill vacancies. It continues:

"Work Permits (UK) is a department of the Home Office and is based in Sheffield. We have set up a Small Business Unit with the specific aim of raising awareness of the work permit arrangements amongst small and medium sized businesses . . . "

Mr. McCabe: Will the right hon. Gentleman give way?

Mr. Lilley: No. I am not going to give up more time.

The Government are actively encouraging people to bring other people into this country. They have reduced the rate of refusals from more than one in eight under the Conservative Government to fewer than one in 20 of those who apply to come here. We have seen how they are colluding in the exploitation of loopholes. The particular loophole that was the origin of all this was the requirement under the accession treaties to allow people to come from the accession countries to the UK to establish businesses. That was not meant to allow people to come to this country as office cleaners and describe that as setting up a business.

In his report, Mr. Sutton says:

"A typical case would be a Romanian student coming to the end of their course in this country and planning to set up in business as a cleaner."

Should we be allowing thousands of people—possibly tens of thousands—to do that? The hon. Member for Birmingham, Hall Green (Mr. McCabe) seems to think that that is amusing, but most people do not believe that that is the purpose of the immigration service.

The reason why we have such backlogs that constantly have to be dealt with by accelerated procedures is that there is a growing number of applications—about 500,000 according to the Sutton report. The reason why there are so many applications is that the Government have made it easy and speedy to get into the country, unlike the position in most other countries. Consequently, more people apply and they overwhelm the system.

It has become clear, too, that the default position in the Department is to let people in rather than to deny them entry: if they do not provide sufficient information, let them in. The document says, "If they don't supply a bank statement, let them in. If they don't have other information about their national insurance and so on, let them in." Surely if people cannot or do not provide the information that is requested of them, they should be refused entry. That should be the default position.

My constituents, by and large, want a restrictive immigration policy, and that includes people of all ethnic groups there. I have had representations from ethnic minorities in my constituency to the effect that they would prefer a stricter and firmer immigration policy. The reason my constituents want that is certainly not because they hold racist views. They accept it when I say that the bulk of the people who want to come to this country, be they asylum seekers, economic migrants or even illegal immigrants, are basically decent people who want to better the lot of themselves and their families. But they know, as we surely all know, that this country is too crowded to be a country of net immigration.

Apart from the Netherlands, England is the most densely populated country in western Europe, yet for the first time in our history we have one of the highest rates of net immigration and it is being deliberately encouraged by the Government. We see the consequences in our constituencies. The bulk of the people who come to this country come to London and the south-east. Accommodation has to be provided for them. The Government admitted in response to a question that I tabled that 85 per cent. of the growth in population that they expect over the next 30 years—5.6 million extra people—is the result of net immigration. That is one of the major reasons that there is pressure on housing accommodation and public services in the south-east.

Unless and until the Government and the Ministers concerned are prepared to make the immigration service do what it ought to do—restrict immigration to those who need to come to this country, not encourage it on a large scale—there will not be the public confidence in the Home Office that there ought to be.

3.29 pm

Mr. Humfrey Malins (Woking) (Con): The Minister and I have had many dealings together in Committee and across the Floor of the House. Throughout my dealings with her, I have found her courteous, kind, helpful and efficient and I make no challenge whatever to her personal integrity. But today she and the Home Office face two central charges. The first is that Ministers have presided over an increasingly chaotic and shambolic asylum and immigration system that, after more than seven years of the Government, is universally condemned throughout the country for its inefficiency. The first charge is massive incompetence.

The second charge is more serous and it is this: in order to persuade the general public that all is well when plainly it is not, Home Office and Foreign Office officials are encouraged, if not ordered, by someone somewhere to manipulate the system, to operate it improperly and to behave improperly, in an attempt, first, to please their political masters and reach the targets they have been set, and secondly, to persuade the general public that everything is under control, when plainly it is not.

Kali Mountford: What does the hon. Gentleman say to the charge put to his party by my right hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson) that exactly the same procedures were adopted for the new accession countries under the Government that the hon. Gentleman supported?

Mr. Malins: No, not in the same way. I shall come to that in the course of my remarks.

Mr. Garnier: May I add another reason to my hon. Friend's two? Is there not a fundamental constitutional issue? Under our eccentric constitutional arrangements, we have the Executive sitting in Parliament. Unless they are prepared to be accountable to Parliament, they are not performing their proper constitutional function. Irrespective of the personality involved—I was ticked off a moment ago for using a personal name—unless Ministers are prepared to accept responsibility for their role as Ministers, rather than passing the buck down the line to civil servants, the system breaks down. That may not be important to some, but to me, and I hope to my hon. Friend, it is.

Mr. Malins: My hon. and learned Friend is right. It is nothing to do with personalities. It is to do with the office of Minister. Responsibility must be lodged somewhere. It is not right for Ministers continually to blame junior officials when, in truth, the buck stops with the Minister. My second allegation relates to the integrity of the system, which I believe is now at stake.

I shall deal briefly with the first allegation—incompetence. In the Government's first year of office, the bilateral treaty that we had with France whereby people arriving unlawfully on our shores were returned to France lapsed and the Government were never able to renegotiate it. That was their first failure. Partly in consequence, the number of asylum seekers began to rise dramatically. By 2002, we had become the asylum capital of Europe, with well over 100,000 asylum applications in that year, the largest total ever.

The Government could not cope properly. That important area of initial decision making was hopelessly neglected—and is still neglected, according to the Labour-dominated Home Affairs Committee. Life and death decisions are made by officials who receive a mere 27 days' training and a salary of only a little more than £15,000 a year. Proof that the quality of initial decisions under Labour is going down can be found in the statistics. In 2002, 22 per cent. of appeals against their decisions were successful, whereas in the last year of the Conservative Government, that figure was only 4 per cent. Members in all parts of the House—Members of the Minister's own party—have roundly condemned the Government for failing to put sufficient resources and expertise into initial decisions.

Mr. Watson: As a former member of the Home Affairs Committee, I remember the dignity with which the hon. Gentleman took evidence. Does he recall taking evidence about the computer system and, more importantly, about the 1,200 redundancies of experienced caseworkers that that situation created, which contributed significantly to the backlog?

Mr. Malins: We are sick and tired of Labour Members discussing so-called failures seven or eight years ago. The Labour Government have been in power for more than seven years, and they should take responsibility for their actions and for their failings.

I note that delays are still endemic in the system. More than 10,000 cases a year still take more than eight weeks to get an initial decision. The average time to get from the initial decision to the adjudicator is now some 17 weeks, or more than four months.

Mr. Tom Harris (Glasgow, Cathcart) (Lab): It is a bit better than it was in 1997.

Mr. Malins: Again, a Labour Member mentions 1997. When will the Labour party begin to take responsibility for the past seven years, rather than continually looking back to the seven years before that?

Given that the conduct of the appeal is usually in the hands of the Home Office, a 17-week delay is far too long. Much to its shame, the Home Office is increasingly unrepresented by lawyers or its own presenting officers at hearings before the adjudicator, which causes further delay.

Life for the adjudicators has been made even more frustrating by the ability of appellants to include all their human rights claims in their appeal. As a result, thousands of applicants for asylum who fail under the convention are nevertheless permitted to stay and are granted exceptional leave to remain under the Human Rights Act 1998. It is a stark statistic that, in the last year of the Conservative Government, about 3,000 people were granted exceptional leave to remain in this country, whereas under this Government more than 20,000 people have been allowed exceptional leave to remain in each of the past two years.

What happens at the end of the day to the failed asylum seeker? In truth, the Government's removals policy has been an abject failure and is widely recognised as such up and down the country. They set themselves a target of 34,000 removals per year, but they have been unable to get anywhere near it and have had to abandon it. The system has been discredited, because four out of five failed asylum seekers know that they can remain in

[Mr. Malins]

this country, notwithstanding the fact that they have no case whatsoever. One consequence of that discredited system is that the Home Secretary was obliged to grant, as he did last year, an amnesty to about 50,000 failed asylum seekers.

The Government say that legislation is the answer, but I remind them that the Nationality, Immigration and Asylum Act 2002 had virtually no effect on the system, and the flagship policy of placing asylum seekers in accommodation centres and induction centres has been a disaster. In the past two years, not one accommodation centre has been set up under this Government. They have talked a good case but failed to act.

The Government have no clear or effective policy on managed migration. When the Home Secretary was asked to estimate how many people are here illegally, he replied that he

"has not got a clue".

On migration generally, he argues, quite wrongly, that there is no obvious upper limit on the number of migrants who could be present in this country.

The charge of incompetence is proved beyond reasonable doubt, but the second allegation about the integrity of the system is even more serious, and we must deal with it today.

Hugh Bayley: The hon. Gentleman prefaced his remarks by paying tribute to the Minister's competence and personal integrity. Is it just a coincidence that whenever the Conservative party guns for the scalp of a Minister, it happens to be a woman, as was the case with the former Secretary of State for Education and Skills, who is now Minister for the Arts, and with the Minister for Children, and now with this Minister? Was the right hon. Member for Maidstone and The Weald (Miss Widdecombe) right when she said that her party was a "nasty party" that would take such action on such grounds?

Mr. Malins: Frankly, that is such an absurd intervention that I will not dignify it with a response.

The story of Mr. Steve Moxon, which broke a few weeks ago, should have put the Government on notice that there were serious problems ahead. He is an immigration caseworker who revealed that officials had been ordered to fast-track thousands of applicants with few or no checks on their authenticity. Since November 2002, civil servants have been told to fast-track applications under the BRACE—backlog reduction accelerated clearance exercise—procedure. Rather sinisterly, the memorandum said:

"as this is not a published policy, no reference should be made to this, either to the applicant or his representatives or on the Home Office website."

That shows that a lot is going on behind the scenes with this Government that we do not know about, and that we should know about. When challenged about it, the Home Office said that there had been no changes in procedures or dips in the level of the scrutiny applied by caseworkers. Pull the other one: the truth is that there have been changes and dips in scrutiny. Unwisely, the Minister told the House of Commons that the case was "rare and untypical". She would have been much wiser at that stage to acknowledge the seriousness of the allegation and set up some form of independent inquiry right across the Home Office. She went on to tell the Select Committee on Home Affairs that it was absurd to imply that she should be made responsible for this.

The second major allegation relates to what took place on 28 March, with new leaked documents claiming that the Minister authorised the fast-tracking of applications. The memorandum from two senior officials at Croydon stated:

"All applications—as far as possible—over three months old should be granted, unless the information available on file is such that it can properly and defensibly support a refusal. Where a case will result in a refusal, the case must be cleared by a senior case worker. No further inquiries should be made."

Significantly, it adds:

"This exercise has been agreed by the minister of state, Beverley Hughes."

Thirdly, we heard from the diplomat in Romania about what he was instructed to do.

Mr. Gerrard: Will the hon. Gentleman give way?

Mr. Malins: No, I have no time: I must move on. I have given way on many occasions.

The third serious allegation comes from the British consul in Bucharest, who said:

"The Home Office judgment and decision making with regard to ECAA applications is a continual problem for overseas posts such as Sofia and Bucharest."

He goes on to say that there has been excessive pressure to grant applications that in effect have no merit whatsoever. The truth of the matter is that there are countless examples of cases that those people had to grant when they should never have done so. One example is that of Mr. C, who applied for a visa under the ECAA—European Community association agreement—scheme in August 2003. The visa assistant at the British embassy said:

"We telephoned his company and they told us they've never heard of him and he's never worked for them."

However, the Home Office lost the letter—surprise, surprise—which suggests that the claim was bogus, and Mr. C was granted a visa allowing him into Britain.

One example of bad practice would be one thing, and a second example might be thought to be coincidence, but in the past three months we have had three clear examples of a practice adopted across the Home Office that brings the integrity of the whole system into question. It is time that the Government considered a full and independent inquiry, probably by a High Court judge, into exactly what has been going on.

The Home Secretary acknowledges that the position is serious, but where does responsibility for it lie? Does he believe that it lies with junior officials? Does he think that it lies with middle-ranking officials? Or does he believe that it lies with senior officials? He would probably reply, yes, yes, yes. It may be slightly old-fashioned to say so, but Conservative Members believe that the responsibility lies with Ministers and that the buck stops there.

3.45 pm

The Minister for Citizenship and Immigration (Beverley Hughes): First, I thank all my hon. Friends who have intervened and contributed to the debate for their support and speeches. I also thank the hon. Members for Winchester (Mr. Oaten) and for North Down (Lady Hermon), who were the only two people on the Opposition Benches to conduct any research or have well-informed views about the issues that we have discussed during the past few weeks.

Mr. Lilley: Will the Minister give way?

Beverley Hughes: I shall give way in a moment.

I genuinely regret the way in which Conservative Members have approached the issue. They have shown that they do not care about the substance of the matter. It is simply another bandwagon to jump on for their purposes.

Mr. Lilley: Will the Minister give way?

Beverley Hughes: I want to make some progress first. I shall inform the right hon. Gentleman when I am ready to give way.

I genuinely regret Conservative Members' approach because they know, as we do, that migration is important for this country. That has always been the case because we are an island nation. Immigration is important now and will increasingly be so as our population changes. Immigrants have helped us to create wealth, compete in world markets and build strong relationships with other countries. However, the Tories and their newspapers promote a barrage of scare stories, which demonise all immigrants—we heard an example of that today from the right hon. Member for Hitchin and Harpenden (Mr. Lilley)—as scroungers, criminals or worse, claim that everything is out of control, undermine the staff who have achieved genuine reforms and stoke up fear and insecurity instead of encouraging the rational and open debate that we need. I am grateful to my right hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson) and others who said that we need that debate to face up to some genuine issues and decisions.

Mr. Lilley: The Minister must have misheard. I said that all immigrants are hard working, industrious people who want to improve their lot and that of their families. Will she therefore withdraw her remarks? Earlier, she castigated Opposition Members for not conducting research. I tabled questions on the day of her previous statement. They asked, among other things, what targets she had set for processing claims. She has not replied. Is that because she does not know the answer or is she withholding the information until after the debate?

Beverley Hughes: The right hon. Gentleman might have said that migrants were hard working but he also said that he did not want any in the country, period.

Mr. Lilley: On a point of order, Mr. Deputy Speaker. Is it in order for the Minister, having once said something untrue about one, to go on to say something else untrue about one?

Mr. Deputy Speaker: We are considering very serious matters. I say to the Minister and the House that everybody involved in the debate should choose their words carefully.

Beverley Hughes: That is exactly right. The Conservatives do not like hearing about their record in Government, but it is important to recognise the absolute shambles in which they left the immigration department, with no proper systems or management and more than 1,000 caseworkers dismissed on the basis of a computer system that never arrived. I remind the hon. Member for Woking (Mr. Malins) that the Home Office was totally unprepared to respond to the Kosovan crisis—an enormous crisis that led to an influx of people here.

It has taken a systematic and radical reform, step by step—it is not complete yet—to put that right.

The Opposition have criticised us for not being able to say how many people are here. I remind them that the Conservative party in government removed embarkation controls, so we have no way of articulating that. The asylum system had in it, as we have heard, delay after delay, with cases going on for years and years. Secret decisions were taken quietly to grant asylum seekers leave to remain, of which we became aware only later when the figures were published, as my hon. Friend the Member for Gloucester (Mr. Dhanda) pointed out.

Mr. Cameron: We have heard from the Home Secretary that our consul in Bucharest met with an official in her Department on 1 March to make his concerns clear. Were minutes taken of that meeting, were they passed to the Minister, and who saw them in the Home Office? If she did not see them, why did she not?

Beverley Hughes: My right hon. Friend the Home Secretary has already said today that a senior immigration and nationality directorate official visited Bucharest for talks on strengthening measures on illegal immigration and other matters, including the ECAA route. A report of that meeting was given to Ministers, or a record—

Mr. Cameron: This is vital to the issue that we are debating. If a report was given to Ministers about concerns in relation to immigrants from Romania and Bulgaria, why was that information not included in the Sutton inquiry when it was set up? Why do Ministers have to have the truth dragged from them bit by bit? Why do they not want to get to the truth?

Beverley Hughes: If the hon. Gentleman recalls, the shadow Home Secretary did not reveal the memo that would have been germane to the Sutton inquiry. I also remind Opposition Members that the subject of the allegations leading up to my statement on 8 March was specifically the eight accession countries and the allegation that Ministers had fast-tracked nationals from those countries in order to beat the deadline of 1 May. The focus was on the accession countries at that time.

As for the record of the Conservative party—

Mr. Clappison: Will the Minister give way?

Beverley Hughes: No, I want to make some progress.

I remind Conservative Members of the record of their party in government: no action on border controls, no review of immigration control, no action on people

[Beverley Hughes]

trafficking, and no action at all on the organised immigration crime that fuels much illegal entry. Since moving into opposition, its record has been characterised by hypocrisy. First, the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), on becoming leader, paraded his migrant history. When he was Home Secretary, he and his party argued strongly in favour of EU enlargement, but he has since reversed his position on that. Secondly, he created a storm about our proposals to remove support for failed asylum-seeking families, when he had clearly forgotten that he took away support from all asylum seekers the moment that they claimed, which was overturned by the courts.

Mr. Gerrard: My right hon. Friend is talking about the record pre-1997. She may recall that in 1997, I and some other Labour Members used the word "amnesty", and I think that we were told by the then Home Secretary to wash our mouths out with soap and water. The Government then rightly embarked on a backlog clearance exercise, which was made public and which everyone knew about. Can she remind us how many backlog clearance exercises took place in the 1990s, which only came to light when the figures were published two or three years later?

Beverley Hughes: I thank my hon. Friend. As he knows, the Home Secretary yesterday put in the Library details of all those exercises that have taken place from 1988 onwards. Apart from the secret one, which was not disclosed at all—in marked contrast to the exercise that we announced in October—the other exercises were by and large what any sensible Government or Department would have to do. Backlogs are completely anathema to immigration control. If we have large backlogs, we are not managing the system properly. With proportionate and sensible measures, it makes sense to reduce backlogs as much as we can.

Mr. Garnier: Could the right hon. Lady give us a brief definition of her understanding of the concept of ministerial responsibility of the House?

Beverley Hughes: It is to do what I am doing—implementing the Government's policy and being responsible for dramatic and radical change in the asylum and immigration system. That is what I intend to go on doing.

Tory hypocrisy is reflected not just in the record of the Tories' new leader, but in their failure to support us in most of the tough measures we have included in legislation—and, I might say, in this kind of thing. I have here a sheaf of letters, including letters from the right hon. and learned Member for Folkestone and Hythe, the right hon. Member for Haltemprice and Howden (David Davis) and the hon. Members for Woking, for Witney (Mr. Cameron), for Rutland and Melton (Mr. Duncan), for Beaconsfield (Mr. Grieve), and the right hon. and learned Member for Devizes (Mr. Ancram). All the letters ask me to reverse decisions about constituents when the Department has decided that they should leave the country but those Conservative Members want them to stay. Conservative Members want me to use my discretion to overturn decisions that people should be removed from the country. I cannot see a Member on the Conservative Benches who has not written to me— *[Interruption.]* I must finish my speech. Our record, in contrast— *[Interruption.]*

Mr. Keith Simpson (Mid-Norfolk) (Con): On a point of order, Mr. Deputy Speaker. The Minister is preening herself. Having raised this matter, why does she not read out the names of the constituents involved and really make a hash of it?

Mr. Deputy Speaker: That is not, strictly speaking, a point of order for the Chair. It is more a matter for debate. Let me say to the House that this is a serious matter. Members should listen to what the Minister is saying. They should also remember that people outside the Chamber are noting the way in which we behave inside it.

Beverley Hughes: In contrast, our record in government shows that we have instituted systematic, step-by-step reforms of asylum procedures. We have reduced the number of claims, there has been a record number of removals, we have speeded up decision making, we have acted on border controls and tackled organised immigration crime, and we have introduced a new charging regime. I repeat that I do not suggest that all the reforms we want are necessary. I am not saying that all parts of the organisation are yet as strong as I want them to be. We have seen over recent weeks that that is not the case. However, we are moving in the right direction, and we have made much more significant progress than the Tory party ever did.

Norman Baker (Lewes) (LD): Rather than engaging in knockabout, will the Minister focus on the future? The Home Secretary has suggested an investigation. Will the Minister commit herself to making it a full, public, independent investigation of the allegations that have been made?

Beverley Hughes: We shall have the inquiry that the Home Secretary has announced. I entirely accept what the hon. Gentleman has said: these are serious allegations which require a thorough investigation, and I want that to happen.

Hon. Members have asked me a number of questions. I shall probably not be able to deal with all of them, and I hope that they will allow me to write to them about some of them. In answer to the question about whether there was any reason to suspect that the inquiry would not be legal, I can say that there is no reason to believe that the action we have taken today would be open to legal challenge. We have explored the position, and I think that our action would be generally accepted as a sensible measure. Not only will we suspend applications under the ECAA, for a short period we will suspend all applications for any purpose from Bulgaria and Romania to ensure that we have a complete view of what is happening there.

The Home Secretary has dealt with the specific allegations against me in some detail. Let me simply say that I would not be interested in hanging on to office if

I knew in my own mind that I had a personal case to answer, because it is what is in my head and on my conscience that matters to me. I would never compromise my integrity or my honesty, and I am not resigning because my conscience is clear. I believe that, working with my right hon. Friend the Home Secretary, I have made systematic and significant progress in implementing our policy and delivering real change and improvements. I am neither incompetent nor dishonest and I intend to carry on doing my job as long as the Prime Minister and the Home Secretary want me to do so.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 156, Noes 378.

Division No. 116] **[4:00 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burnside, David
Cameron, David
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cran, James *(Beverley)*
Curry, rh David
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Dorrell, rh Stephen
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Fabricant, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mates, Michael
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Tredinnick, David
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Ayes:
Mr. David Ruffley and
Mr. Geoffrey Clifton-Brown

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Baker, Norman
Banks, Tony
Barnes, Harry
Barrett, John
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bruce, Malcolm
Bryant, Chris
Burgon, Colin
Burnett, John
Burnham, Andy
Burstow, Paul
Byers, rh Stephen
Cable, Dr. Vincent
Cairns, David
Calton, Mrs Patsy
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Carmichael, Alistair
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Chidgey, David
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Cotter, Brian
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon

Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Darling, rh Alistair
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Gardiner, Barry
George, Andrew *(St. Ives)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hancock, Mike
Hanson, David
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harris, Tom *(Glasgow Cathcart)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Heath, David
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Holmes, Paul
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, rh Charles *(Ross Skye & Inverness)*
Khabra, Piara S.
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Lamb, Norman
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
Mackinlay, Andrew
McNamara, Kevin
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marsden, Paul *(Shrewsbury & Atcham)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Milburn, rh Alan
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moore, Michael
Moran, Margaret
Morgan, Julie
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Oaten, Mark *(Winchester)*
O'Brien, Bill *(Normanton)*
O'Hara, Edward
Olner, Bill
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Gordon *(Pendle)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Rendel, David
Robertson, Angus *(Moray)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sanders, Adrian
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Taylor, rh Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Teather, Sarah
Thomas, Gareth *(Clwyd W)*
Thomas, Simon *(Ceredigion)*
Thurso, John
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Hywel *(Caernarfon)*
Willis, Phil
Wills, Michael
Wilson, Brian

Winterton, Ms Rosie *(Doncaster C)*
Wishart, Pete
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Ms Bridget Prentice and Vernon Coaker

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House congratulates the Government on having embarked on radical end-to-end reform of the immigration and asylum system including strengthening border controls, reducing asylum intake by more than half, increasing immigration removals to record levels and speeding up the processing of applications for leave to remain in the UK; notes that, as indicated in a statement published by the Government on 29th March, all Governments have instituted reasonable and proportionate measures to deal with backlogs of applications by people already in this country for permission to extend their stay; and applauds the fact that the Government, by investing more staff resources than ever before, has reached the point where the Backlog Reduction Accelerated Clearance Exercise (BRACE) is no longer necessary.

EU Constitution Referendum

Mr. Deputy Speaker (Sir Michael Lord): We now come to the next debate on the Opposition motions. Mr. Speaker has selected the amendment standing in the name of the Prime Minister.

4.16 pm

Mr. Michael Ancram (Devizes) (Con): I beg to move,

That this House believes that the draft European Constitution constitutes a fundamental change to the relationship between the European Union and the Member States and should only be ratified if the British people have freely consented to it in a referendum.

I wish to apologise at this stage because, for personal reasons that I have explained to Ministers and to the Liberal Democrat spokesman, I will have to leave during the course of the debate and I will not be present for the wind-ups. However, I make no apology for once again initiating a debate on the draft constitution and the need for a referendum. This is a vital issue—

Alan Howarth (Newport, East) (Lab): Will the right hon. and learned Gentleman give way?

Mr. Ancram: If the right hon. Gentleman will allow me to develop my theme a little, I will give way to him in due course.

The Leader of the House may in the past have belittled the constitution as a tidying up measure. It has always been considerably more than that. That is why the failure to agree it in Brussels in December was greeted with such anger and frustration by Europe's arch-integrationists. Now it is back. I am not surprised: I know how much it means to those in Europe who seek a single European state and who were never going to let it rest. I watched with some amusement the attempts of the Government to pretend that it was off the agenda and was likely to be so for some time. That was always a typical new Labour smokescreen, behind which this coyly integrationist Government could seek to ensure that this integrationist constitution would come back with a vengeance, and with as little time to oppose it as possible.

Last Friday ended what must be the most bizarre set of gyrations and about-turns performed by a Government on a major issue for a very long time. It is worth recalling the sequence of events. In 1999, the then Foreign Secretary, the right hon. Member for Livingston (Mr. Cook), told the House:

"For the record, we are not proposing a constitution of Europe."—[*Official Report*, 25 May 1999; Vol. 332, c. 184.]

The Prime Minister, in Warsaw in October 2000, told us that a constitution was "unnecessary". In Cardiff, in November 2002, the Prime Minister told us that

"we do need a proper Constitution for Europe."

Yesterday, according to the Prime Minister, it was apparently anti-European to be against a constitution. Even chameleons do not change their colours that quickly. But this is the party and the Prime Minister who, in 1983, stood on the platform of withdrawal from Europe. Whatever the reasons for the U-turns, high principle certainly is not one of them.

[Mr. Ancram]

Let us consider the past four months. The constitution that the Prime Minister told us last summer was "essential" for enlargement of the EU was suddenly no longer essential in December. We were told that we could get by with the Nice treaty. A "senior Government source", later unmasked as the Foreign Secretary, remarked last November that a constitution would be "highly desirable" but not "absolutely necessary".

Furthermore, if we are to believe the article on page 21 of the *Financial Times* today, after the failure to achieve agreement on the constitution in Brussels last December, the Foreign Secretary sent a memo to the Prime Minister advising him to do nothing to revive it. That is until last Friday, when suddenly the newly revived constitution was apparently once more essential for enlargement to work. A lawyer or accountant giving such confused advice would quickly be sued for professional negligence.

Alan Howarth: The right hon. and learned Gentleman is asking for rigour in these matters, so, given that the draft constitution is only a recommendation to the intergovernmental conference and that that conference has not yet made its recommendations to the legislatures of the member states, how can he know at this stage that the issues for decision would be worth a referendum? Is he not simply whipping up anti-European sentiment to exploit it for party political purposes?

Mr. Ancram: The right hon. Gentleman has been in politics for a very long time and he can read the runes as well as I can. Does he really believe that the Irish presidency would have announced that it would return to the constitution without being pretty well assured that everything was signed, sealed and delivered? I think that there will be very few changes, but it will be interesting to see what happens on 18 June—when in this country we shall of course be celebrating the anniversary of the battle of Waterloo.

Mr. Frank Field (Birkenhead) (Lab): Is not the worry that the constitution is not already signed and sealed, and that the Irish Prime Minister is telling the truth when he says that it is still to be agreed and that further compromises are necessary? It is in those circumstances that it is so important to put the constitution to the people of this country. Does the right hon. and learned Gentleman agree that if that were the Government's position we would not need this debate?

Mr. Ancram: That would certainly be the case but, unfortunately, that is not where we are. In politics, I am a great believer in starting from where we find ourselves, but I agree that the position outlined by the right hon. Gentleman would have been preferable.

Some changes have to be made in the positions that were held in December. For instance, we know that the Spanish and the Polish Governments will have to move from their former position on weighted voting, but all the indications are that both have decided to do so. I may be anticipating the final outcome, but I suspect that I shall be right in my judgment that the constitution will be much as it is now.

The only explanation for the twisting and turning of the past months is that the Prime Minister, in his much-vaunted determination never to be isolated in Europe, is fulfilling that ambition by simply going with the flow—always accepting the position in which the constitution happens to be at a particular time. I have tried hard to understand the Government's position. I have listened closely to the Prime Minister. I quote again from the speech he made in Cardiff on 28 November 2002, when he talked of a

"one-off opportunity for reform: to set Europe on a clear course for the future, a Europe that . . . can be a superpower".

In January 2002, according to the Leader of the House, the Prime Minister told his colleagues that the constitution

"will define the relationship between Britain and the rest of Europe . . . and it would last for generations".

In June last year, the Prime Minister suddenly told Parliament that the constitution

"does not involve a fundamental change to the British constitution."—[*Official Report*, 18 June 2003; Vol. 407, c. 352.]

From that series of remarks, one can pick whichever position one wants. They do not give us much confidence that the Prime Minister has a clear view of what the constitution stands for.

Mr. Mark Hendrick (Preston) (Lab/Co-op): Will the right hon. and learned Gentleman give way?

Mr. Ancram: I shall give way to the hon. Gentleman in a moment, but I want to make some progress.

I have also been listening to the Leader of the House; after all, he was the Minister for Europe for a considerable period. On 21 March 2002, he told the Convention on the Future of Europe that he was looking for

"nothing less than the creation of a new constitutional order for a new united Europe".

That is very different language from that of the Prime Minister in the remarks I just quoted. Of course, the Leader of the House is the same man who, on 26 May last year, described the constitution as a "tidying-up exercise". Once again, on the Government's position, "you pays your money and you takes your choice". Either the Government, jointly and severally, have no idea what the constitution is about, or they are deliberately trying to pull the wool over the eyes of the British people and of Parliament.

What we can be clear about is that there is no such ambivalence or confusion across the channel. Our partners in Europe know what the constitution is about. The accession countries have their doubts, as I have discovered on recent visits, but they will be reluctant to push those doubts too far until they are full members. Traditional integrationist Europe—the Europe of Chancellor Schröder and Giscard d'Estaing—has no such doubts. The constitution is federalist, integrationist and, in their minds, urgent. The Belgian Prime Minister referred to it as the "capstone" of a "federal state". On 14 June last year, Joschka Fischer, the German Foreign Minister, described it as "worthy of the word historic" and as

"the most important treaty since the formation of the European economic community."

Last May, the Danish Prime Minister said:

"What is at stake is so new and big that it is right to hold a referendum."

Former Italian Prime Minister, Lamberto Dini, said:

"The constitution is not just an intellectual exercise. It will quickly change people's lives".

So why is it that our Government are so alone in arguing that the constitution is not significant? It can only be because their agenda is to try to get us into an integrationist Europe, effectively without anyone noticing. That is why, when they are challenged, as the Prime Minister was by my right hon. and learned Friend the Leader of the Opposition yesterday, they retreat into spurious and polarising arguments about the choice being not between the constitution and other solutions to the problems of Europe, but between being in Europe or getting out. That is a fraudulent argument, designed to divert attention from the Europe that they really want.

Mr. Hendrick: I thank the right hon. and learned Gentleman for giving way, but does he not agree that, even though enlargement could go ahead on the basis of the Nice treaty, the EU will have 25 member states and a multiplicity of texts will make up the treaties, so it is simpler to shrink those texts into a constitution and add a little bit as well, which is effectively what the constitution will do?

Mr. Ancram: None of us argues that Nice alone is the perfect way to manage a Europe of 25 states, but I am absolutely certain that a full-blown constitution is not needed to do that. That is the point that we are making, and I shall come to it in a moment.

Mr. Tam Dalyell (Linlithgow) (Lab): Before we leave the right hon. and learned Gentleman's view of history, will he forgive me for finding it a little difficult to take? Does he recollect that he was the Conservative candidate against me in West Lothian in February 1974? I have the clear recollection—I do not think that I am wrong—that he was not a whit behind Edward Heath in being ardent for Europe.

Mr. Ancram: I hate to quibble with the hon. Gentleman's memory, but rather than February 1974, when I was fighting in East Lothian, I fought him in June 1970, when the situation was somewhat different. Indeed, I was one of a number of failed candidates who, having lost the election, wrote a letter to a national newspaper calling for a free vote on the accession Bill in 1972. That perhaps underlines the position that I took then and what my view is.

Unlike the Government, my right hon. and learned Friend the Leader of the Opposition set out his alternative European vision in a speech that he gave in Berlin on 13 February. He spoke of a flexible Europe—a live and let live Europe that is more co-operative and less prescriptive, more varied and less conformist, based on a completed single market, working together in areas where joint action is beneficial, but able, without tension, to differ where necessary. He spoke of a Europe where the sovereignty of the nation state is the foundation. That is not the Europe of the constitution. Ours is an alternative vision of Europe that we believe is more attuned to the challenges of an increasingly globalised 21st century.

Mr. Kenneth Clarke (Rushcliffe) (Con): Does my right hon. and learned Friend agree that the real choice for an enlarged Europe is whether to have a new constitutional treaty or to continue with the existing constitutional treaties? As it appears unlikely that, by the next election, all 25 member states will have ratified whatever treaty is eventually agreed, will he confirm that the pressure for negotiation only extends to any new treaty and that any Conservative Government would not try to reopen the existing treaties on which we function at the moment—all of which have been negotiated by Conservative Governments of which he and I were members or supporters?

Mr. Ancram: My right hon. and learned Friend—*[Interruption.]* Labour Members obviously have difficulty hearing.

My right hon. and learned Friend asks an important question. We have always said—and we say again—that had we been in government now, we would have used the period of the negotiation and renegotiation, which has been part of what the convention has been doing for the past two years, to make changes to the existing treaties. For example, we have made it clear for some time that we are not happy with the common fisheries policy; we believe that it is destroying the fishing industry in this country. Had we been the Government, we would have made that part of what we were negotiating in the course of the run-up to where we are now. If there is not a ratified and implemented treaty by the time we get back to government, Europe as a whole will have to look to see what it is going to do in future.

One veto prevents the treaty from happening at all. If that happens, we will, of course, have renegotiation just as this Government have renegotiated every time—[HON. MEMBERS: "Answer."] I have given the answer.

Mr. Clarke: Let us leave aside the fisheries policy on which our party has had the same policy ever since it went into opposition. If we say that the other member states were not persuaded that we should leave the common fisheries policy and one or two of them vetoed that, what would we then do? Presumably we would continue with the existing treaties.

My right hon. and learned Friend mentions the common fisheries policy and I am familiar with our position on that. I trust that the fish understand it as well as the fishermen. However, what other things would we negotiate in the existing treaties? Do we intend to open up anything from the treaty of accession, the treaty of Maastricht or the treaty of Nice? What are the other things that we would be seeking to negotiate?

Mr. Ancram: My right hon. and learned Friend is, I have to say, asking speculative questions. The point is that—and it is a very clear point—if, by the time we get back to government after the next election, this treaty has not been ratified by every country in Europe and if we refuse to ratify it, as we would, there will be no treaty. We will then have to look at the current position and the existing treaties and will have to decide what can be kept

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and what cannot be kept in view of the enlargement of Europe. A whole area of renegotiation will be required. What we have been looking for all along is a simplification of the process in Europe and a simplification of the competences in Europe so that, at the end of the day, it is easier for the people of Europe to understand. I know where my right hon. and learned Friend is coming from, but he is not helping his cause by trying to open questions about the veto.

Mr. John Redwood (Wokingham) (Con): My right hon. and hon. Friends should remember that the Conservative party opposed the Nice treaty and the treaty of Amsterdam, which were negotiated badly by the Labour Government. We object very strongly to this constitution and those treaties for transferring many powers too far from our democratic rights in this country. My right hon. and learned Friend has my full support and that of most Conservative Members in making these points.

Mr. Ancram: I am very grateful to my right hon. Friend for making that clear. I also remind my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) that, at Laeken, the remit given to the convention was to try to simplify the process by which an enlarged Europe would be run and also to reconnect the European institutions with the people of Europe, who are being increasingly alienated from them. That, in itself, was looking for a renegotiation of the way that Europe is run. If we have not got a treaty as I hope that we have not when we return to power after the next election, that is precisely what we shall be returning to.

Mr. John Bercow (Buckingham) (Con) *rose—*

Mr. Clarke *rose—*

Mr. Ancram: I shall give way one more time to my right hon. and learned Friend.

Mr. Clarke: I am grateful to my right hon. and learned Friend. I am intervening frequently and he is being extremely generous.

If we find we have the existing treaty, if we press points of renegotiation, and, presumably, if any one of the other 24 members does not agree with the points that we are making, it will veto them and we will be left with the existing treaty. What would we do if our negotiating points were blocked and we were not able to get unanimous agreement to reopen the treaty of accession, the treaty of Maastricht, the treaty of Amsterdam or the treaty of Nice that comprise the present constitution of the Union? What would we do if any one of the 24 blocked any particular change that we were seeking?

Mr. Ancram: I do not know how my right hon. and learned Friend conducts negotiations, but I always go into them intending to try to achieve what I seek to achieve. When Lady Thatcher was Prime Minister she was told frequently that she was never going to achieve the rebate by negotiation. She went in determined to achieve it and negotiated brilliantly, as my right hon. and learned Friend remembers, and she achieved what she sought. That is the spirit in which we would enter renegotiations if such a situation arose.

Mr. Bercow *rose—*

Mr. Ancram: May I make a little progress?

Last Friday, the Prime Minister called for a real debate to dispel what he called the myths. If his call were genuine, he would abandon the myth that we are seeking withdrawal. He knows that that is not true, and when he returned to the point yesterday, he diminished the value of the debate that he wants. He should also abandon the myths that he is not an integrationist and that the constitution is not the gateway to a single European state.

Let us consider briefly the constitution. It is no mere charter of competencies of the sort with which we would have been happy, as I said to my right hon. and learned Friend the Member for Rushcliffe. It does not just define lines and levels of authority, but sets out an agenda: the creation of a political entity that would soon become a single European state. It is a constitution, and states have constitutions. We oppose a single European state, so we oppose a constitution.

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): Golf clubs have them.

Mr. Ancram: If the Foreign Secretary thinks that we are talking about a golf club with regard to the constitution, he should study it more carefully.

The constitution would create a single legal personality for Europe for the first time. A single legal personality is the hallmark of a state. For the first time, it will constitutionally assert the authority of European law over all national laws and constitutions. Totally contrary to the Government's pledged position, the constitution will incorporate the charter of fundamental rights, give that legal status and make it legally binding. Through the constitution, contrary to pledges made in Britain, the Government have agreed to a separate European military planning capability that will undermine NATO. It creates a five-year presidency and a Foreign Minister with his own diplomatic service—it is called an external action service to lessen the impact of that—that will increasingly move powers on asylum and immigration policy to the European Union. The constitution will abolish more than 30 national vetoes, and anyone who says that it is not a centralising and integrationist measure has not studied its details.

Lady Hermon (North Down) (UUP): Just to spare me from endless sleepless nights, will the right hon. and learned Gentleman clear up one little query that I have had for a considerable time after listening to Conservative Members debating the constitution? I am sure that he knows that the principle of the supremacy of Community law was established in—I think—1962.

Mr. William Cash (Stone) (Con): 1964.

Lady Hermon: It was 1964—I thank the hon. Gentleman, who always keeps me right. The principle was established in the landmark decision on Costa *v.* ENEL in 1964. The principle of the supremacy of

Community law was well known to the Tory Government who took this country into Europe. This country's courts have applied and given supremacy to Community law for 30 years, so what is the big issue about it appearing in the constitution?

Mr. Ancram: The simple answer to the hon. Lady's important question is that up until now, the primacy or supremacy of European law over national laws has flowed from treaties that were agreed by nations and could be changed by nations. We are talking about the creation of a constitution from which such authority will flow down. That is a different animal from the previous situation. We emphasise the point because we are talking about a changed animal—it moves from being a Europe of nations to something much closer to being a nation of Europe.

Mr. Cash: In endorsing what my right hon. and learned Friend has said, does he accept that only a few days ago, the House of Lords European Union Committee issued a report that made it quite clear that the Prime Minister and Foreign Secretary are wrong to state repeatedly that there will be no fundamental change to the relationship between the European Union and its member states? In fact, the House of Lords Committee says that there is a new arrangement for competencies. It was completely wrong of the Foreign Secretary to continue to assert that outrageous statement in Foreign Office questions today.

Mr. Ancram: I am grateful to my hon. Friend. He has spent much time studying the technicalities, and I bow to his knowledge of them.

The Minister for Europe (Mr. Denis MacShane): Will the right hon. and learned Gentleman give way?

Mr. Ancram: I shall give way in a moment.

We are considering whether the constitution is a fundamental change in the relationships between the EU and its member states. That was the test for a referendum set by the Prime Minister. My argument is that when all the various points that I have outlined are added together, it is clear that the relationship and the direction of power are changing. That is why we are pressing so hard for a referendum.

Mr. MacShane: It is important to have on the record that paragraph 25 of the House of Lords report states:

"The new wording of the primary obligation of the Court would be unlikely to bring about any change in the Court's role and approach in ensuring compliance with and the consistent application of Union law."

In other words, it underlines the very point made by the hon. Member for North Down (Lady Hermon).

Mr. Ancram: Once again, as he so often does, the Minister for Europe has completely missed the point.

The constitution not only makes the changes that I have described, but sets out wider aspirations for the future. It does so in terms that leave little room for misunderstanding. On the economy, article I-14 states:

"The Union shall adopt measures to ensure coordination of the economic policies of the Member States, in particular by adopting broad guidelines for these policies. The Member States shall coordinate their economic policies within the Union."

Let me ask the Foreign Secretary how that general aspiration will work in the long term without tax harmonisation, and is that article as it stands in the constitution acceptable to the Government?

Mr. Straw *indicated dissent.*

Mr. Ancram: The right hon. Gentleman shakes his head. Having told me that there is to be no change, he will apparently be seeking change. Perhaps he will enlighten us.

Mr. Straw: The wording of articles I-11 and I-14 is unacceptable. We have proposed amendments to change the wording so that it becomes consistent with the articles in part III—69 or 70, or thereabouts—and makes it clear that it is the role of member states, not of the Union, to co-ordinate their economic policies. We made that position clear as long ago as September last year in the White Paper.

Mr. Ancram: I am grateful to the Foreign Secretary for clearing up the question whether that remains the Government's position. May I ask him another question? Article I-15, on foreign and security policy, states:

"Member States shall actively and unreservedly support the Union's common foreign and security policy in a spirit of loyalty and mutual solidarity and shall comply with the acts adopted by the Union in this area."

What does that mean in the long term if not a single foreign and security policy, subject—as it would be, if the constitution goes through as it is now—to the European Court of Justice? Is that acceptable to the Government?

Mr. Straw: First, the current draft makes it absolutely clear that it will not be subject to the European Court of Justice. Secondly, if the right hon. Gentleman wants to know what the words mean, he should ask himself. They are identical to those found in the Maastricht treaty, for which he voted.

Mr. Ancram: I am asking the Government, who are, as I understand it, negotiating the treaty, what their view of its meaning is. Apparently, Ministers have no view other than the one held by Opposition Front Benchers. The House has a right to know what the Government envisage will be the outturn of such articles, if they sign up to them.

Mr. David Heathcoat-Amory (Wells) (Con): My right hon. and learned Friend is absolutely right. I hope that he picks up the mistake that the Foreign Secretary just made. The right hon. Gentleman asserted that the European Court of Justice will not have jurisdiction over article I-15. In fact, the relevant article, III-282, makes it clear that the Court has no jurisdiction only in respect of articles I-39 and I-40. Therefore, article I-15—the solidarity clause that imposes an obligation on member states—will be justiciable in the European Court of Justice. That clearly contradicts what we have just been told by the Foreign Secretary, who ought by now to have read the draft treaty that he is about to negotiate.

Mr. Ancram: I am grateful to my right hon. Friend. The answers that I am trying to secure are coming from

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my right hon. and hon. Friends, not from the Government. That goes back to what I was saying earlier. The Government do not understand what this constitution is about and what they are trying to get the UK to sign up for. This is a one-way ticket on a line to a single destination. It can be called a step change or a gateway, but it cannot be called insignificant. It shifts sovereignty away from the nation states towards the centre, and in doing so it changes the relationships. I happen to believe that that is dangerous and wrong.

We are constantly being told by those on the Government Front Bench that we are alone in our views. However, what about the peoples of Europe? How many of them are straining at the leash for this constitution? How many of them raised their voices in resentment or concern when agreement on the constitution was not reached in December? How many demonstrations have there ever been? We must remember that the whole idea of the constitutional convention was to try to bring Europe closer to the people. It is time that Governments began to listen more closely to what their people are telling them.

Tony Cunningham (Workington) (Lab): Will the right hon. and learned Gentleman give way?

Mr. Ancram: No. I shall make some progress.

Indeed, that was what Laeken was supposed to be about. The task was to reconnect institutions to people, to give them a sense of ownership again. Under Valery Giscard d'Estaing, it did precisely the opposite. Within the constitution it centralised powers, it altered fundamentally the relationship between the EU and its member states, and it moved from a Europe of nations towards something that is profoundly different. That is not what the peoples of Europe want, as we saw from the recent survey, nor what we want.

It is apparently what the Government want. If not, why the rush to seek to ratify any June agreement as soon as possible, which I think were the words of the Prime Minister? They have no mandate for this constitution. It was not in the Labour party's manifesto. We will use every parliamentary device to thwart attempts to railroad this wretched constitution through Parliament.

Richard Younger-Ross (Teignbridge) (LD) *rose—*

Sir Menzies Campbell (North-East Fife) (LD) *rose—*

Mr. Ancram: Does the right hon. and learned Member for North-East Fife (Sir Menzies Campbell) wish to intervene? I promised that I would let him do so.

Sir Menzies Campbell: The right hon. and learned Gentleman has moved on rather from the point. I am finding great difficulty following his position with regard to the relationship between the domestic laws of the United Kingdom and what was Community and is now Union law. If Community and now Union law has supremacy over the domestic laws of the UK so far as is relevant, how can there be any material difference if that matter is now stated ex facie over the proposed treaty, as compared with the circumstances that have obtained since 1972?

Mr. Ancram: I know exactly where the right hon. and learned Gentleman is coming from. He has been very consistent on his views on Europe. The misunderstanding between us is that we are opposed to a constitution because a constitution changes the nature of Europe. The primacy of law that flows from a constitution rather than from treaties, which are signed by individual member states, is a different thing. That is why we are taking the view that we are.

Richard Younger-Ross: A moment ago the right hon. Gentleman told the House that the Conservative party wants to use every parliamentary opportunity to hold this process under scrutiny. Is this a change in policy, bearing in mind the number of times that the Committee considering the draft constitution fell and would be inquorate because Conservative Members did not bother to turn up?

Mr. Ancram: I will say again that if there is an attempt, in our view, to railroad the ratification of this constitution through Parliament—some of the words that have been spoken over the past five days suggest that that is the Government's intention—I give warning that we will use every parliamentary device that we can to thwart that.

There is a simple, fair and democratic answer. That is a referendum that allows the British people to decide. This constitution irrevocably draws sovereignty away from the nation state towards the centre. I passionately believe that no Government and no parliament have the right permanently to alienate the sovereignty of the people without their express consent. That is why I believe that in the current situation a referendum is essential, and that to refuse one is to strike another nail into the coffin of democratic credibility.

Mr. Ian Taylor (Esher and Walton) (Con): Will my right hon. Friend give way?

Mr. Ancram: I really must make progress.

I cannot understand the Government's reluctance to hold a referendum unless they are frightened of the result and are frightened of the electorate. They can have no objection in principle. They hold referendums on almost everything else. Can they not understand the resentment that their refusal to hold a referendum invokes? The British people are not to be trusted with such an important decision, we understand. The Danes are, the Irish are, the Dutch are and the Portuguese are. There will be many other countries that will have the courage and honesty to hold a referendum. Apparently the British will not be trusted. That is a patronising insult.

If ever there has been an issue where the people have the right to say yes or no, it must be this. The decisions that we are about to take are historic. They will help to shape the future and surely people in such an instance have the right to have a say.

The coming European elections, despite the wild assertions of the Leader of the House last August, are no surrogate for a referendum, but I hope that the voters

will use them to give the Government the clearest possible message that they want a referendum and that they will not be ignored. The Government should, for once, show some moral fibre, trust the people and let the people decide.

4.50 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"welcomes the intensified scrutiny of both Houses in respect of the draft Constitutional Treaty; believes that the Government's policy of active engagement within the EU is in Britain's national interests; supports its constructive approach to discussions within the Intergovernmental Conference to ensure that an enlarged Union works effectively; endorses paragraph 66 of the White Paper (Cm 5934) in respect of issues which must remain the province of the nation state; notes that provided there is a satisfactory outcome on these and other matters of concern, the proposals currently being discussed would not alter the fundamental constitutional relationship between the member states and the Union and therefore does not believe there is reason to depart from previous practice for constitutional treaties; and reaffirms the primacy of Parliament to decide on whether any future Constitutional Treaty should become part of UK law."

I begin by warmly thanking the shadow Foreign Secretary for laying on the debate, which has exposed so acutely the fundamental divisions inside the Conservative party on the European Union and the incoherence of the case that he makes.

The Government's overall position on the new draft constitutional treaty was clearly set out in the White Paper, which I put before Parliament on 9 September last year and which stands as Government policy. In making the case for the proposed amendment to the motion before the House, I want to answer four key questions. They are: why is a new treaty needed? What did the Convention recommend? What changes are the Government seeking to make to any treaty to make it acceptable to the UK? What is our approach to a referendum in those circumstances?

I shall deal first with the case for a new treaty. As the Union has grown in size, so its functions have developed—most significantly through the Single European Act, from a customs union to a single market, and through the Maastricht treaty, to take in common foreign and security policy, justice and home affairs, and the single currency. As a result, the texts setting out what the Union is for and how it works are both dated and complicated. Its decision-making machinery is inadequate to cope effectively with 25 and more members, developed as it was for six member states. The treaties that embody the EU's constitution do not explain clearly where the division of powers rests between the nations and the Union.

The result of the Convention's labours is to be found in the draft constitution, which I put before the House in August. It revises some of the text, and proposes other changes that are essentially aimed at improving decision making in the Union and in respect of some of its powers. Article I-1 of the draft makes it clear that the EU draws those powers from the member states, rather than the other way round. Article I-9 says clearly that

"competences not conferred upon the Union. . .remain with the Member States".

That is the first time that such a clear statement has been made.

Article I-59 provides explicitly—also for the first time—for member states to withdraw from the European Union, if they so decide. It is not the case, as the right hon. and learned Member for Devizes (Mr. Ancram) asserted a few moments ago, that if the draft constitutional treaty becomes our law and that of the EU, it will be any different a constitutional animal in terms of international or domestic law from the treaties that have gone before. It is exactly the same in every particular.

Mr. Cash: Will the Foreign Secretary give way?

Mr. Straw: I shall make some progress; then I shall give way, as ever, to the hon. Gentleman.

The draft treaty must be agreed in the same way by a process of political agreement, signature by member states, and then ratification by countries' domestic constitutional procedures. It must be changed in exactly the same way, with this difference: if a member state wishes to leave the EU—as some Opposition Members wish to do—a procedure allows them to avoid having to go through the rather complicated and uncertain procedure of renunciation of the whole treaty.

We set out in the White Paper our objectives for the intergovernmental conference. Far from trying to hide our position under some bushel, we have been explicit in debate after debate in the Chamber and in the Committees that we have established, in order that Parliament be fully involved in the process, as it should be.

Mr. Cash: Will the right hon. Gentleman give way?

Mr. Straw: In a moment.

We stated at paragraph 66 of the White Paper that we would not sign any treaty that removed the veto for treaty change or for

"areas of vital national interest such as tax, social security, defence, key areas of criminal procedural law and the system of own resources".

In the 10 weeks of the intergovernmental conference process between October and December last year, we sought, and obtained, many important changes to the draft text—I moved the amendments and got them accepted. We have made it absolutely clear that the so-called European Foreign Minister remains responsible to member states through the Council of Ministers, and is not responsible to the Commission. We reached an agreement on defence co-operation, which will give the EU the capacity to intervene militarily—which I thought would be welcomed on both sides of the House—but only in a way that complements NATO, which remains the cornerstone of our territorial defence.

Among the other changes that we have made, we have altered the so-called escalator clause, which was of genuine concern, by ensuring that further treaty changes can happen only if all national Parliaments, as well as member state Governments, explicitly agree to them. The escalator clause was unacceptable.

The issue should be of particular interest to the right hon. and learned Member for Devizes. Last October, he was interviewed on "Today", and he spelled out in his

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usual modest and understated way how the Government were about to sell out 1,000 years of history. It was put to him that the Government were successfully winning the arguments in the intergovernmental conference on the key areas, to which he said:

"Well, let's test that. Are they"—

the Government—

"going to get rid of the so-called escalator clause . . . which means that in the future the vetoes can be changed by decision of the Council of Ministers without reference back to Treaties or to national Parliaments . . . If that escalator clause stays in they're whistling in the wind and they know it."

Well, we have passed the right hon. and learned Gentleman's test because we got the escalator clause changed. The draft agreement proposed at Naples satisfactorily changed that part of the treaty, in a manner that I proposed. We will not sign up to any final treaty unless that change, and a number of others, are in it.

Mr. Cash: On the question of which court should have the final say on whether a matter is within the competence of the Union, the Foreign Secretary will know that the House of Lords European Union Committee report—I am sure that he has read it—states explicitly:

"What is new is the classification and division of competences set out in . . . the draft Treaty. The critical question is which court . . . will finally decide whether a matter falls within Union competence. This is not just a drafting question . . . but an issue touching upon the fundamental nature of the Union and its relationship with the Member States."

In line with the Foreign Secretary's assertion that this Parliament is supreme—at last he agrees with me—is not the only answer to introduce a Bill to put the matter beyond all doubt, so that, if Parliament decides that they should do so, our judges will bring into effect any provision that is expressly, clearly and unambiguously inconsistent with the European Communities Act 1972?

Mr. Straw: I agree with the hon. Gentleman every time he makes that proposition. We could have a Bill to that effect tomorrow, and no one could prevent us from passing it if it were the will of this House and of the House of Lords. However, all our actions have consequences, and although he could have such a Bill, he could not be a member of the European Union as it is constituted, and he could not be a member of the European Union as it would be constituted under any future constitutional treaty.

I have addressed the issue of primacy with great care because a number of Government and Opposition Members have raised it as a matter of concern. The purpose of the high level of scrutiny that the Government have established is to ensure that, when hon. Members on either side of the House raise issues that are worth pursuing, we pursue them. We did that on energy, for example, which the Minister of State, Northern Ireland Office, my right hon. Friend the Member for Liverpool, Wavertree (Jane Kennedy), first identified. That issue had not been identified before, concern was shared on both sides of the House, and we got the article changed satisfactorily.

EU law has had primacy over domestic law since the European Court of Justice decision in 1964. So far as the United Kingdom is concerned, EU law has had primacy over domestic law since we signed up through the 1972 Act. We have been round this track, and I will not bore the House again.

Mr. Cash: Will the Foreign Secretary give way?

Mr. Straw: No, I will not. I am answering the hon. Gentleman's question, and I ask him to listen, as I listen to him.

Section 2 of the 1972 Act makes absolutely explicit this Parliament's decision to recognise European law as supreme. That was a condition of our entry to the European Union. We could withdraw from that if we wanted—the hon. Gentleman could have his Bill—but we cannot have our cake and eat it. He should bear in mind that there will be many opportunities to examine the issue of primacy further. Our judgment in the Foreign Office, and that of the Council's legal adviser, is that article 1(10) and the declaration alongside it mean that the status of primacy will not be altered. I am happy to examine in detail the House of Lords report and the additional points made by the hon. Gentleman, and if we decide that we are wrong, I will be happy to pursue them.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): Will my right hon. Friend clarify a matter that concerns me? If, in the course of demands for harmonisation, it was decided that the principle that the national health service should be free at the point of use was incompatible with health systems throughout the Community, which rely almost entirely on insurance-based schemes that are differently organised so that up-front payment is essential, would we be able to retain our system, or would we be told that it was incompatible owing to European law?

Mr. Straw: I very much doubt that that would ever happen. In any event, the issue of primacy is not affected by the draft treaty. Let me be clear, however, that if the European Court of Justice sought to do that, there would be a political crisis that would affect our membership of the European Union and be a matter for concern for all Members on both sides of the House.

The intergovernmental conference process was suspended last December because no agreement on the voting system was possible. As my right hon. Friend the Prime Minister told the House yesterday, we expect negotiations to resume shortly. Parliament has been involved in those negotiations to an unprecedented degree.

Mr. David Trimble (Upper Bann) (UUP): The Foreign Secretary glossed over an important point. A few months ago, the Government were happy to see discussions at the intergovernmental conference run into the buffers. Now, they are very anxious to advance the issue. In the course of the past week or two, there has been a distinct change in the Government's approach. I would be grateful if the Foreign Secretary gave a detailed explanation for that, because in its absence many will conclude that it flows from events in Madrid a few weeks ago.

Mr. Straw: There has been no change in the Government's approach. Had Spain, Poland, France

and Germany been ready to reach an agreement on voting systems, it is highly probable that, by the end of the Italian presidency or very early on in the Irish presidency, we would have agreed on all the other outstanding issues, including those that were outstanding for the United Kingdom. That was impossible because of the total disagreement between those four nations. The position of two of those countries—Spain and Poland—has changed, and as a result the negotiations have opened up.

Mr. Trimble: The Foreign Secretary is identifying the changes in Poland that flowed from the changes in Spain—which changes were produced by what? We are left with the impression that this Government's policy and approach have changed as a result of the actions of al-Qaeda.

Mr. Straw: Of course I understand the high sensitivity to terrorism in Northern Ireland. I have no wish to subscribe to the view that is current in some circles that the Madrid bombing caused the change of Government in Madrid. All I can say to the right hon. Gentleman is that we will never know exactly what led to the late change in voting intentions in Spain. There have been many other examples of voting intentions changing at a late stage of a campaign. However, Prime Minister Zapatero has said repeatedly that, as far as he is concerned, he won the election as a result of four years of campaigning, not because of the events of four days. The previous Spanish Government might have changed their position after the elections in any event. We simply do not know. To pick up a point that the right hon. and learned Member for Devizes made, we must deal with where we are. It is where we believed that we might be in November and December but happened not to be—namely, with the negotiations in hand.

Let me deal with the fourth question, which is about our approach to a referendum. The main case for a referendum is founded on the assertion that a constitution for the European Union will be such a decisive step towards a European superstate that it will end Britain's sovereignty. The right hon. and learned Member for Devizes came close to asserting that this afternoon. Yesterday's *Daily Mail* put matters in its customary way and stated:

"The constitution will destroy our power to govern ourselves".

It continued by saying that it would

"dismantle Britain as a functioning nation state".

That doom-laden hyperbole is so far removed from the facts that it is tempting to ignore it. However, we cannot do so because that systematic exaggeration of the threat to our nationhood has, over the years, set the framework for a national debate on Europe. So the answer to the question, "Will the draft European constitution end the sovereignty of the nation?" has to be: no. The House of Lords Select Committee on the European Union explicitly stated that

"the draft Treaty makes plain ... that the European Union remains a union of sovereign Member States".

Its earlier report stated that

"it is clear that the balance of power in the European Union is going to shift from the Commission in favour of the Member States if the"

Convention's "proposals are adopted".

Of course, that does not stop some Conservative Members wilfully misinterpreting the draft treaty. Let us consider the example of the proposed president of the European Council. The right hon. and learned Member for Devizes said that that was further evidence of development into a nation state, ignoring that there is already a president of the European Commission and a president of the European Parliament. The constitution as drafted will ensure that the Union's agenda is better set by elected representatives of national Governments in the European Council. Instead of the manifest inefficiencies and inconsistencies of the rotating six-month presidency, the member states will choose a president of the European Council to chair their meetings and ensure that their decisions are followed up.

Mr. Ancram: That is centralising.

Mr. Straw: No, it is not. It will ensure greater power in the hands of member states against the overbearing power of the Commission. I believed that the right hon. and learned Gentleman would be in favour of it. The president will have no decision-making power. It is striking that only two groups are against the proposal—the Conservative party and the European Commission. That underlines the incoherence of the Conservative party's position. The proposal means that member states will remove power from the Commission. The right hon. and learned Gentleman should consider its merits instead of dismissing it in the pursuit of a myth about a European superstate.

Another claim that the peddlers of the superstate myth make is that the draft treaty massively extends majority voting. Let us consider the reality. The Single European Act of 1986 introduced majority voting for almost all matters to do with the single market. As Lord Heseltine told radio listeners last Saturday, that measure was

"far and away more significant in the surrender"—

his words, not mine—

"of British sovereignty than anything involved in the present constitution".

He added that "it never occurred to" Mrs. Thatcher "to have a referendum".

Mr. Ian Taylor: The Foreign Secretary is right that the Single European Act was the most significant step forward. It was agreed under a Conservative Government and, incidentally, supported by my hon. Friend the Member for Stone (Mr. Cash), who voted for it. Before that Act was passed, was not it subject to scrutiny in the House of Commons? Is not that the best way in which to consider the detail of any constitutional treaty that might emerge after Dublin?

Mr. Straw: Let me make it clear that I am committed to the maximum scrutiny for any constitutional treaty. I say to hon. Members who may be worried about that that they do not have to look into the crystal ball, because they can examine the record. I have been complimented by hon. Members of all parties on the amount of scrutiny of the draft that has already been achieved. I only regret that the shadow Foreign Secretary has not bothered to turn up to one sitting of the Committee that considers the intergovernmental conference report.

Mr. David Heath (Somerton and Frome) (LD): Will the Foreign Secretary acknowledge that many of us do not accept the doom-laden hyperbole, as he put it, and are sceptical of those fair-weather friends of referendums who allowed referendums on nothing while in government and now want referendums on everything in opposition? Nevertheless, we feel strongly that when there is a significant change to the relationship between the European Union and the people of this country, it should be with the informed consent of the people of this country, not simply through a vote in this House or in the Council of Ministers?

Mr. Straw: I respect the hon. Gentleman's position, as his and his party's position has been consistent, and it lies in his mouth, not in the mouth of the Conservative party.

Mr. Frank Field: I am grateful that my right hon. Friend says that he believes in as much detailed discussion as possible. Can he tell us how many times the Cabinet has considered this draft treaty in detail? Was it a Cabinet decision that we should not have a referendum?

Mr. Straw: We have considered it endlessly. The draft White Paper was crawled over by my right hon. Friends, on which I insisted, and I was responsible with officials for drafting it. I spent a large part of what was otherwise classified as a summer holiday working through its detailed text, as I regarded it as an extremely important document, and I also made sure that each of my Cabinet colleagues, who had responsibility for areas in it, knew exactly what they were signing up to. It has therefore been a Cabinet decision. I invite my right hon. Friend to come along—I cannot recall his assiduous attendance at various Committees and debates on the Floor of the House, but I look forward to it—to further considerations.

Mr. Field: On the issue of a referendum, was it a Cabinet decision?

Mr. Straw: It has been a Cabinet decision, of course.

Let me make some more progress. After the Single European Act, we had Maastricht. The shadow Foreign Secretary always tries to forget about Maastricht, and we know why. The Maastricht treaty introduced majority voting to fundamental areas of policy making: the Union's broad guidelines on economic policy; its excessive deficits procedure; education; public health; consumer protection; trans-European networks; overseas aid; and the implementation of decisions within the common foreign and security policy. This was a treaty that John Major proclaimed as

"good ... for Europe, and a good agreement for the United Kingdom."—[*Official Report*, 11 December 1991; Vol. 200, c. 862.]

The Leader of the Opposition and most of the existing shadow Cabinet, including the shadow Foreign Secretary, trooped into the Lobby in support of Maastricht, proclaiming it as a great triumph of European diplomacy. The shadow Foreign Secretary made a wonderful speech in favour of Maastricht—he did not just skulk into the Lobby following the Whip—in which he was even moved to say:

"I do not want to find myself in a country that is outside a European superstate, with our industries unable to penetrate it."—[*Official Report*, 4 November 1992; Vol. 213, c. 343.]

It is a complicated sentence, but essentially he was saying that on balance he was in favour of a superstate—which, let me say, I am not—rather than against it.

The right hon. and learned Gentleman is adept at switching his position backwards and forwards. We have debated this issue a number of times. I recall—I am sure that he has forgotten—that back on 11 December 2002, I asked him to refresh the House's memory about whether he had voted on the Maastricht treaty itself and on the issue of a referendum? At column 307, I said:

"am I right in thinking that he voted against a referendum on Maastricht?"

The right hon. and learned Gentleman said:

"The Secretary of State might remember that I was out of the House at the time of the treaty."

That is very careful wording, because he may have been out of the House at the time of the treaty, but for sure he was in the House when it came to be considered. He was suffering from the most extraordinary amnesia, because I pressed him again and he said:

"I do not recall a vote on a referendum."—[*Official Report*, 11 December 2002; Vol. 396, c. 307.]

This was the key and critical issue facing the Conservative party, splitting it apart, and he could not remember whether he was in favour of or against a referendum, even though he had spoken against it.

Mr. Andrew Turner (Isle of Wight) (Con): Will the Foreign Secretary give way?

Mr. Straw: No. It is important that the right hon. and learned Gentleman learn a bit from this. Finally, when I produced the voting list, which has his name on it, he owned up and pleaded guilty to having voted against a referendum on Maastricht. By God, it was difficult to get him to own up to the truth. The truth is that he has always been a closet pro-European. The reason he is so unconvincing today is that neither his heart nor his brain is in the task that he is having to undertake.

Mr. Ancram: The Foreign Secretary has accused me of being a closet pro-European. I wonder what he is. Let us look at his election address—not from 1983, when we know he had to be loyal, but from 1979. We were told:

"Jack Straw was against Britain's entry to the Market and has campaigned ever since against its nonsenses."

Is that the Foreign Secretary's position today?

Mr. Straw: No, but it was my position then. I have been very straightforward about this. Moreover, I do not suffer from amnesia. I am perfectly willing and ready, and always have been, to explain the position that I took. After all, it was entirely public. I was active in the no campaign in 1975.

The right hon. and learned Gentleman needs to think about the position into which he is trying to push the Conservative party. He was appalling, even by his own standards, when answering questions put by his right hon. and learned Friend the Member for Rushcliffe

(Mr. Clarke). What his right hon. and learned Friend was asking—and what will be asked right up to the election and throughout it—is, "What is the Conservative party's policy in respect of the European Union?"

We know what the Conservative party's policy is in respect of this draft treaty, but let us say that for some reason it did not become European law. That is perfectly possible, although I do not know what the odds are. Let us say that we were left with the existing treaties—the treaty of Rome, the Single European Act, Maastricht, Nice and Amsterdam. Would the Conservatives accept them or not? Most of what they are objecting to today is not in the new constitutional treaty. Most of the provisions to which they object so violently were negotiated by them in 1972.

The right hon. and learned Gentleman starts rabbiting on to me about the clause relating to mutual solidarity and loyalty. That is a lift from article 11 of the Maastricht treaty, which states:

"The Member States shall support the Union's external and security policy actively and unreservedly in a spirit of loyalty and mutual solidarity."

The right hon. and learned Gentleman signed up to that. Is he going to tell the country that he will tear all that up? What process will he employ? How will he deliver on a promise that is easy to make but impossible to fulfil, on the common fisheries policy? He will certainly not deliver on it if he tears up this constitution. The right hon. and learned Gentleman does not have an answer to that.

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): Will the Foreign Secretary give way?

Mr. Straw: No, I want to make some progress.

I said that there were four questions, but there is a fifth, which defies adequate explanation. It concerns the position of the Conservative party. As we know, it is now led by the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), his support for Maastricht notwithstanding. He is leading the party towards an anti-European view, which underlines a profoundly defeatist view of Britain's position in the world. Beneath that lies a sense, based on the Conservatives' experience of the Major Government, that Britain lacks influence and will be unable to punch its weight in any international forum, including the European Union.

The leader of the Conservative party is now calling for a referendum on this treaty. He said before that there had to be a referendum on the Amsterdam treaty, because it was

"an unacceptable step towards an integrated federal superstate".

I have looked at the Amsterdam treaty again, and I cannot see for the life of me what caused such a fuss. What is it about the treaty that the right hon. and learned Member for Devizes thinks will lead us towards an integrated federal superstate? He does not know, although he keeps quoting it. The leader of his party said that Amsterdam would lead the way towards an integrated federal superstate. Can he name just two or three items in that treaty that would lead the way towards an integrated federal superstate? He cannot name one.

There is one thing in the Amsterdam treaty that the right hon. and learned Gentleman might have begun to support, if Conservative Members had even bothered to read it before coming out with this nonsense. The Leader of the Opposition talks of supporting a more flexible Europe, in which groups of countries can come together and do their own thing without necessarily having an impact on other countries. That was in the Amsterdam treaty. It is called flexible co-operation. Does the right hon. and learned Gentleman welcome it or reject it? Every time a treaty has been produced since we came to power—though never before it—the right hon. and learned Gentleman and his leader have said that it will take us towards a superstate. Subsequently, however, it becomes apparent that we are nowhere near a superstate, which rather undermines the right hon. and learned Gentleman's judgment today.

I gather that the right hon. Member for Wokingham (Mr. Redwood) is half back in favour with Conservative Front Benchers. He said of Nice that

"the proposed . . . treaty would do what Guy Fawkes failed to do—blow up parliamentary government in Britain".

Several years have passed since the Nice treaty came into force, and parliamentary Government seems to me to be alive and well in Britain. Indeed, the Conservative party is making use of it.

Several hon. Members *rose—*

Mr. Straw: I shall give way in a few moments. Contrary to the myths peddled by Conservative Members, no superstate has appeared: Britain maintains its seat of the UN Security Council; NATO remains the cornerstone of European territorial defence; and Her Majesty the Queen remains our Head of State.

Mr. Shepherd: The Foreign Secretary's parliamentary sidestepping is one thing, but the truth is that the people who should be asked about the Amsterdam, Maastricht, Nice and other treaties are the British public, who have never been consulted. That is the crucial question that lies before the House today.

Mr. Straw: At least the hon. Gentleman is being consistent—*[Interruption.]* I know that he has consistently argued for a referendum, and may I say that my party is the only one ever to have provided a referendum on the EU, back in 1975? The hon. Gentleman can make his point, but the Conservative Front Benchers cannot. The issue now is not the aggregation of the treaties, but whether or not we have a referendum on this specific constitution if it becomes law.

Angus Robertson (Moray) (SNP): Notwithstanding the sins of the Conservative party—signing up, among other things, to the common fisheries policy—is there not a wider issue concerning the disconnection of the wider public on European issues? Would not a referendum be a good way of closing and ending that disconnection? In that context, is the Foreign Secretary aware that there is a Bill before the Scottish Parliament to legislate for a consultative referendum on the constitution? Would it not be odd to have a vote north

[Angus Robertson]

of the border—I would, of course, welcome that—but deny the voters of England, Wales and Northern Ireland their say on such an important matter?

Mr. Straw: I understand the hon. Gentleman's case, which has been made by several other Members who support the draft and our membership of the EU. In our current judgment, it is better to scrutinise it here.

Mr. Cash *rose—*

Mr. Straw: I shall give way one last time.

Mr. Cash: The Foreign Secretary has repeatedly stated that this is no more than an accumulation of treaties. Does he not accept that the final provisions of the proposed constitutional treaty state that all those treaties will be revoked, but reapplied without prejudice to the acquis communautaire, so they will fall within the legal framework of the new constitution, which is quite a different thing?

Mr. Straw: With great respect to the hon. Gentleman, I have never said that it is just an accumulation of treaties. I said rather that it is a consolidation of existing treaties, which partly changes the decision-making process and partly provides for new powers. We need to examine it in each particular respect. I do not subscribe to the Conservative view that we should exaggerate the effect of the draft treaty, but equally I have never sought to minimise it. What we need is a straightforward debate. On any analysis, however, I do say that it involves less significant change than either the Maastricht treaty or the Single European Act. I believe that that is absolutely the case.

Even on the role of European Court of Justice in respect of common foreign and security policy, article III-282 states clearly:

"The Court of Justice shall not have jurisdiction with respect to Articles I-39 and I-40"—

they are the paving provisions for foreign, security and defence policy—

"and the provisions of Chapter II of Title V of Part III concerning the common foreign and security policy."

So everything that relates to common foreign and security policy, with some tiny exceptions, is excluded under that provision.

Mr. Heathcoat-Amory: Will the Foreign Secretary give way?

Mr. Straw: No; I want to make progress and there are others who want to get in.

Mr. Heathcoat-Amory *rose—*

Mr. Straw: All right—I shall give way one last time.

Mr. Heathcoat-Amory: I am grateful, but it is pure sophistry on the part of the Foreign Secretary, who ought to know what is in the draft constitution, to deny that the European Court of Justice will have jurisdiction over the whole of article 15, which binds member states to giving active and unreserved support to the common foreign and security policy

"in a spirit of loyalty and mutual solidarity".

If a state strays from that obligation, it will therefore be breaking the constitution, and that question will be decided not by this House but by the European Court of Justice. That is what the constitution clearly says, and no amount of talk about paving clauses or other articles can alter that fact.

Can we get back to some honesty and clarity in this debate, and stop the Foreign Secretary trying to pretend that the constitution contains elements which it does not, and that it lacks elements which it does in fact contain?

Mr. Straw: I should tell the right hon. Gentleman, as he calms down, that I understand the point he makes. I raised it during the intergovernmental conference, and with the legal experts who work for the Council, not the Commission. Their counter-argument is that there is no need to exelude the jurisdiction of the ECJ under article 15 because it has no jurisdiction under that article. Its jurisdiction only arises operationally, under chapter 2 of part 3, and after examining this issue in immense detail I am satisfied that that is so. If I can be convinced that we are wrong—by just slightly better lawyers than the right hon. Gentleman—we will reconsider the charge, but there is no issue of principle here. What we need is a mature debate. Rather than creating the myth that this provision will lead to the ECJ's telling the House whether or not we should be loyal to the European Union, or that we should take a different view in respect of Iraq—such things could never happen—we should apply ourselves to the text and recognise that much of the wording on the common security and defence policy was first included in the draft not by the Convention, but by those who drafted Maastricht.

Lady Hermon *rose—*

Mr. Straw: I am going to close. The myths about the constitution leading to a European superstate are now the stock in trade for today's Conservatives, who would put British jobs, British trade and British influence at risk by marginalising this country within Europe. This is the clear political divide on Europe: between a party of isolation and weakness, and a Government who are getting on with the job of reforming the structures of an enlarged Union, so that it can better deliver on the issues that matter to people. In the light of cross-border threats and of the chance to develop a market with which we do half our trade, the idea that Britain should withdraw into splendid isolation and detachment from the European Union is frankly absurd. We need to engage in Europe to make it more effective at dealing with common threats, and more effective at delivering the jobs and growth that people want.

We are negotiating a treaty that, if satisfactorily concluded, will help Europe better to deliver on these issues. The treaty sets out clearly the framework of an effective Europe of nation states. It acts only where its member states have conferred power upon it, and it is able to function more efficiently. Parliament has already been involved in this process to an unprecedented

degree, and it will be for Parliament to decide whether the treaty becomes part of British law. I therefore urge the House to oppose the motion and to support the amendment.

5.28 pm

Sir Menzies Campbell (North-East Fife) (LD): I doubt very much whether a single vote will be changed as a result of these proceedings, or whether any hearts and minds will be significantly changed either. In a sense, these debates, which have almost become part of parliamentary punctuation, have enabled Members to restate cases that have been stated with varying degrees of eloquence for some time—at least since the constitution was first mooted.

I still have some difficulty with the question of the primacy of European law. I raised this point with the shadow Foreign Secretary, who has another engagement and has apologised for his absence. If such primacy was part of the jurisprudence of the European Community from 1964 onwards, inevitably, by virtue of our accession in 1972, we must be taken as having accepted it. I find it difficult to understand that a distinction is to be drawn as far as the application of that primacy is concerned simply because a document will be produced that asserts it once again.

The only way to look at this properly is to put oneself in the position of a domestic judge. Today, a domestic judge faced with an issue to which European Union law is relevant is obliged to apply that law. The day after a constitution or treaty was ratified by this House, that judge would be in precisely the same position as he is today. It seems to me that a wholly artificial distinction is being drawn.

My right hon. and hon. Friends will vote for this motion. We do so for reasons that I hope to explain in a moment or two, but I want to make the point that we have consistently argued that a test has to be applied when any question arises of a change in the nature of the relationship between Westminster and Brussels. Looking again, as I did in preparation for this debate, at that test as we have set it out on previous occasions, I freely accept, as I hope others will, that tests of this nature are inevitably subjective; they can never be empirical.

The test that we have set out on previous occasions is that if the provisions that the Government eventually bring before the House involve any major shift of control, any transfer of significant powers from member states to European institutions or any alteration to the balance between member states and those institutions, a referendum will be necessary. The Foreign Secretary argues that those criteria are not fulfilled. However, a document such as that which failed to achieve agreement in Rome would necessarily trigger a referendum because in our judgment it would meet the criteria that my right hon. and hon. Friends have set out.

Mr. Cash: As the right hon. and learned Gentleman knows, I have great respect for many of his views on this subject, but does he accept that the House of Lords report to which I have already referred says explicitly in the context of the European Communities Act 1972:

"In short, Parliament did not hand over a blank cheque, legally or politically. The Government should set out their view on the *Kompetenz-Kompetenz* question clearly to Parliament and to citizens in the UK."?

Does that not imply that it is essential not only that the Government should set out their views but that they should put the matter beyond all doubt by introducing domestic legislation that would ensure that our judges gave effect, if necessary, to clear and unambiguous law inconsistent with the 1972 Act?

Sir Menzies Campbell: The hon. Gentleman put that point to the Foreign Secretary. In the interests of brevity, I simply adopt the Foreign Secretary's response and ask the hon. Gentleman to put himself in the position of a judge today and a judge the day after a document of the kind that we have been discussing had finally been ratified by the House.

We do not have such final proposals before us today; nor inevitably could we have them. However, we are entitled to assume that what is likely to emerge from the process into which the Irish have put additional force and life is likely to bear substantial similarity in substance to the previous proposals that formed the basis of the discussion in Rome. It is my judgment—I accept that it is a matter of judgment—that the proposals raise constitutional implications that it would be right to put to the people of the United Kingdom. I say that as a matter of law, but also as a matter of politics. One of the features of the debate about Europe and our relationship with Europe is the extent to which we—the people of the United Kingdom—have become disconnected. One of the ways in which that connection could more effectively be restored is to give people the opportunity to endorse what is a very substantial change.

Mr. Kenneth Clarke: Does the right hon. and learned Gentleman accept that any new treaty will be subject to close parliamentary scrutiny? If we then had a yes-no referendum on whether to endorse it, he—like me—would no doubt campaign for a yes vote, if the treaty emerges in the form that seems likely. A yes vote would be a clear endorsement, but what would a no vote mean? We cannot anticipate the result, but it appears that a no vote would be interpreted as giving a mandate for a blank cheque to negotiate further changes to the existing treaty, the Single European Act, the Maastricht treaty and the treaty of accession, and even to reopen the issue of the primacy of European law. If a no vote could be interpreted in that way by those who are demanding a referendum—notably, the right-wing press—would not it be a dangerous further step to take after comprehensive parliamentary scrutiny, which has been regarded as adequate on all previous occasions?

Sir Menzies Campbell: I hope that the right hon. and learned Gentleman will not seek to visit the sins of his Front-Bench colleagues on me. The point that he made to the right hon. and learned Member for Devizes (Mr. Ancram) was not answered with quite the cohesive intellectual response that one would expect from a prominent member of the Scottish Bar. On 1 May, we will admit the new member states without any constitutional change, under the existing arrangements enshrined in the treaty of Nice. When the proceedings

[Sir Menzies Campbell]

on the constitution became becalmed, I suspected that all we would have needed was 18 months of trying to live under the arrangements in the Nice treaty and there would have been a clamour for a constitution, because of the sclerosis that would undoubtedly have occurred and the inability of the European Union to operate in the absence of a constitutional document of the kind that we are discussing. I do not seek to reopen any of the previous treaties, but I accept the Foreign Secretary's point that in many respects they are opaque and difficult to understand. It is often difficult to find the details of particular competences, which require substantial searching. The argument in favour of a constitution that sets down clearly the competences—and the extent to which they are restricted to Brussels or domestic Parliaments—is essential.

Mr. Shepherd: The sincerity of the Liberal Democrats on referendums on such matters is not in question. Indeed, Paddy Ashdown sought a referendum at an early stage of the Maastricht process and he supported a private Member's Bill on the issue. However, it cannot be enough to say at each stage of the constitutional changes, "We are for a referendum", and then when no referendum takes place, say that the matter is closed. The argument relating to a referendum on this new measure is that in a sense it is reopening the position that the Liberal Democrats took—that a referendum was appropriate on Maastricht.

Sir Menzies Campbell: I see it not as reopening those issues, but as an effort to consolidate them. The hon. Gentleman is right about consistency. My recollection is that Mr. Bryan Gould, who was then a Member of Parliament, introduced a new clause during the Maastricht debates that would have required a referendum to be held on the issue, and the Liberal Democrats voted for it.

In 1995, we had a rare Liberal Democrat Opposition day that resulted in the motion that we had tabled being passed. The motion argued that if there was a material change in the relationship between the United Kingdom and the European Union, such change should be ratified and endorsed by a referendum. Not all those who now argue either for or against a referendum found time to vote on that occasion. The result was something like 33–0, which was a considerable victory for us, but the occasion did not command, I am sorry to say, much parliamentary support.

The hon. Member for Aldridge-Brownhills (Mr. Shepherd) referred to Paddy Ashdown, who was the first of all the party leaders to say that entry to the single currency involved not only economic considerations but constitutional and political implications and that therefore there should be a referendum on it. That is now the view of almost all Members.

Andrew Selous (South-West Bedfordshire) (Con): I do not think that the right hon. and learned Gentleman has adequately answered the question put by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) about what would happen if the British people voted no in a referendum. What would be the position and how would we proceed?

Sir Menzies Campbell: It would be deeply damaging to the European cause; it would be foolish to do other than admit that. We cannot refrain from giving people the opportunity to pass judgment on issues of that kind, if we believe that is the right thing to do, simply because we are concerned about the outcome. I hope that my confidence is not misplaced, but I am confident that such a referendum can be won. Indeed, it most certainly will be won; the right hon. and learned Member for Rushcliffe (Mr. Clarke), the hon. Member for Esher and Walton (Mr. Taylor) and I certainly spend enough time going around the country arguing the case.

The case should be argued and the referendum can be won. Indeed, if I had a complaint about Members on the Treasury Bench, it would be that there has been reticence about arguing the case for Europe. To some extent, that has been overtaken by the enthusiasm that the Prime Minister displayed yesterday during his report of the EU summit that he had just attended.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): Will the right hon. and learned Gentleman give way?

Mr. Redwood: Will the right hon. and learned Gentleman give way?

Sir Menzies Campbell: No, I want to make progress. I have been generous in giving way, and although I am not subject to the time limit on speeches I do not want to trespass unnecessarily on Back Benchers' time.

Those in favour of a constitution for Europe should be prepared to argue their case in order to reconnect the individual electors of this country with the EU. There is a large amount of shadow boxing in these matters. Foreign policy, defence and taxation are red-line issues for the whole House and exchanges designed to suggest that the Government are somehow willing to make concessions on them are artificial. Those matters are the quintessential responsibility of this Parliament; it is notable that they have not been devolved to Wales or to Scotland.

Earlier, I said that the existing treaty system is opaque. It certainly needs clarity and the purpose of the constitution is to set down and define the role and powers of the institutions of the European Union. As I have already said, we will be able to admit the accession states on 1 May; it is not constitutionally necessary to have the proposed constitution but it is politically essential.

As I have said before, we must bring an end to the constant tinkering with the constitutional arrangements of the European Union. We cannot continue to conduct the affairs of the EU as if we were engaged in a perpetual Maoist cultural revolution. When we consider what things have been like under the existing membership, we can imagine how difficult they are likely to be when there are 25 members. That culture has too often been characterised by last-minute compromise, set against a background of physical exhaustion and horse-trading.

Mr. MacShane: Like the Liberal party conference.

Sir Menzies Campbell: If only.

My support arises from my unabashed enthusiasm for the European Union, which dates back to the 1975 referendum campaign when I shared platforms for the yes campaign with such distinguished parliamentarians as Lord Whitelaw, Brian Walden and Lord James Douglas-Hamilton. The yes campaign was very distinguished—even aristocratic. I believe firmly that, as the Prime Minister and his predecessor have said, Britain should be at the heart of Europe.

As I have said before, I believe that Britain should be a member of the single European currency. I believe in an effective common foreign and security policy, which is what Maastricht envisaged. Indeed, Maastricht went on to envisage the possibility of a common defence—something that is not much talked about these days, but it most certainly was in the treaty. A constitution of the type proposed will be entirely advantageous not only to Europe but to us, too.

The background for that is my overwhelming belief in the need for co-operation with our European partners. Let me take the illustration of international terrorism. Does anyone really believe that we can achieve success in that campaign, unless there is much more co-operation than we have previously experienced? The exchange of intelligence and the movement of individuals and money all require co-operation with our European partners. How would we make environmental advances, unless we do so co-operatively?

Lady Hermon: I am extremely grateful to the right hon. and learned Gentleman for taking an intervention. I have waited patiently for him to address the fundamental rights aspect of the constitution, and it would be enormously helpful to those of us who have some doubts about the wisdom of the European constitution if he would do so. I raise that issue in particular because he mentioned the supremacy of community law at the beginning his speech. Of course he will be aware that five years' work has gone ahead in Northern Ireland to produce a Bill of Rights for Northern Ireland. Bearing in mind that the provisions on fundamental rights in the constitution will also have supremacy, have we all been going through the razzmatazz in Northern Ireland needlessly on a Bill of Rights?

Sir Menzies Campbell: I would hesitate to suggest that razzmatazz in Northern Ireland had been needless. The hon. Lady, who is an expert in the field, knows much more about it than I do. Of course the charter of fundamental rights supplements and, in some respects, adds to the European convention on human rights, but the convention is one to which we have always been a signatory. The change that occurred when the Government came to power was to pass legislation that allowed British citizens the right to invoke the provisions of the convention and to seek to vindicate their rights under that convention in British domestic courts, without having to go Strasbourg.

The fact that the fundamental rights have now been introduced seems to be one of those constitutional implications to which I have previously referred. The charter introduces something new and not something for which the Government had a mandate, given their manifesto. So my answer to the hon. Lady must be that I do not purport to pass judgment on the position in Northern Ireland, but I most certainly believe that the European convention on human rights and the charter raise, as a consequence of the charter in particular, some fundamental questions of a constitutional nature, hence justifying the argument—in my view, in part at least—for a referendum.

On a number of occasions, I have talked about the need to reconnect the citizen with the European Union. Hardly a day goes by when we do not open our newspapers to find dire predictions about the number of people who are likely to vote in the next general election to the House, but how many people are likely to vote in the European elections, no matter how vigorous the campaign might be? That will be a measure of the extent to which Europe is not seen as something of significant importance in the lives of many people. That is why I argue that a referendum on the issues with which we are concerned today, allowing the British people the opportunity to pass judgment and to endorse what is proposed, would be entirely in their interests and in ours as well, so I have no doubt that the opportunity offered by a referendum is one that should not be passed up.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I remind all right hon. and hon. Members that Mr. Speaker has imposed a 10-minute time limit on Back-Bench speeches.

5.49 pm

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): I take as my opening text the Prime Minister's words when he spoke at the Labour party conference a couple of years ago:

"We're at our best when at our boldest."

It seems that this is an opportunity for the Government to be bold, to take the risk and the chance to trust the people. We are also currently engaged in an exercise called the big conversation, and we have an opportunity to have a conversation with the British people that will result in a conclusion—a vote at the end if we go down the road of a referendum. This opportunity should not be missed, because I fear very much that the big conversation is being driven by the ideas of those American political theorists, Simon and Garfunkel, who in their seminal text, "The Boxer", said:

"Still a man hears what he wants to hear

And disregards the rest".

The only opinions that will be listened to are those that fit what is already acceptable. However, an open-ended decision to hold a referendum and to be bound by the result would galvanise political opinion in Britain.

The suggestion that line-by-line political scrutiny by the House would be sufficient misses the point about the disconnection between the political process and the people in the country. Endless hours in which lawyers quibble over details that are fascinating to them is not the same as forcing the British people to make a decision that we, who see ourselves as their political masters in many ways—regrettably in my view—would agree to be bound by. That opportunity should not be missed.

[Mr. Ian Davidson]

To those who ask what no means, I would have thought that no in a referendum clearly means that we will not accept what is being offered. Those who suggest that this would be a problem only for Britain are missing the point. A no by any country that is given the opportunity in any way to ratify the constitution and declines to do so means that the constitution has to go into the melting pot. If the Portuguese decide to vote it down, it will not be a problem solely for the Portuguese, and it will not be a solely British problem if we decide to vote it down. It will be a problem for all those who are gathered together to debate how matters should be progressed. We must reject completely the assumption that we cannot have a referendum in case we come out with what the Government would see as the wrong decision that leaves us isolated in Europe. We must recognise that other countries are prepared to trust their peoples. Why are we not prepared to trust ours?

Mr. MacShane: Let us follow my hon. Friend's train of thought. If there is a no vote and the Government bring back a new treaty, will there be a second referendum—and a third and a fourth?

Mr. Davidson: That is an interesting point. I remind the Minister of what happened in Ireland when the people had the temerity to turn down a treaty. They were then obliged under international pressure to hold another referendum. If the Government tell us that they are willing to hold a second referendum if the people vote no in the first one and they then make substantial changes to the treaty, I would support them in those circumstances. I would be willing to support a second referendum if the first referendum resulted in rejection of the constitution. The assumption is again being made that we are the only people who might turn the constitution down. If other people reject it and we have a completely new constitution, it seems fair that the people should have the opportunity to make a further decision.

Mr. Cash: Does the hon. Gentleman recall that, in the two instances in which there has been a second referendum, the outrageous situation emerged in which the rules were changed in respect of financing, advertising and the rest of it? In the case of the Irish referendum, that occurred on 24 December when most good Irishmen were in the pubs.

Mr. Davidson: I certainly hope that the Government in this country would have sufficient integrity not to seek to change the rules for a second referendum should we get to that stage. That would be outrageous. We would need to pay attention to how much both sides spent and we would have to consider whether the allegedly impartial information provided by the Electoral Commission and others was, in fact, impartial. None the less, the pattern of the referendum should not then be changed.

I want to raise with the Minister the issue of how people will express their views. I want to avoid a situation in which the European elections or the general election are seen as referendums on the European constitution. Issues relating to Europe—as we know from the Conservative party—can split parties. A substantial minority of Labour Members favour a referendum and would wish to oppose the constitution as it is currently put forward in such a referendum. People should not have to choose in such a way given that there are two cross-cutting cleavages and we have the opportunity to park the European issue in a referendum so that a decision can be made on it separately from the European or general elections.

Lest the Minister be in any doubt about the scale of pubic opinion in his party, I tell him that opinion polls conducted among the major trade unions affiliated to the Labour party show that 81 per cent. of Unison members polled, 78 per cent. of Amicus members, 88 per cent. of Transport and General Workers Union members and 80 per cent. of GMB members favour a referendum. It is clear that those who speak up on the matter are not necessarily in the majority, but as the Minister knows, expressing dissent from the Government's view on anything is not necessarily a career-enhancing move. Several people would prefer to wait until a later stage before expressing their view. All that the minority of Labour Members have is the people, the arguments and the capitalist press, and that combination managed to cause a fair amount of damage on the question of the euro. I notice that those who were on the losing side—the Government side—during the euro debate are exactly the same people who are against a referendum and in favour of ramming through the creation of a European superstate.

In the debate that we are having tonight, and the one that will go on, I hope that people will not revert to citing the smears and distortions that we often hear from spinmeisters in the Government, especially the accusation that those of us who are against the Government proposal to ram through the measure without a referendum are simply little Englanders. I might be little, but I plead not guilty to the other charge. A number of us are linking up with "Democracy International", which is a multinational campaign to try to achieve referendums throughout the European Union. I hope that the Government recognise that the argument for referendums on such an important issue is widespread throughout the European Union, and that they appreciate that those of us who argue for referendums in this country and elsewhere in the European Union are doing so in the spirit of internationalism.

I also hope that the Government will refrain from arguing that those of us who are in favour of a referendum and against the new constitution are automatically in favour of withdrawing from the European Union. To the best of my knowledge, no Labour Member who argues in favour of a referendum is in favour of withdrawing from the European Union. Repeating that accusation, even though it is repeatedly denied, is a deliberate attempt to distort the terms of the debate. The Minister is not a stupid man. Indeed, he is a bright man and, on occasions, a pleasant man. He has bought me libations on several occasions—perhaps too seldom to recall them all just now. I hope that he will intervene on his perhaps less fastidious colleagues to ensure that that accusation is not repeated.

I have touched on the question of what will happen if the constitution is rejected. That will be a problem not only for us, but for Europe. If the constitution is rejected

by several European states, the problem will be much more collective than would otherwise have been the case.

I regret the opportunistic way in which what happened in Madrid and elsewhere is advanced as an argument in favour of the accretion of more powers at the centre. How can we possibly trust those in the European Union who are incapable of stopping thieves and vagabonds robbing the common agricultural policy blind to police against terror in the EU? It is clear that before there is any further accretion of powers to the EU, it must put its own house in order. The British Government have made insufficient efforts to reform the way in which the EU operates, to increase the financial probity of the schemes it runs, or to examine the value for money obtained, for example, in foreign aid programmes. Before we give the EU more money to spend, we should ensure that it uses the powers and assets that it has better.

We must remember that we in Parliament have power as a result of the votes of the people. The referendum is important. At a time when there is severe dislocation between those who govern and those who are governed, we have an opportunity to give the people a choice. We should do so.

6.1 pm

Mr. David Heathcoat-Amory (Wells) (Con): The constitution is the most important measure that I have faced in my 20 years as a Member of Parliament, and which the House has faced since this country entered the European Economic Community in 1973. However, the Prime Minister's sole preoccupation is to get it through quickly.

I respect those—we have heard some of them speak in this short debate—who argue for a highly integrated Europe with a single structure, a new legal order, a permanent President, a Foreign Minister and extensive new powers over immigration, criminal justice and the economies of member states. I do not agree with them, but I can at least debate with them. I have no respect whatever for those who deny the epic importance of what the House is now considering—who refer to it as "a tidying-up exercise". The cure for that is simply to read the constitution in its draft form.

The draft constitution defines and limits the powers of member states probably better and more extensively than those of the European institutions. It is just as much a written constitution for this country as it is for Europe, and we in this country have not had a written constitution since Cromwell briefly introduced one following the civil war. There is a massive transfer upwards of powers to the new Union. That fact is inescapable—it is written on almost every page of the draft.

We have again debated the primacy clause today, and the Government have again claimed that article 10 simply repeats what is in treaty law. It does not do that. There is nothing in existing European treaties about the primacy of the European Court of Justice or of those treaties over national laws. It is a convention that has been established in the case law of the European Court of Justice that where directives and regulations conflict with national laws, those directives and regulations shall prevail, but on those foundations the draft constitution erects an unqualified assertion of the primacy of the constitution and all the laws flowing from it over the laws of member states.

Mr. Hendrick: If, as the right hon. Gentleman says, the draft is some sort of integrationist plot, will he tell me why the Conservative party is happy for there to be a President of the European Commission and a President of the European Parliament, yet, in terms of the Heads of Government, unhappy for there to be a President of the Council?

Mr. Heathcoat-Amory: Oh yes, we are creating a Europe of presidents all right. I can add to that. There will be a president of the European Court of Justice, a president of the European Central Bank, a permanent President of the Council, a President of the Commission and a President of the European Parliament. It is a presidents' plot, if it is a plot at all. It is not a people's Europe that we are developing—it is a politicians Europe with jobs for more politicians. If that is the Europe that the hon. Gentleman wants, he has it in the draft.

The point that I was making, which has not been contradicted from those on the Government Front Bench, is that the primacy clause, article 10, will extend far further than anything in the existing treaties. It will implement the same primacy over the intergovernmental pillars—that is, justice and home affairs, and the common foreign and security policy—for the first time. It is not just the laws of the new Union that will have primacy, but the constitution itself—that is, the obligations in the constitution—the solidarity obligation on member states and the entire EU charter of fundamental rights. That takes up the whole of part II of the constitution. The charter of fundamental rights—all of it—will therefore have primacy over the laws of member states.

In his remarks, the Foreign Secretary claimed that there was a House of Lords report that showed that there is a shift from the Commission to member states. It would have been less disingenuous of him if he had not told us that that report came out long before the end of the Convention—before the Convention even defined or debated the powers of the Commission. So if anyone is peddling myths in this debate, it is the Foreign Secretary.

It has been asserted that the constitution will be simpler than the treaties. It is, in fact, longer than the treaties that it replaces. It has been claimed that it will bring clarity to the division of power between member states and the new Union, but most policy areas will be shared. There is no other constitution in the world that defines all the policies to be shared. What is the definition of sharing? When the Union legislates, member states will have to leave that area of policy entirely to the new Union. I hope that none of us have to share a flat with someone whose definition of sharing is that when they move into the flat, we have to move out. That is the definition written in the draft constitution and it is not under review. It is not a red line issue for the Government.

Criminal justice, perhaps, gives us the best overall example of what is at stake. There are 21 completely new articles covering justice and home affairs in the draft

[Mr. Heathcoat-Amory]

constitution. They cover the definition of serious crimes and the penalties that will attach to them in general areas such as corruption, computer crime and organised crime. All that will be harmonised and decided by the Union by majority voting. The same is true of criminal procedures, rules of evidence and the rights of the accused. All these things will be decided by majority voting.

The Minister for Europe tabled an amendment in the Convention disagreeing with that in unequivocal terms. I give him credit for that, at least. He said that it is essential that the relevant article is rejected in its present form and made subject to unanimity if it survives. Why, then, do the Government now say that they have so-called wriggle room in respect of the criminal justice procedures? Those go to the heart of what the House is about. We have just had a Criminal Justice Bill going through the House that attempted to define and, in some cases, limit court proceedings and the rights of the accused. It is the essence of democracy that such matters are debated here where we are answerable to our constituents and ultimately to an electorate. All that goes upwards to the new Union.

Mr. Cash: Does my right hon. Friend agree that if we simply put into our criminal justice Bill the words "notwithstanding the European Communities Act 1972" and followed that with what we wanted, we would be able to achieve our objectives?

Mr. Heathcoat-Amory: With his ingenious Bill, which I have signed, my hon. Friend would go a long way towards establishing a bulwark against the new constitution. I wish him well with that, but it forms no part of the Government's case in the forthcoming negotiation. The irony is that the entire exercise was supposed to be not about writing a new constitution—that is alluded to only at the end of the instructions given to the convention—but about bringing democracy to Europe. That means bringing Europe closer to its citizens. That was the instruction given to us. How does it bring Europe closer to the citizen to take more decisions away from member states, away from the people and upwards to the most remote tier of Government of all in Europe? That is why this is in essence a democratic issue.

In my view, this is not only wrong, it is dangerous. It breeds alienation and despair, and ultimately extremism, if decisions that should be taken here about the coercive power of the state, about imprisoning people, about our foreign policy and about the conduct of our economic and employment policies, are taken away from the Chamber, which is answerable to an identified electorate, and given to a Union that is beyond any sort of democratic control.

There is only one solution and that is to ask the people. I entirely agree with the hon. Member for Glasgow, Pollok (Mr. Davidson) that that is not merely an option, it is essential. The Government have no mandate for this European constitution. I have a copy of the relevant part of the Labour party's manifesto on which it stood at the last election. There is nothing whatever in it about a European constitution. That differs from the Maastricht treaty, which featured prominently in the Conservative manifesto of 1992. In any event, we shall have a referendum about Maastricht when and if the Government make up their mind about the big issue of Maastricht, which is the European currency, the euro. As I have said, there is nothing in the manifesto, on which the Labour party won the last election, about a new European constitution. That is why we need to ask the people.

If the Government are right, and conceivably they could persuade the people that this is only a modest consolidating measure of no great consequence compared with weighty issues—such as whether Hartlepool should have a mayor, or whether Sedgefield, I think that that is the next one, will decide whether it will have a mayor—let them have the confidence to advance that argument and win that argument. That is, if they really can persuade the people that this European constitution is of no great importance. I will put my case, and that of my right hon. and hon. Friends, to the arbitration of the British people.

Let us remind ourselves that the opening words of this constitution are about reflecting the will of the citizens and states of Europe. How do the Government know that it reflects the will of the citizens of Europe without asking them? It would be an outrage if the Government were to bounce this issue through a supine House of Commons in which they have a temporary majority and take us into a binding written constitution for the first time in our history without asking the people for their consent. That is why federalists and those who want an integrated Europe joined forces with us in a common endeavour to ask the people, to trust the people, and to get a vote on the issue this year.

6.13 pm

Sir Stuart Bell (Middlesbrough): I am grateful for the opportunity to follow the right hon. Member for Wells (Mr. Heathcoat-Amory). I listened with great care to what he said. He confused a series of concepts. The idea of having a referendum for a mayor is a local issue and entirely separate from a national issue as to whether there should be a referendum on joining a European constitution. In the United States they have many referendums on, for example, whether people want a supermarket. That is not the same as a national referendum on a national issue, which would lie within the heart of this Parliament.

One of the earliest stories that I learned many years ago was that a senior figure, Lloyd George, brought in a younger man called Harold Macmillan. Harold Macmillan asked him what was the essence of a good speech. Lloyd George said that it was to choose one's themes and to stay with them. I will do that in the time that is available to me.

My first theme is that of ever-closer union. The right hon. Member for Wells referred to the people, the citizens of the European Union. The citizens of the European Union benefit from free trade and the single market because the Single European Act was signed in

1986 under Lady Thatcher's leadership. They benefit from the sense of security, because the continent was ravaged by wars for 1,000 years.

Mr. Eric Forth (Bromley and Chislehurst) (Con): That is because of NATO.

Sir Stuart Bell: I will come to NATO in a moment, and it is part of my theme—I am always grateful for sedentary interventions by the right hon. Member for Bromley and Chislehurst (Mr. Forth).

We will discuss the global war on terrorism, but EU citizens have those two major benefits, which bring the citizens of Europe closer to the concept of the European Union. The concept of the ever-closer union was adopted by Sir Edward Heath way back in 1972, when we signed up to it for the first time. We moved closer when we signed the Single European Act; we moved closer still when we signed the Maastricht treaty; and we will go closer again when the European Union moves eastwards and grows to 25 states—as my right hon. Friend the Foreign Secretary said, it may grow to 27 states. That is the ever-closer union that we are debating tonight.

In this debate, I have been struck by how the House of Commons has suddenly become a Chamber for barristers. Perhaps that is because the Foreign Secretary and the right hon. and learned Member for Devizes (Mr. Ancram) are barristers.

Mr. Forth: What are you?

Sir Stuart Bell: I shall make my confession in a moment. The right hon. and learned Member for North-East Fife (Sir Menzies Campbell) is a QC, and I must humbly admit that I, too, am a barrister. However, I will not dwell on the legality of the debate. We have examined clauses, interstices in Lords reports, article 12 and article 13A—I almost stood up and asked what article 15 says in the hope that someone would give me an answer. The debate is not about the pernickety points of the various articles in such a huge constitutional document; it is about the principle of ever-closer union and whether it should be put to the test of a referendum.

When I listened to the right hon. Member for Wells I was struck by the reversal of Conservative policy. Over the past century, Conservative party policy was to win an election, govern the country and, after four to five years, to return to the country, render an account and seek a further mandate. What has happened to that principle? The only time that principle slipped was on the Maastricht treaty, when, in order to keep the Tory party together, the Prime Minister at the time offered a referendum on the single currency. The only time that a Conservative Government have ever offered a referendum was on joining the single currency, and the only reason for that was to keep the Conservative party together.

I shall make another confession, since I have made one already: in opposition, I would never have agreed to a Labour Government having a referendum on a single currency. I take the single currency not as a constitutional matter, not as a matter of profound significance to our country, but simply as completing the architecture of the single market, which Lady Thatcher introduced in 1986.

Mr. Hendrick: Does my hon. Friend agree that we are watching an Opposition tactic? Because they cannot win votes in the House, they are trying to persuade the wider public, with the help of certain friends in the media, in order to obtain a no result. Hon. Members such as the right hon. Member for Wells (Mr. Heathcoat-Amory) want not only a no vote from the country in a referendum on this issue, but to unravel the Amsterdam treaty, the Nice treaty, the Maastricht treaty and earlier treaties, which were agreed by previous Conservative Governments.

Sir Stuart Bell: I entirely agree with my hon. Friend. We are seeing opposition for the sake of opposition. Everybody who watched the right hon. and learned Member for Devizes could see the great difficulty in which he found himself, which happened because he does not believe in the argument.

On opposition for opposition's sake, I sympathise with the Opposition because day in, day out we sat through the debates on the Maastricht treaty. I remember coming into this Chamber in daylight and going out next morning in daylight, never having seen the evening.

Andrew Selous: Does the hon. Gentleman agree that political power is given to this House by the British people at the time of a general election and that that power is not ours to give away to any other body without the express consent of our electorate?

Sir Stuart Bell: I am grateful to the hon. Gentleman for bringing me to my third theme—leadership. I am glad that my hon. Friend the Minister for Europe is in his place, because with his French background he, too, will remember Alexandre Auguste Ledru-Rollin. He is nodding, of course, because he has read his history books. In 1848, that gentleman was the leader of a faction that stormed the National Assembly. Afterwards, he was found at the very back of the crowd, and someone said, "What are you doing? You're their leader." He replied, "Yes, I am their leader. That's why I'm here at the back—I'm following them." We saw from the leadership of the right hon. and learned Member for Devizes that he was following the crowd behind him. That is in the interests of neither the Conservative party nor the country.

My fourth theme is NATO, which the right hon. Member for Bromley and Chislehurst mentioned from a sedentary position. A significant event took place yesterday, when seven new nations from the east joined NATO and added to the sense of security to which my right hon. Friend the Foreign Secretary referred. NATO is responsible for our territorial defence; it is equally responsible for those other countries and for the European Union as a whole.

So, as Europe moves into this new century, we have the security of NATO, ever-closer union, the free market, and stability and prosperity the likes of which have never been seen before. We have to decide whether we will do our constitutional duty by debating this ever-

[Sir Stuart Bell]

closer union in this Chamber, taking into account the views of our new-found barrack-room lawyer friends on both sides of the House.

I am glad that my hon. Friend the Member for Glasgow, Pollok (Mr. Davidson) is still in his place, because he and I have debated many issues. Sometimes we are on the same side of the fence, as on first past the post as opposed to proportional representation, but we found ourselves on different sides on the single currency. I should like to refute a comment that he made earlier. Those who support the single currency have not lost any battle. We regret the fact that a referendum did not take place early in 1997, but it will take place eventually when the Chancellor of the Exchequer, who has set down the most rigorous conditions for entry and has twice said that we have not met them, agrees that that has happened. The battle is not lost: my hon. Friend and I will meet again on this economic battlefield.

Mr. Nigel Evans (Ribble Valley) (Con): It is important that we have a referendum on the single currency. I wish that we had already done so, because the people would have had their say, almost certainly to vote no overwhelmingly. The hon. Gentleman says that this constitutional issue should be debated in this Chamber. That is true, but why not debate it in the country as well? Why does he not trust the people to debate the very serious issue of how we are to be governed in future and let them have a say in a referendum?

Sir Stuart Bell: The hon. Gentleman makes a valid point. I respond by saying that the day must come when the bridge between civil society and political society is cleared of the distortions of the media; then we can have a proper, genuine debate on a whole host of issues. We know full well that those debates cannot be held on equal or neutral terrain.

Let me make another point to those who claim that a referendum is in the interest of this country. In 1969, when General de Gaulle held a referendum on regional assemblies and reform of the Senate, it was converted into a debate about whether people wanted him to stay in power. It is therefore not sensible to hold a mid-term referendum on such an important issue. I make a distinction between local referendums, which the right hon. Member for Wells mentioned, and a national matter, which falls back to the Chamber. We are elected; we have a mandate. The people—our constituents—expect us to do their work for them and make a decision in the interests of our country.

Mr. Wayne David (Caerphilly) (Lab): Does my hon. Friend agree that the House's conducting of a debate through the Standing Committee on the Convention on the Future of Europe is exemplary, and that a similar mechanism is needed to discuss the draft treaty and then the treaty?

Sir Stuart Bell: I am grateful to my hon. Friend for that intervention. The Foreign Secretary made it clear that the treaty is a constitutional treaty, which will be fully debated. The debate will be long and we may spend many a night rather than many a day here. However, the House is the place in which to hold the debate. We can have knowledge, information and a free flow of ideas, and ultimately the House will decide. At the next election, the country will follow that decision.

6.26 pm

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): Many Labour supporters, especially old Labour supporters, must be distressed to find that, when the glorious day in 1997 was repeated at the subsequent election, they elected a Bourbon Government. "L'état c'est moi"—what I say must go; I do not want to hear the views of others.

The struggle has been long. It was almost inconceivable in 1970 that we were on the threshold of constructing a new system of government that grants rights beyond the call of the British people. That is what we are considering—who is sovereign. The Labour party struggled to expand the vote because it knew that, through gaining seats and a majority here, it could establish what the law is and shall be. It could set wrongs right and look backwards and forwards. That glorious struggle formed part of our modern constitution. Today, we hear arguments that all that counts for nothing and that the House is sovereign.

I believe, however, that our modern constitution was declared at the turn of the last century by the new Labour party of the day. It declared that the people were sovereign and that the House was the means whereby that sovereignty was expressed. We send elected representatives here—they are here today and gone tomorrow. We may change them and by changing them, we change our law: the law that can send us to prison and the law that can make us free. Through that law and this institution, we protect and preserve our liberty. This place is about that essential trust.

Yet the Government say that they can redesign the constitution because they understand its essential vulnerability. It is not entrenched and no constitutional court secures it. That is why we have witnessed the mashing of the conventions that made our constitution work. The brave, new, Bourbon Labour Government say that they will sweep away the principle that no Parliament may bind its successor. In the past 30 years, the people of Britain have understood but a glimmer of that. The process of European integration and the new judicial and legal system have never received the direct attestation and consent of the people who sent us here. That is the heart of the matter. The sovereignty of Parliament is the sovereignty of the people. And when Labour Members are asked by their constituents, "Why don't you change the law to prevent the export of live horse meat to the continent?", the brave new Bourbon Labour Government say, "Oh no, it's not for us. We've given that power away." By what authority have they done so? By the transient authority of a temporary Government that in time will give way to another Government, which in time will give way to another Government.

The continuing constitutional necessity of this country is to ensure that the people are sovereign. The denial of the proposition that the people may make a judgment on any of the Acts that have removed power from their Government and the jurisdiction of their courts is wholly to be opposed. We will fight, and there

are millions out there who are no longer prepared to tolerate the nonsense that goes on under the protestations of these Bourbons, who say, "It is a matter for us, but once we have cast our view, we want it to be immutable." Nothing in this world is immutable.

Mr. Hendrick: Is the hon. Gentleman making a case for no trans-national legislation whatever? If so, can he tell the House how pollution can be persuaded to stay within national borders, or, as the right hon. and learned Member for Rushcliffe (Mr. Clarke) put it, how fish can be persuaded on which side of a line in the sea to stay?

Mr. Shepherd: This Bourbon must return to his constituency and assure those poor, benighted people whom he represents why their views do not matter.

The hon. Member for Crewe and Nantwich (Mrs. Dunwoody) went to the heart of this debate with a question about the national health service, to which the Foreign Secretary replied that there would be a constitutional crisis. That is what we are reduced to—the Foreign Secretary of the United Kingdom, having allegedly read the treaty, saying, "In the event that they do something that goes to the heart of what we stand for, we will have a constitutional crisis." It is not good enough.

Mr. Redwood: My hon. Friend is making a powerful and important speech. Does he agree that the Foreign Secretary's argument that because a few powers were given away under a previous treaty it is all right to give all the rest away under this constitution is a falsehood? Is that not analogous to my ordering a pint of beer, drinking a quarter of it, and the Foreign Secretary coming along, drinking the rest, and saying, "It serves you right, because you wanted the glass empty"? That is what this Government are doing to our pint of beer.

Mr. Shepherd: I am lifted by my right hon. Friend's contribution.

Let us consider the sophistry of the Bourbon Front Bench which purports to represent the national interest no less but will not allow anyone else to look over their shoulder to say, "We do not want this," or "We do want that." The concept that the Government set themselves—the test that was high—was that a Government in their maturity seek the consent of the people, not merely their acquiescence. This dire Government are satisfied at best with acquiescence and never go for consent.

The expression of consent on this measure, as has been pointed out by the Liberal Democrats, does much more for the body politic than this stonewalling. It would lend dignity to the Government if they would accept the proposition that these matters are profound, and that the constituents whom we temporarily represent cannot lose their inalienable right to determine who shall govern this country.

6.34 pm

Mr. Richard Spring (West Suffolk) (Con): On 1 May, the whole House will celebrate the enlargement of the EU from 15 to 25 member states, a process ratified unanimously in this place. This enlargement process, however, could have been achieved by a simple accession treaty, which everybody in the House would have supported. Instead, this wonderful historic moment on 1 May will be overshadowed by the controversy surrounding the proposed constitution, with all its attendant baggage, which has nothing whatever to do with the enlargement, as the Prime Minister has in effect conceded.

The Laeken summit called for the simplification of EU treaties, for more openness and transparency, and for an attempt to reconnect the peoples of Europe with EU institutions. At the time, stirring speeches identifying the need to address the democratic deficit were made by the Prime Minister, the Foreign Secretary and the then Minister for Europe. Yet—here I echo the words of my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory)—no one in their wildest imaginings would believe that simplification, openness, transparency and reconnection characterised the constitutional package that is likely to be agreed in 12 weeks' time; quite the reverse.

This constitution was idiotically described by the former Europe Minister as a tidying-up exercise, and even more absurdly described as a constitution no more important than a golf club's, which would fit into a jacket pocket. Those were the words of the Foreign Secretary. In fact, the constitution is riven with contradiction and ambiguity—a veritable beanfeast for lawyers. In no way does it give the people of Europe any more control over EU institutions, or any enhanced level of accountability.

Tellingly, most of the constitution was opposed at different stages by the British Government, but then meekly accepted. Virtually nothing in the constitutional package bears the stamp of British influence; but what is most shameful is—once again—the truly terrible lack of leadership by Britain in the European Union. Britain has always been carried along in the slipstream of others, always—in this respect—wrongly and pathetically trying to secure influence by giving in on the constitution itself, the charter of fundamental rights, the single legal entity, the new Foreign Minister and the diplomatic service.

What is the result? Ten years ago, 72 per cent. of EU citizens saw their country's membership as a good thing. Today, less than half of them do. In Britain, only 29 per cent. do. The dangerous disillusionment grows, and by no stretch of the imagination will this constitution deal with it.

The key question is simply this: why do we need a constitution? It is a question that my right hon. Friend the Member for Haltemprice and Howden (David Davis) and I have posed both in the House and to so many of our European partners, but we have never received a satisfactory answer. The constitution has nothing to do with enlargement, it does not increase accessibility, and its hundreds of pages are the reverse of simplicity.

The Foreign Secretary knows perfectly well that there is no real and universal enthusiasm for this constitution. The technical elements for enlargement were agreed at Nice. Everyone agrees that, in essence, that could be enough. Everyone knows that the gulf between the elites of Europe and the people is growing, and that turnouts will no doubt be down again in the European elections. So why do the Government not speak out against a

[Mr. Richard Spring]

constitution to which they were originally opposed? It is like the emperor's new clothes. If the Government could just once in our relationship with the EU—even at this stage—say no, others would be only too pleased to agree.

Why do the Government not do that? They lack the principled courage that would enable them to do it. That is entirely characteristic of a Government whose failure to show leadership ill serves the British people, and who have not managed to secure the return of a single power either to this Parliament or to the people of this country since they came to office.

Mr. Mark Prisk (Hertford and Stortford) (Con): The Foreign Secretary spoke at length about the balance of the relationship between member states and Brussels. He never once chose to mention the relationship between the governed and the governing—the citizen and the state. Does my hon. Friend share my deep concern about that?

Mr. Spring: I entirely agree. That is at the heart of the Government's attitude to the British people on this key matter.

Let me say this to the Minister. As we have seen in other countries, influence in the EU arises because member states pursue and protect their national interests vigorously and with determination. This constitution could have been strangled at birth if the British Government had insisted.

The devil is in the detail. We know from the ambiguity that surrounds the text that the unwelcome EU jurisprudence will spread in our national life. We need only read the House of Lords European Union Committee report on the future role of the European Court of Justice to see that. It envisages a considerable extension of the powers of the European Court of Justice, which will become the new constitutional court and the new supreme court for the Union. It is the self-same European Court that has repeatedly forced forward an integrationist agenda.

Mr. Redwood: Does my hon. Friend share my understanding that most Government areas become shared with the EU, and that "shared" means that it tells us what to do?

Mr. Spring: Exactly, a shared competence is one that has evolved from the European Union. It was notable in an earlier debate that the Foreign Secretary did not even know the definition of a shared competence. It is typical of Ministers to diminish themselves in the eyes of their European counterparts by interpreting EU decisions here in a way that would be laughed out of court everywhere else.

The truth of the matter is that six EU countries will be having referendums – and quite possibly the Czech Republic and Poland, too. Others may follow. I challenge the Government to let us have a proper, open and transparent debate and to let the nation hear us argue our corners. The way to achieve that is through a referendum campaign. I entirely agree with the hon. Member for Glasgow, Pollok (Mr. Davidson), who said that being in favour of a referendum does not mean being in favour of withdrawal. The Government's suggestion that it does is entirely incorrect.

When the Foreign Secretary was Home Secretary in 1998, he spoke about an electoral system for elections to Westminster. He said:

"Confidence in our political system has been significantly eroded in recent years. Our challenge is to restore confidence in our democracy, to bring decision-making closer to those who are affected by decisions, and to restore trust in the way in which we are governed. That is why we have embarked on a major programme of change."

He also said:

"Voters, not politicians, should have the final say . . . Whether there is change or no change, the referendum will provide the popular legitimacy that is essential for our working democracy. It is the British people's right to have that say, and our responsibility to provide it."—[*Official Report*, 2 June 1998; Vol. 313, c. 190–01.]

That was what our Foreign Secretary said in this Chamber when he was Home Secretary in 1998.

Some will be in favour of the constitutional package before us, and I respect their democratic right of opinion, but we take a different view. What unites so many across the party political divide is a clear recognition that this is of constitutional significance. If the good burghers of Hartlepool are allowed a referendum, so should be the voters of the United Kingdom. In that regard, it might be of interest to hear what the right hon. Member for Hartlepool (Mr. Mandelson) said in a speech in Berlin in March 1998:

"It may be that the era of pure representative democracy is coming slowly to an end. Today, people want to be more involved. Tony Blair's Government has already held two referendums and three more are at some stage in prospect, not to mention more citizens' movements . . . Democracy and legitimacy need constant renewal. They need to be redefined with each generation . . . This requires a different style of politics";

and he went on to talk about the necessity of involvement via the internet and referendums. He continued:

"People have no time for a style of government that talks down to them and takes them for granted."

I could not have put it better myself.

The Government have sponsored dozens of referendums to legitimise change since 1997, but when we are confronted with the first written constitution in our history, suddenly every excuse is offered. Interestingly enough, Nigel Smith, who successfully led the yes campaign for Scottish devolution, recently described the same issue as follows:

"Consciously or unconsciously, through the use of referendums Tony Blair has completely changed the constitutional landscape in this country. Up until this point, whenever it has contemplated a constitutional change—nationally, regionally or even locally—this Government has rightly sought the specific endorsement of the people affected in a referendum. It is therefore deeply worrying to observe the inconsistency with which Ministers have approached the question of the proposed EU Constitution. This has naturally changed the expectations of the voters.

For those of us who believe in referendums, the draft Constitution—whenever it comes—presents a classic case for initiating a national debate, followed by a binding vote for the people, all the people."

My hon. Friend the Member for Aldridge-Brownhills (Mr. Shepherd) talked about the sovereignty of Parliament and of the people of this country; such

sovereignty is at the heart of the democratic process. To deny that this step is of constitutional significance is entirely wrong, and simply widens the gulf that exists between the people of this country and government. Frankly, what is good enough for the people of Ireland, Portugal, the Netherlands and many other countries is certainly good enough for us. Our people are becoming increasingly alienated from the political process and we cannot afford to alienate them further. I invite the Government to think again and to do what is absolutely right: to give the people of this country a choice on a vital matter that affects our future.

6.45 pm

The Minister for Europe (Mr. Denis MacShane): We have had an enjoyable debate, even if some of it has consisted of a re-run of speeches that we have heard for some time. The right hon. and learned Member for North-East Fife (Sir Menzies Campbell) said that Ministers should make the case for Europe. I try to do my modest best—probably not with sufficient success—but I wish that he, too, would occasionally make the case for Europe, instead of constantly making the *Daily Mail* case for a referendum. Yet again—I address my remarks specifically to him—we have had an essay on form, not substance. I want to talk about the important issues that Europe faces, and the important need to secure a constitutional treaty that brings together the elements of the existing constitution.

Of course, we do indeed already have a constitution for Europe. It can be found in the existing treaties, and it talks about ever-closer union—a phrase that will be removed under the proposed draft.

In my view, that constitution gives excessive power to the President of the Commission. The proposed draft will counterbalance that power with a new authority for the nation states of Europe, which are united through their Council of Ministers and their new standing chairman. My one small contribution to British diplomatic parlance was to persuade my Foreign Office colleagues to start describing that gentleman as the "standing chair" of the Council. In some other European languages, the word is the same as "President"; however, that term clarifies the situation.

Mr. Redwood *rose*

Andrew Selous *rose*

Mr. MacShane: To whom shall I give way? Let us have age before future.

Mr. Redwood: I am grateful to the Minister. We have had no referendum on the euro because the Government know that they would lose, and we have not been offered a referendum on the constitution because they know they would be slaughtered. Trade unionists and Labour voters, as well as Conservatives, would love to vote this disgraceful treaty down.

Mr. MacShane: As a rugby union fan, I can tell the right hon. Gentleman that we would win. I shall come to the important question of why the gravediggers of parliamentary democracy, many of whom we have heard from today, should not get their way.

My hon. Friend the Member for Glasgow, Pollok (Mr. Davidson) has always taken a consistent position on Europe. He opposes the euro.

Mr. Ian Davidson *indicated assent.*

Mr. MacShane: He opposes European defence procedures.

Mr. Davidson *indicated dissent.*

Mr. MacShane: I am not quite sure where he stands on other issues. He invited me to park the question of the constitution, but as a Minister it is not my job to park anything. I want to see a functioning and effective Europe.

The right hon. Member for Wells (Mr. Heathcoat-Amory)—

Mr. Davidson *rose*—

Mr. MacShane: My hon. Friend gave way to me, so I must reciprocate.

Mr. Davidson: I have always made it absolutely clear that I was not opposed to the euro in all circumstances, but that now and in the immediately foreseeable future it would be economically illiterate for us to join. I am not opposed to European defence; indeed, in that regard I am more European than the Government. I also took the European view on Iraq, so I do not accept for a moment the Minister's suggestion that I am anti-European.

Mr. MacShane: The majority of EU member states were in favour of intervention in Iraq. It is a debate that we perhaps need to have at another time.

The right hon. Member for Wells made his traditional passionate attack on Europe, but I have to put myself at times in the place of citizens elsewhere in the world. The notion that somehow the French and German constitutions would be abolished by this new European superstate simply is not an argument that can be advanced. Poland and Hungary believe that their sovereignty has been enhanced by joining the EU, even if the right hon. Member for Wells went and campaigned in Poland to stop the Poles from voting yes to joining Europe. The right hon. Gentleman was honest. He was not arguing for a referendum as a point of principle about how we would consult the British people. He wants a referendum campaign to say no. Other hon. Members who intervened in the debate, even if they did not make speeches, have taken consistent positions of relenting hostility to our membership of the European Union.

My hon. Friend the Member for Middlesbrough (Sir Stuart Bell), on the contrary, spoke in favour of Britain

[Mr. MacShane]

staying in Europe. He made a speech that I do not have time to make this evening. All our recent debates have been focused on form and the question of the constitution, not on the substance—what we need to do to make Europe a success and ensure that Britain works effectively in our national interest within the European Union.

The hon. Member for Aldridge-Brownhills (Mr. Shepherd) made the shortest speech of the debate and for that reason a very effective one, if I may say so. I think that he spoke passionately—I hope that I do him no disservice in saying that—in favour of Britain leaving the EU. He talked about the Bourbons incessantly. I thought that the definition of a Bourbon king was not "L'état c'est moi"—that was a bit ahead of their time—but those who had learned nothing and forgotten nothing. I gently put to the hon. Gentleman as a passionate parliamentarian that that is very much the position of his Front-Bench team today. My party took the same point of view almost exactly 20 years ago. We have learned from that experience. I gently suggest that if the Conservative party wants to be taken seriously as a party of government, it too has to start learning the truth that it would be a disaster for the British people to continue this ranting against membership of the European Union.

Mr. Cash: The Minister refers to the national interest. How does he equate the national interest with undermining the sovereignty of the United Kingdom Parliament, and does he not agree that the House of Lords report to which I have referred, which I am sure he has read, clearly states that there is a fundamental change in the nature of the relationship between member states and the EU in respect of the matter of competence and many other matters that go with it.

Mr. MacShane: I am glad that the hon. Gentleman has allowed me to make a slight diversion from my speech and refer to the conclusions of the excellent House of Lords European Union Committee, which have just been published. In paragraph 157 it says:

"We welcome the fact that Article I-10(1) makes clear that primacy only applies to the Constitution and to Union law that has been adopted in the exercise of competences assigned to the Union's institutions."

In other words, the European Court of Justice is exactly the court that defines what the EU does.

Mr. Cash: Will the Minister give way?

Mr. MacShane: No, if the hon. Gentleman will forgive me. Paragraph 161 states clearly—

Mr. Cash: On a point of order, Mr. Speaker. The Minister—inadvertently, I am sure—is misleading the House. He quoted paragraph 157 of the report. It clearly goes on to say:

"There remains some uncertainty as to the scope of application of the principle."

In paragraph 158, it says:

"More clarity is needed to address these two concerns".

Mr. Speaker: That seems to be a matter of debate.

Mr. MacShane: I am happy to take another intervention from the hon. Gentleman, but paragraph 161 says:

"The draft Treaty reaffirms and strengthens the position of the national courts".

We could have a debate about what is in the constitutional treaty. I argue that the authority of the national institutions of Europe—those that the people of Poland and the Czech Republic have so bravely won in recent years—is upheld under the terms of this draft treaty. But we are not allowed to have that discussion. Instead we are having a discussion about whether to have a referendum.

I am a defender of the House of Commons. I was elected 10 years ago and I love this place. It has been good to me and I cannot think of any greater honour for any citizen of this country, especially one such as me, whose parents did not come from here, than to sit in the House of Commons. Therefore, it is extraordinary to me that it is proposed that this House should tonight casually throw away its supreme duty to be the guardian of the interests of the British people and surrender itself to the populist plebiscites of the Rothermere press.

The Liberal Democrats' position is even odder. I can understand why the Conservatives, with their obsessive dislike of Europe, want to command headlines in the anti-European press. But I do not understand why the Liberal Democrats, the Scottish Nationalists and the Ulster Unionists also wish to join the tribe of monkeys on the organs of the Rothermere press. Let us not forget that the Liberal Democrat party is composed of two halves. We know where the Liberals came from, but the other half was a breakaway from the Labour party on the exact issue of the incessant clamour for a referendum to take us out of Europe in the early 1980s. I know from conversations with Liberal Democrat MEPs and Members in the other place that they are distressed that the party has given new lustre to the opportunism of the main Opposition party in supporting this incessant clamour for a plebiscite.

I am a great fan of Edmund Burke, who argued that Britain should be governed by people with "long views". When the Conservative party was led by Churchill, Macmillan and Margaret Thatcher—in her early days—there were times when it took the long view that it was in Britain's vital interest to be in Europe and to help to run Europe. Today, the Conservatives' idea of Burke's long view is anything that fits into a *Daily Mail* headline.

Burke also liked Parliament because it was where we, the elected representatives, could express our views freely

"even though against a predominant and fashionable opinion."

I know that the predominant and fashionable opinion in London in much of the press is hostile to Europe. I am happy to nail my colours to this Dispatch Box and say that I am passionately pro-European, and I invite all

hon. Members who believe that our country's interests can never lie in adopting the isolationist policies of the Opposition to vote against the motion this evening.

I also agree with Bagehot when he wrote that

"the distinguishing quality of Parliamentary government is, that in each stage of a public transaction there is discussion: that the public assists at this discussion; that it can, through Parliament, turn out an administration which is not doing as it likes, and can put in an administration which will do as it likes."

I invite the Opposition to remain anti-European, to continue to speak against active and involved membership of the European Union and to deny the necessity for making the Union of 25 work by supporting a new rule book in this new constitutional treaty, which will take us forward. The longer the Conservatives remain anti-European, the longer they will stay in opposition.

Over the years, this nation has signed solemn treaties such as the ones joining the World Trade Organisation, which removed powers from this House over commerce, and NATO, which removed powers from this House over defence policy. We have shared sovereignty to grow and add value to what we do. The European Union is part of that process.

I invite the House tonight to uphold parliamentary democracy. I invite the House to say yes to Europe. I invite the House to reject the anti-European and anti-parliamentary nonsense of the Conservative party.

Question put. That the original words stand part of the Question:—

The House divided: Ayes 212, Noes 328.

Division No. 117] **[7:00 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Ewing, Annabelle
Fabricant, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Mates, Michael
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*

Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. David Ruffley and
Mr. Geoffrey Clifton-Brown

NOES

Abbott, Ms Diane
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, Geraint *(Croydon C)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Khabra, Piara S.
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
Mackinlay, Andrew
McNamara, Kevin
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Milburn, rh Alan
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Singh, Marsha

Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Soley, Clive
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Straw, rh Jack
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Thomas, Simon *(Ceredigion)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Ward, Claire
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Hywel *(Caernarfon)*
Wills, Michael
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Noes:
Mr. Nick Ainger and Charlotte Atkins

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):—*

The House divided: Ayes 319, Noes 202.

Division No. 118] **[7:15 pm**

AYES

Abbott, Ms Diane
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, Geraint *(Croydon C)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Khabra, Piara S.
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
MacDougall, John
McFall, John
McIsaac, Shona
Mackinlay, Andrew
McNamara, Kevin
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Milburn, rh Alan
Miliband, David
Miller, Andrew

Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Straw, rh Jack
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Ward, Claire
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Ayes:
Charlotte Atkins and Mr. Nick Ainger

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Ewing, Annabelle
Fabricant, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Heath, David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Marsden, Paul *(Shrewsbury & Atcham)*
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Paice, James
Paterson, Owen
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael

Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Thomas, Simon *(Ceredigion)*
Thurso, John
Tredinnick, David
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Geoffrey Clifton-Brown and
Mr. David Ruffley

Question accordingly agreed to.

MR. SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House welcomes the intensified scrutiny of both Houses in respect of the draft Constitutional Treaty; believes that the Government's policy of active engagement within the EU is in Britain's national interests; supports its constructive approach to discussions within the Intergovernmental Conference to ensure that an enlarged Union works effectively; endorses paragraph 66 of the White Paper (Cm 5934) in respect of issues which must remain the province of the nation state; notes that provided there is a satisfactory outcome on these and other matters of concern, the proposals currently being discussed would not alter the fundamental constitutional relationship between the member states and the Union and therefore does not believe there is reason to depart from previous practice for constitutional treaties; and reaffirms the primacy of Parliament to decide on whether any future Constitutional Treaty should become part of UK law.

BUSINESS OF THE HOUSE

Motion made, and question put forthwith, pursuant to Standing Order No.15 (Exempted business),

That, at this day's sitting, proceedings on the Motion in the name of Mr. Peter Hain relating to Sittings of the House and consideration of any Lords Message that may be received may be proceeded with, though opposed, until any hour.—*[Paul Clark.]*

European Parliamentary and Local Elections (Pilots) Bill

Lords Reasons for insisting on an amendment to which the Commons have disagreed, considered, pursuant to Order [8 March].

Clause 1

7.31 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): I beg to move, That this House insists in its disagreement to Lords amendment 1F to Commons amendment 1C, but proposes an amendment in lieu thereof.

The House of Commons continues to believe that four regions must be included in the Bill, and that these regions should be the north-east, the east midlands, Yorkshire and the north-west. Earlier this afternoon, the House of Lords voted by a narrow margin to yet again prevent convenient all-postal voting in the north-west of England. Their Lordships voted by only 136 to 130 votes to drop the north-west from the proposals put by the Government and the House of Commons.

It is worth noting that the majority of Cross-Bench peers voting this afternoon voted with the Government against the peculiar alliance between the Liberal Democrats and the Conservatives. Interestingly, there is a majority among life peers in favour of keeping the north-west in a list of four regions. The Government were defeated on that occasion by the votes of the hereditary peers.

Let us not forget that the House of Commons has voted for four regions on four separate occasions already—on 8 March, 16 March, 24 March and yesterday, 29 March. Four times the House has expressed its view. There is no doubt about the decision by elected Members of Parliament.

Mr. Nick Hawkins (Surrey Heath) (Con): The Minister continues to speak of the House of Commons, without recognising the fact that he is speaking about only his own party. As I have pointed out to him, independent commentators have said that important matters concerning elections, such as this, should be agreed between the parties. The Government should not involve the other place in a battle when there is no all-party consensus on what they are trying to ram through.

Mr. Leslie: The hon. Gentleman clearly has a different understanding of our democracy if he thinks that we should have unanimity among all parties on all matters. The House of Commons makes its decisions on the basis of the majority of votes. We are accountable to our constituents for the decisions that we make, as the hon. Gentleman knows. The House of Lords has powers to revise and amend, which it often uses with authority and experience. On the Bill, we have listened to many of the Lords' concerns. We have conceded, for example, on the declaration of identity, which some of my hon. Friends will remember. We have allowed that provision to be in the Bill, so it is not the case that we have been unwilling to listen or to revise the Bill. The time has come for the

[Mr. Leslie]

House of Commons to make sure that it can assert its view, and we have decided to ensure that all four regions have the opportunity of all-postal voting in June.

Mr. Gerald Kaufman (Manchester, Gorton) (Lab): Is it not peculiar that the Conservative party is enunciating a new doctrine, whereby the will of the House of Commons should not prevail if only the government party emphasises that will? In view of the fact that the Conservative party railroaded the Single European Act through on a guillotine and the poll tax through with only its support, when did that new constitutional doctrine arise? The Conservative spokesman who advocates the new doctrine may want to go to the House of Lords pretty soon himself.

Mr. Leslie: It would be somewhat cruel to exacerbate the Conservative spokesman's difficulties on the latter point, but it is odd that the Conservative party has scraped the barrel to the extent that it is resorting to requesting unanimity on such issues. The Conservative spokesman feels that that is the way to proceed, but the majority of elected hon. Members in this House disagree with him, and quite right too.

Angela Eagle (Wallasey) (Lab): In a previous debate in which the democratic House was attempting to have a democratic say on how we run our democracy, I asked my hon. Friend the Minister to speculate on why both main Opposition parties seem hellbent on making it as inconvenient as possible to vote. Has he had a chance during the intervening period to speculate further on why we are experiencing such resistance from those who may be afraid of high turnouts?

Mr. Leslie: The fear of high turnouts may well be a reason for the resistance. The alliance between the Conservative party and the Liberal Democrats is peculiar. The phrase "liberal democracy" rings hollow when one thinks that the Liberal Democrats are happy to use and abuse the powers of the other place. Although the Liberal Democrat party is a minority party in this House, it wants to abuse the majority power in the other place to thwart the view of the democratically elected majority in this place.

Mr. Peter Pike (Burnley) (Lab): If one examines the Chamber this evening, the majority of Labour Members represent constituencies in the north-west, whereas few, if any, Opposition Members who represent constituencies in the north-west are present. We want to maximise turnout in the election to enable as many people as possible to vote, and we therefore support the inclusion of the north-west in the pilots.

Mr. Leslie: My hon. Friend is right, and he knows that he is accountable to his constituents for the decisions that he takes. The hon. Member for Tatton (Mr. Osborne) is one of the few remaining north-west Opposition Members on the Back Benches, and he may speak for the Conservatives in the north-west, but I hope that he recognises that we are entering uncharted constitutional waters.

Today, the exchanges between both Houses have matched the current record for disagreements, and if peers in the other place were to resist the fifth decision by the Commons, they would overturn the will of the elected House in a completely unprecedented way, taking our constitution into uncharted waters in a manner not seen since detailed records began after the second world war. Can the hon. Gentleman justify the other place's abuse of its powers?

Mr. George Osborne (Tatton) (Con): The Minister says that 130 peers supported the Government in the vote in the House of Lords. Can he tell me how many Labour peers and how many Cross-Bench peers are in the House of Lords? If this is uncharted constitutional territory, the least the Labour Whips in the Lords could do is get their troops out.

Mr. Leslie: An awful lot of Conservative peers did not vote in the Division in the other place. It is interesting that the vote is becoming closer and closer as they realise that their argument for overturning this House of Commons becomes weaker and weaker. The time has now come for the other place and Opposition Members to recognise that they have tested the boundaries of revision and amendment to their limits. Their activities are becoming obstructive and vexatious. I hope that the House will now recognise that the issues are immensely simple. This is a matter of judgment as to which regions we pick to pilot all-postal voting in the June elections. We feel, and this House of Commons believes, that four regions are best.

Lady Hermon (North Down) (UUP): May I make a suggestion to the Minister that is genuinely intended to be helpful? Vote stealing is a very serious offence from which we in Northern Ireland have suffered for generations. To their credit, this Government introduced the Electoral Fraud (Northern Ireland) Act 2002, a wonderful piece of legislation that was taken through, to the benefit of the people of Northern Ireland, by the Minister for Work, the hon. Member for Kilmarnock and Loudoun (Mr. Browne). That Act included specific identifiers to eradicate fraud in relation to postal voting. Will the Minister take it away—I will give him my copy—to see whether he can engage in some joined-up thinking with the Northern Ireland Office to reassure those of us who are genuinely concerned about postal voting giving rise to fraud that the identifiers that were used so successfully in Northern Ireland could be used in the north of England?

Mr. Leslie: The hon. Lady makes a constructive offer: I will certainly take her copy from her after the debate. We have already made several changes to the Bill to improve our ability to counter fraud and malpractice. Our amendment not only reasserts that four regions are best, but helps to bolster still further the anti-fraud measures in the Bill by specifying that the declaration of identity accompanying the ballot paper must advise the voter that the ballot paper should be completed outside the presence of any other person, or, in the case of voters who require assistance—for example, those with visual impairment—only in accordance with the advice that we will provide to returning officers. Yet again, the amendment improves anti-fraud measures. It underlines

our determination to combat malpractice, reiterates our belief in the secrecy of the private act of casting a vote, and supplements the myriad anti-fraud measures that we have already put in place.

Mr. David Watts (St. Helens, North) (Lab): This has nothing to do with fraud, as we have been given no evidence whatsoever that fraud will increase as a result of postal voting, nor any details of prosecutions arising from the alleged fraud that we are told about. Does my hon. Friend agree that this is more to do with saving the skins of Liverpool Liberal Democrat councillors than the democratic process?

Mr. Leslie: I cannot fathom why the Opposition parties have joined together in this strange way—we can only speculate on their motives. I now feel very strongly that all-postal voting is no more prone to fraudulence than conventional voting. We have been given no evidence for that—for example, a record of more convictions having occurred under all-postal voting in the pilots that have taken place than occurred under the conventional arrangements. Opposition Members have been grasping at straws to find reasons to oppose making voting more convenient. We want to make voting easier because we know that there are difficulties with turnout, particularly in local and European elections, and we are simply proposing that we find a way to ensure that we improve engagement in our democratic process. That is why we picked the four regions.

Mr. Kaufman: I am sorry to disturb my hon. Friend again. One can completely respect the views advanced by the hon. Member for North Down (Lady Hermon). However, although the Conservatives and the Liberal Democrats talk about the potential for fraud, the Lords reasons say nothing whatever about it. What is more, the Lords reasons changed all the time. When the provision was sent back to us two weeks ago, the Lords reason for rejecting it was

"Because is appropriate to make provision for no more than two pilot regions, as recommended by the Electoral Commission."

However, their reason for doing so today is

"Because it is appropriate to pilot postal voting in three rather than four regions."

The House of Lords is equalling the Liberal Democrats' hypocrisy—that is a massive achievement.

7.45 pm

Mr. Leslie: As usual, my right hon. Friend has his eye on the detail. He is right that fraud did not appear in the reasons on this occasion. We have been reasonable with the other place and responded to their worries about fraud and malpractice. We have bent over backwards to make changes to the Bill, including the concession that has disappointed many of my hon. Friends. They are disappointed about the inclusion of the declaration of identity to be a witness to the signature. The Electoral Commission advised that we should move towards a single signature arrangement. However, we made the concession, which proves that we have tried our best to listen to some of the more reasonable objections from the other place.

Mr. Hawkins *rose—*

Mr. Leslie: The partisan decision of Opposition parties to persist with preventing the House of Commons from having its way is ridiculous, and the hon. Gentleman's words will probably prove that.

Mr. Hawkins: The Minister suggests that there is no evidence of a risk of fraud. However, he has often been reminded by me and other hon. Members of the Electoral Reform Society's views about the Bill. It has repeatedly said to all hon. Members who are involved that the risk of large-scale fraud now exists for the first time in more than 100 years.

Since we are considering clarity, will the Minister respond to the challenge that I have issued three times to the Government to publish all the letters that the Deputy Prime Minister and other Ministers sent to the Electoral Commission? We have seen the Electoral Commission's letters but we have not seen the Deputy Prime Minister's threatening letters. Will the Minister publish them?

Mr. Leslie: The hon. Gentleman will find letters from the Government to the Electoral Commission in the Library. I am sure that he will be delighted to read them. He is grasping at straws because he simply cites the views of others rather than producing hard evidence of malpractice. Has he offered the House details of prosecutions and convictions? Where is the hard evidence? He has anecdote, hearsay and allegations but no evidence that all-postal voting is any more prone to fraudulence than conventional arrangements. We have dealt firmly and completely with the argument about fraud.

The arguments are now focusing on what the public prefer. They want the opportunity for all-postal voting. They clearly expressed that by voting in greater numbers in places where we piloted the scheme in local elections. We have the resources for four regions to do that. We know that the regional returning officers desperately want all-postal voting and that they want a decision to be made now. They would face a considerable challenge if the Conservative and Liberal Democrat alliance forced them to go back on their preparations, find the polling stations in the new ward boundaries that the boundary changes have created and recruit the staff to conduct the elections. It would be a considerable challenge if the north-west were forced to revert to a conventional arrangement. I hope that Conservative Members and Liberal Democrat Members will reconsider and reflect on the fact that the House—reasonably but determinedly—wants to ensure that four regions are included in the Bill.

Important principles are at stake. Of course, there is a wider question about the elected House of Commons making decisions. However, it is also important that, having thoroughly examined all the aspects of the Bill and made concessions when necessary, we have the

[Mr. Leslie]

opportunity to take forward the decision that the provision for four regions is right. I hope that hon. Members will agree that it is time to settle the matter.

Sir Nicholas Winterton (Macclesfield) (Con): Will the Minister give way?

Mr. Leslie: No, it is now time to make a decision and insist on our disagreement with the Lords amendment.

Mr. Hawkins: The Minister still does not recognise the fatal weakness in the Government's case, which is that as recently as 16 December, on this same Bill, the Government said not once or twice but many times that they only intended there to be three pilot regions. As we know, the Electoral Commission originally recommended only two. The Government said that they intended to bring forward plans for a third, and they said it not once but many times. Then, suddenly, out of the blue, only five days after this Minister said that he intended to bring forward plans for a third region, they announced that they wanted there to be four. They wanted the whole of England north of the Trent to be chosen, and, for their partisan party political reasons, all of the areas that face referendums later on regional government. That is why the Deputy Prime Minister has been so obsessed by this matter.

The Government have had the benefit of the advice of their Electoral Commission—they set it up. As my noble Friend Baroness Hanham said:

"The Opposition did not set up the Electoral Commission—the Government did. They had a long report from it, part of which said that it thought that it would be suitable for two European electoral regions to be part of the electoral pilot".—[*Official Report, House of Lords*, 25 March 2004; Vol. 659, c. 856.]

We have had this debate many times. This is about round eight of the contest. One thing has changed, which is that the Government are finding it difficult to get their own peers out to support their policy. As my hon. Friend the Member for Tatton (Mr. Osborne) pointed out, with the decreased majority in the other place, had the Government managed to get all the Labour peers to vote earlier, the result might have been different. I understand that it is difficult for the Government to get their own peers to support much of their policy, not just on this Bill but on many other matters. If the Government's problem is not so much the battle between the two Houses but their whipping in the other place, that really is serious.

Mr. Watts: Can the hon. Gentleman clarify what the Opposition's position is on this issue? He seems to be saying that the Electoral Commission should decide which election system should be used in each election. If that is the case, he seems to be overriding the responsibility of the House of Commons to make the final decision. Can he clarify why he believes that it is acceptable to run a pilot in the north-west for regional government, but it is not acceptable to use it for the European Parliament and local elections?

Mr. Hawkins: The hon. Gentleman is making the same sort of mistake that the Minister made a few moments ago. He is talking about the Electoral Commission's recommendations as if the Electoral Commission had not given compelling reasons in its report, repeated by the chairman of the Electoral Commission as recently as in his letter of 24 March, as to why its concerns about the north-west remain strong. The Government set up the Electoral Commission. They are saying in terms, several times, as we debated last night, that their views about the north-west have not changed.

Andy Burnham (Leigh) (Lab): The hon. Gentleman is again repeating something that is not in the Electoral Commission's report, as he and other Opposition Members did yesterday. Let me quote to him the executive summary of the Electoral Commission's report on this issue—*[Interruption.]* He should just listen to this:

"We believe that there are a number of other regions which could potentially be suitable for conducting an all-postal pilot scheme."

Where in that quote does the commission rule out an all-postal pilot in the north-west?

Mr. Hawkins: May I quote again to the hon. Gentleman, as I did yesterday, —he obviously was not listening—the letter from the chairman of the Electoral Commission, Mr. Sam Younger:

"The considerations as set out in our December report regarding the north-west have not changed. For the reasons set out in my letter of 4 March, we are not persuaded of the merits of piloting in four regions."

All that the other place is doing is sticking to what the Electoral Commission says—turning down the north-west, and keeping to three regions, not four.

Mr. Kaufman: The hon. Gentleman is not standing up tonight to say that he wants to stick to what the Electoral Commission recommended, according to his version of what it recommended. That was the position two weeks ago, but the House of Lords has sent back this amendment saying that it is appropriate to have three tests. How can he shift now? Well, I know how—it is because that argument has been snatched away from him, just as his seat is about to be snatched away from him.

Mr. Hawkins: The right hon. Gentleman clearly has not been following every stage of the procedure. As the hon. Member for Somerton and Frome (Mr. Heath) pointed out, the Bill has been amended since the earlier stage.

We have sought, in another place, to be reasonable with the Government. We have offered them what the right hon. Gentleman's own Minister was putting forward as recently as 16 December in debates on the Bill. At that time the Government were saying—not once, not twice, but many times—that they wanted three regions. It is the right hon. Gentleman's party that has changed its preference from three regions to four, and that is one of the reasons why the other place is so determined to stick to its view.

Andy Burnham: Will the hon. Gentleman give way?

Mr. Hawkins: I will give way to the hon. Gentleman one last time.

Andy Burnham: The hon. Gentleman and I have sat through debates on the Bill on a number of occasions.

On each occasion, he has made great play of allegations of fraud in the north-west. I told him yesterday that Lancashire constabulary had said there was no evidence of wrongdoing in the very elections to which he had alluded. In fact one allegation of fraud is outstanding in the north-west—against a Liberal Democrat in a traditional ballot. Where now is the hon. Gentleman's argument against an all-postal ballot in the north-west?

Mr. Hawkins: As I told the hon. Gentleman yesterday, if he wants evidence he need only read the speeches of Lord Greaves, an expert on elections. His views are set out in great detail.

Several hon. Members *rose—*

Mr. Hawkins: But an even stronger point is that, having expressed its fears, the Electoral Commission—

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. Members seeking to intervene must not remain standing for any length of time if the hon. Gentleman is clearly not going to give way.

Mr. Hawkins: Thank you, Mr Deputy Speaker.

I was responding to the hon. Member for Leigh (Andy Burnham). The Electoral Commission expressed its fear that any allegations that might be proceeded with might coincide with the elections. As recently as 23 March, the commission has said that those considerations have not changed. The hon. Gentleman does not have to agree with its judgment; all I am saying is that I do.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): As the hon. Gentleman is a lawyer, he should perhaps reflect on what he has said. He suggested that speeches by Lord Greaves constituted evidence. How on earth can that be so?

Mr. Hawkins: The hon. Gentleman may not agree with Lord Greaves, who represents a different party in another place. I have simply said that I have read the noble Lord's speeches, and they strike me as a pretty compelling argument. The fact that the hon. Gentleman does not agree with them does not mean that his judgment is any better than the noble Lord's.

Sir Nicholas Winterton: I have listened to the debate, and while there are good and sound arguments on both sides, does my hon. Friend not think that it is the action of a knave to deride opinions held sincerely by people who disagree with those arguments? Some Conservative Members who have fought many elections believe that merely making voting more convenient is not the way to generate a greater and more genuine interest in politics. Does my hon. Friend not agree that a more genuine interest in politics is very much part of this argument?

Mr. Hawkins: I entirely understand my hon. Friend's point. What I particularly object to is the attitude of Labour Members who, if they do not agree with an argument, seek to deride it rather than listening to it and considering it in a mature way.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): If, as my hon. Friend the Member for Leigh (Andy Burnham) has said, there are no outstanding cases of electoral fraud in the north-west as a result of postal ballots, and if the hon. Gentleman now accepts—as I assume he does—that three pilots would be acceptable, what possible objection can he have to a fourth?

Mr. Hawkins: The hon. Gentleman, who used to be a Minister, knows that his Government set up this Electoral Commission, and it has not changed its mind. However well I may get on with the hon. Member for Leigh, I will not necessarily prefer his opinion to that of the Electoral Commission, on the north-west or anything else. We must be guided by the experts in the Electoral Commission that the Government set up. We are not going to make much progress if Government Back Benchers want only to deride other opinions. I take the view that the other place is absolutely right to stick to its guns, and I hope that it continues to do so. We welcome the fact that the Government have made another small concession towards greater security of the poll, but we are certain that we are right to stick to three electoral regions. I hope that the other place also continues to do so.

8 pm

Andrew Bennett (Denton and Reddish) (Lab): It is sad that we have gone back to having a slanging match, when what is needed is some cool thought and cool persuasion of the House of Lords to act sensibly in this matter.

We have now reached a position whereby returning officers in the north-west region will face almost impossible difficulties. In the past, most of them have been able to organise general elections efficiently with relatively short notice, and I am sure that they have been preparing since Christmas for an all-postal ballot. Both of those tasks can be managed perfectly efficiently.

Mr. Andrew Turner (Isle of Wight) (Con) *rose—*

Andrew Bennett: Let me develop my argument a little further.

Unfortunately, if the Lords hold to their proposals, we are now going to have a hybrid. Everyone has the chance to go to a polling station, but many people in the north-west will be annoyed that the House of Lords has thwarted their opportunity to have a postal ballot automatically. What will they then do? They will apply, as they have every right to do, for a postal vote over the next six or seven weeks. Instead of most people going to the polling station and just 3 or 4 per cent. voting by post, anything up to 25 or 30 per cent. of people will apply for postal votes. That will produce circumstances that are extremely difficult for returning officers to cope with. All the polling stations have to be in place, but so will most of the postal mechanisms, producing the worst of all worlds.

[Andrew Bennett]

Conservative Members say that they are concerned about fraud. There may have been some fraud with postal votes, but the fraud has been in the traditional, not the experimental areas, and has affected a relatively small number of votes. It might have been better to take earlier action to reduce the possibility of such fraud. As the hon. Member for North Down (Lady Hermon) said, steps were taken in Northern Ireland to achieve that, but it is not an option at this particular moment. My plea to the House of Lords is to make certain that we can have an all-postal ballot, which can be supervised as efficiently as any other system to reduce fraud.

As it stands now, people can apply for a postal vote to be sent to any named address. That makes it possible for people to collect such votes, which they should not be doing. Under an all-postal vote, however, those votes go to the address on the electoral register, which provides a very important safeguard. In fact, an all-postal ballot makes an election safer and less likely to result in fraud than one in which law-abiding citizens are put to the inconvenience of having to go to the polling station, when those who want to perpetrate fraud or malpractice can get postal votes.

I repeat my strong plea to the House of Lords closely to examine the current position. If the Lords want to eliminate or reduce fraud, the most effective way of doing so is to have an all-postal ballot in the north-west of England. That is clearly what most of my constituents want, and if the Lords try to deny them that opportunity it will spur many of them to secure postal votes, which will create the worst possible administrative nightmare for electoral registration officers.

Mr. David Heath (Somerton and Frome) (LD): It is always a pleasure to follow the hon. Member for Denton and Reddish (Andrew Bennett), although I would like to do so with slightly less frequency on this subject. I suggested yesterday evening that we were experiencing a version of "Groundhog Day", but I retract that comment because according to my recollection of the film, things eventually got better. Unfortunately, we seem to be making no progress with the Bill whatsoever, due to the Government's intransigence.

The facts of the case remain exactly as they always were. The Government wish to have pilot schemes—I stress the phrase "pilot schemes"—for all-postal voting, and they have considerable support, certainly from Liberal Democrats, in doing so. They said that they wanted three regions, and felt that that was an appropriate scale for the trial. That is exactly what they have in the Bill, before they amend it this evening. They set up the Electoral Commission some time ago in order to give advice, and they sought its advice on which and how many regions would be suitable. We realise that they were disappointed with the commission's initial response, which was that only two regions could be positively recommended.

Mr. Watts: Will the hon. Gentleman give way?

Mr. Heath: The hon. Gentleman intervenes frequently in these debates. I wish that he would actually make a speech—then we could have all the interventions rolled into one. Let us have this evening's intervention.

Mr. Watts: I am very grateful to the hon. Gentleman. The essence of his argument seems to be that the commission should override the democratic will of this House of Commons. He was quite happy to overrule the commission in respect of countersigning, but he seems less willing to do so when it comes to postal votes. Does that have something to do with the elections for Liberal Democrat-controlled councils in Liverpool?

Mr. Heath: No, it does not. If the hon. Gentleman is going to intervene several times in each of these debates, I wish that he would invent some new interventions. Answering the same one time and again is getting rather tedious.

Mr. George Howarth *rose—*

Mr. Heath: Some Members would rather that we did not have the independent arbiter of the Electoral Commission, but why do we have it? It is in order to avoid ugly confrontations between the parties on matters on which there should be consensus and agreement. Indeed, that is exactly why we have the boundary commission. Of course, we remember the last Government who tried to overrule the boundary commission—it was Jim Callaghan in 1969 who tried to gerrymander the constituencies. That was a huge mistake, as even Labour party members now accept. What prevented that Government from doing so was the constitutional role of the other place. That is the clear precedent for what is happening today.

Mr. Howarth *rose—*

Mr. Colin Pickthall (West Lancashire) (Lab) *rose—*

Mr. Heath: The hon. Member for Knowsley, North and Sefton, East (Mr. Howarth) has intervened many times, but I have not heard from the hon. Member for West Lancashire (Mr. Pickthall).

Mr. Pickthall: Does the hon. Gentleman realise what the Liberal Democrats, in collusion with the other lot, are trying to achieve? In effect, they are trying to reduce the potential turnout in the north-west by half. He understands the electoral arithmetic as well as anybody else. He understands that the British National party is more likely to gain seats on a low turnout than on a high turnout. How would the Liberal Democrats square their conscience if their effort to achieve their aims returned one or two BNP Members of the European Parliament under that voting system? To paraphrase Sir Thomas More, it is one thing to lose one's soul for the whole world, but for Liverpool?

Mr. Heath: The hon. Gentleman did come to an end—eventually. I am still—

Mr. Howarth: On a point of order, Mr. Deputy Speaker. The hon. Gentleman said that I have intervened many times in this debate. For the sake of accuracy, I should point out that I have intervened once.

Mr. Deputy Speaker: That is not a point of order for the Chair.

Mr. Heath: I was referring the serial debate that we are having on this subject. I shall of course apologise if

I am incorrect in saying that the hon. Gentleman has intervened during the previous occasions on which we have debated these matters.

Mr. Howarth: For the sake of accuracy, may I say that I have never intervened in a debate on this matter previously? The hon. Gentleman clearly has made a mistake. I accept that he did not do so with any ill intent.

Mr. Heath: I certainly did not do so and I apologise unreservedly to the hon. Gentleman. I sought only to introduce a new face into the proceedings.

Mr. Howarth *rose—*

Mr. Heath: Does the hon. Gentleman now want to intervene substantively?

Mr. Deputy Speaker: Order. May I gently suggest that we get on with the debate?

Mr. Heath: Let us return to the genuine issues involved.

Mr. Andrew Turner: Will the hon. Gentleman give way?

Mr. Heath: May I just make some progress? I will let the hon. Gentleman intervene later.

The debate is now simply about whether we should have the three regions that the Minister said were his intention. For 90 per cent. of the proceedings on the Bill, that was exactly what he wanted. He was disappointed when he got only two. Like the right hon. Member for Manchester, Gorton (Mr. Kaufman), he was apparently unaware of the later advice of the Electoral Commission. It said that Yorkshire and Humberside could be added. My noble Friends tabled an amendment to precisely that effect in another place and that is what is now in the Bill. It was only when the Minister had three regions that he decided to add another to his shopping list.

Mr. Mike Hancock (Portsmouth, South) (LD): Will my hon. Friend give way?

Mr. Heath: In a moment.

The hon. Member for West Lancashire asked me why we were trying to reduce the options for the north-west, but of course we are not. I want a sensible answer from the Government and the Back Benchers who are here this evening—I notice that many of them are from the north-west or Yorkshire and Humberside—to why, if this is so imperative for the north-west, it is not for the south-west. If it is so imperative for the east midlands, why is it not for the west midlands? If it is so imperative for the north of England, why is it not for the south of England, or Scotland or Wales? The Government have failed to answer that question.

The Government simply say that we have to increase turnout, but only in those regions where we choose to increase turnout. I have said all the way along the line that had the Government come forward with a proposal for universal postal voting across the whole country, I could have understood that. That would have had a logic to it. There is a logic to doing it across the whole country and there is a logic to having pilots. There is not a logic for postal voting in areas that are not recommended by the Electoral Commission; in one half of England, one third of the United Kingdom and not the rest.

Mr. Andrew Turner: The hon. Gentleman suggested one reason. The hon. Member for West Lancashire (Mr. Pickthall) suggested another and entirely different reason for the change. It was a repetition of one suggested by his noble Friend Lord Hoyle in the House of Lords. It is the novel doctrine that if one does not like the anticipated outcome of an election, one changes the system. That is exactly what the hon. Member for West Lancashire suggested.

Mr. Pickthall: No.

Mr. Turner: He denies it, but he said that the hon. Member for Somerton and Frome (Mr. Heath) would have on his conscience a success for the British National party if he did not allow the measure through. I would like to know whether that is the doctrine of the Government or merely the doctrine of a few extraordinary Government Back Benchers.

Mr. Heath: It is another of the spurious arguments that we have had introduced into this debate on a number of occasions. I do not think that it is the Government's official position.

Andy Burnham: Will the hon. Gentleman give way?

Mr. Heath: No. The hon. Gentleman has intervened an awful lot in this debate. We have really had enough of the hon. Gentleman on this subject.

If I had heard any logical explanation for the Government's position, I might have been more persuaded of the validity of it, but the genuine case was more than clearly exhibited earlier. When the Minister was introducing the Government's case, who were sitting on either side of him? We had the Deputy Prime Minister, the Minister for Local and Regional Government and the right hon. Member for Makerfield (Mr. McCartney). They are the ones who are running this show, not the Department for Constitutional Affairs. What an excuse for a Department it is. It cannot make its own decisions or do what it believes is right. It is led by the nose by another Department. What a disgraceful position for the Minister and, even more, for the Lord Chancellor and Secretary of State for Constitutional Affairs, who—surprisingly—appears to have no interest in the legislation.

8.15 pm

Shona McIsaac (Cleethorpes) (Lab): Whatever the hon. Gentleman may think of my right hon. Friends the Deputy Prime Minister and the Minister for Local and Regional Government, they are elected Members of this House, unlike the hereditary peers next door—the marquesses and barons—who are overruling the primacy of this House. That is all that this argument is about.

Mr. Heath: If one does not like the unelected House of Lords, one should do something about it. One should

[Mr. Heath]

not shilly-shally because one is afraid of what the Prime Minister will say. One should not ignore the views of one's Back Benchers because one is not convinced that one can get it through the other place. One should legislate. Until the hon. Lady is prepared to persuade her right hon. Friends in the Cabinet that it is time that we had a proper, democratic House of Lords, she has no reason to argue anything else.

The hon. Lady talks about primacy. In this instance, she is talking not about the primacy of the House of Commons, but the primacy of the Labour party. It does not like it when an argument is made against it.

Mr. Paul Tyler (North Cornwall) (LD): Has my hon. Friend noticed that it is the Deputy Prime Minister who has resisted all attempts in Cabinet to introduce an elected second Chamber?

Mr. Heath: Yes, the Deputy Prime Minister is the guilty man. His attempts at bullying on the issue are well documented. The hon. Member for Surrey Heath (Mr. Hawkins) was wrong to say that the letter to the Electoral Commission had not been put in the Library: it was there on Thursday. *[Interruption.]* I see that the hon. Gentleman has a copy now.

The most remarkable aspect of the debate is that the Bill was introduced in the last Session because it was so urgent that it needed to be in place by the beginning of the year.

Shona McIsaac: It was blocked.

Mr. Heath: It was not blocked. The Government did nothing with it. I have the chronology of events in my hand. The Bill was introduced into this House on 17 September, but it was months before it was even debated in the other place. We are now told that the returning officers are in a terrible position, but that is because of the Government's actions—*[Interruption.]* What did the Deputy Prime Minister write to the chairman of the Electoral Commission—*[Interruption.]*

Mr. Deputy Speaker: Order. May we have fewer interventions from sedentary positions? I am having difficulty hearing the hon. Gentleman who is addressing the House.

Mr. Heath: What the Deputy Prime Minister wrote to the chairman of the Electoral Commission on 22 March shows the regard in which he holds that body. He wanted a revised opinion and, after several paragraphs about what he wanted the commission to give an opinion on—in the hope that he would get something helpful to his position—he wrote:

> "I appreciate that tomorrow you have public Hearings in Scotland, but Parliament needs to know what the commission's position is to enable it to consider amendments to the bill. I would be grateful if we could have your response by 3pm tomorrow at the latest to enable us to table any necessary amendments to the Bill before it returns to the Commons on Wednesday 24 March."

The Deputy Prime Minister asked for a revised opinion from the Electoral Commission, giving it fewer than 24 hours to make a considered response.

Mr. Leslie: If the hon. Gentleman were being fair, he would recognise that the letter was a response to the amendment tabled by the odd alliance in the other place, which suggested that we should abrogate this decision to the Electoral Commission. In that case, it seems only reasonable to ask the Electoral Commission its view of that amendment.

Mr. Heath: The hon. Gentleman may think that it is reasonable—[HON. MEMBERS: "Ah."] Hon. Members say "Ah" as though they had considered the matter carefully and considered it an outrage. Were the Government really expecting reasoned advice from the Electoral Commission in only five hours on a matter that had been before the Government since September last year?

Mr. Hancock: My hon. Friend has been generous in giving way. He has made a compelling case for the inclusion of the south and the south-west in the pilot scheme, but the Government have resisted it. During the many debates on this issue, has he come across a compelling reason for denying us that opportunity while including the north-west?

Mr. Heath: The most irritating thing about the whole debate is that the Government have never given us their reasons for doing that, apart from the fact—

Several hon. Members *rose*—

Mr. Heath: I shall not give way any more. I have already spoken for long enough. I have given way far more than any other Member and there have been enough interventions.

The point—

Ian Stewart (Eccles) (Lab): Will the hon. Gentleman give way?

Mr. Deputy Speaker: Order. The hon. Gentleman has just heard the hon. Member for Somerton and Frome (Mr. Heath) say that he will not give way again.

Mr. Heath: By saying so, I disappointed my hon. Friend the Member for Southport (Dr. Pugh)—but never mind, I am not going to take any more interventions.

We have never been offered any sensible arguments for the choice of the north-west over the rest of the country. All we have heard is the Government's assertion that they will have their way in the north of England. They have not tried to address the issues for the south of England, Wales and Scotland.

In the other place, Lord Filkin argued that the choice would somehow improve the quality of information to be gathered from the pilots to inform future decisions. Having worked for Lord Filkin in local government, I have some respect for him—

Mr. Leslie: What about me?

Mr. Heath: I shall have respect for the hon. Gentleman when he stands up to his colleagues and actually does something sensible about the Bill.

Lord Filkin's argument was that the value of the pilots would be greatly improved if the north-west were included. However, the reverse is the case. If we are seriously holding pilots to improve election technique, what better control could there be than to hold all-postal elections in Yorkshire and Humber on one side of the Pennines and in the north-west on the other side? We could then compare the two. We could look at the problems, such as the level of any fraud that took place and any difficulties in the system, and make sensible arrangements for universal provision. A scientist would say that for an experiment, one needs an experimental subject and a control—[HON. MEMBERS: "The south-west."] The south-west is hardly a comparable region to the north-west. If any hon. Member believes that the north-west has similar characteristics to the south-west—

Ian Stewart: On a point of order, Mr. Deputy Speaker. Is it not a convention of the House that when a Member refers directly to another Member, that Member is allowed to intervene?

Mr. Deputy Speaker: That is entirely a matter for the Member who is addressing the House at the time.

Mr. Heath: The only person to whom I can recall making a reference was Lord Filkin and I do not think that he is allowed to intervene in this place. I am baffled by the hon. Member for Eccles (Ian Stewart)—

Ian Stewart *rose*—

Mr. Heath: I am so baffled that I shall accept his intervention so that he can explain what he is talking about.

Ian Stewart: In his very theatrical contribution, the hon. Gentleman said that he wanted to know who had asked for the pilot to be held in the north-west and why that region had been chosen rather than another one. I am in favour of other regions having the same facilities, but the question now is why should the hon. Gentleman, his colleagues and Members of an unelected House stop my constituents from having the right to a postal ballot. We held a postal ballot pilot in Salford and in one ward where turnout had been 12 per cent. it went up to 25 per cent. That is one reason why we should hold postal ballots.

Mr. Heath: All right. I have listened to what the hon. Gentleman said. He has had an all-postal ballot in Salford; I have had an all-postal ballot in my constituency. He is denying my constituents—

Ian Stewart *indicated dissent.*

Mr. Heath: Yes, he is. That is what the Bill says. He should read the Bill. It will be illegal for—

Ian Stewart: On a point of order, Mr. Deputy Speaker.

Mr. Deputy Speaker: Order. I very much hope that this is a point of order, not a matter of debate, because time is running out and other hon. Members want to contribute.

Ian Stewart: It is a point of order, Mr. Deputy Speaker. I made it clear in my contribution that I am in favour of other regions having postal ballots.

Mr. Deputy Speaker: That is a spurious point of order; it is a matter for debate.

Mr. Heath: I am grateful to you, Mr. Deputy Speaker. The Bill says that there will be no all-postal ballots this June in any municipal election in any area outside the four regions.

Dr. John Pugh (Southport) (LD): Will my hon. Friend give way?

Mr. Heath: No, I shall conclude my remarks. I have taken long enough.

I simply say that the only way in which we can have integrity in our voting systems is if all parties in the House respect the integrity of those systems and accept the fact that they need to build consensus and accept the advice of independent arbiters. That is exactly what the Government are determined not to do. They have got exactly what they asked for at the start of the Bill's consideration. Why do they not just accept it, stop this nonsense right away tonight and let the returning officers get on with running a successful election?

Mr. Gordon Prentice (Pendle) (Lab): We have only a few minutes, and I have only a few points to make. This ping-pong cannot go on indefinitely. I want the north-west to be included in the postal ballots, but we have a common interest in ensuring that the integrity of the ballot is maintained. That does not divide us.

Reference has been made throughout the debate to what happened in Pendle in 2002. Members can read the remarks of Lord Greaves in the Lords *Hansard* of 29 January. It is all set out there, but the fact is that, after a year-long police investigation, no prosecutions were brought and there were no convictions. I am getting fed up with the constant smearing about what is happening in my constituency. Some practices are not unlawful, but they are unsavoury. My hon. Friend the Member for Denton and Reddish (Andrew Bennett) referred to the fact that it is not unlawful to send postal ballots to an address other than the voter's address. That is an incredible state of affairs, but it is true. If postal ballots are universal in the north-west on 10 June, as I hope, every elector will get his or her postal ballot delivered to his or her own address. That will do more than anything else to combat fraud.

The Electoral Commission produced a report, with a series of recommendations, a year ago in March 2003. I am glad to say that one of those recommendations has been picked up by the Government and forms the basis of the Government amendment tonight. That is good—I welcome it—but the Electoral Commission's other recommendations are still in the pipeline. I tell my hon. Friend the Minister that to nail those smears—if that is what people do to smears—let us put in place those recommendations from the Electoral Commission. I am thinking about the development of a protocol that considers who is responsible for following up allegations of electoral fraud. That was suggested by the Electoral Commission a year ago. Let us do it now, and let us send people who are guilty of electoral fraud to prison for a long time. That is what Labour Members want because we believe in maintaining the integrity of the ballot. Rigorous checks should be made after significant elections to unearth fraud if it takes place. All those recommendations have been around for a year and I want the Government to act on them.

Before my right hon. Friend the Member for Manchester, Gorton (Mr. Kaufman) tries to intervene, let me conclude by saying that I am fed up with all the

[Mr. Gordon Prentice]

spurious arguments that have been recycled three, four or five times in the House of Lords. The will of the elected House must prevail on this matter. Let us vote this through and let us have clean elections on 10 June.

Dr. Pugh: When this process started, I really did not believe the conspiracy theory that it was a ploy to get more Labour votes. I was genuinely relaxed about the electoral outcome. I could see the arguments for and the good arguments against. However, tonight I have been astonished by the Government's unwillingness to compromise with the Lords and the Electoral Commission, by their willingness to find more and more time in the parliamentary calendar for this quite small piece of legislation, and by the massive turnout in force of Government luminaries, including the Leader of the House.

8.30 pm

If this issue were just about electoral pilots and not Labour's political advantage, why has there been all this pressure and excitement among Labour Members? The game has already been given away by the reference by the hon. Member for St. Helens, North (Mr. Watts) to the Liverpool outcome and by the reference by the hon. Member for West Lancashire (Mr. Pickthall) to what the British National party might do. Fundamentally, it has been given away by the excitement of Labour Members.

Mr. Watts: Does the hon. Gentleman not believe that it is more likely that the motivation—

It being one hour after the commencement of proceedings on the Bill, MR. DEPUTY SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [8 March].*

The House divided: Ayes 302, Noes 182.

Division No. 119] **[8:31 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Colman, Tony
Connarty, Michael
Cook, rh Robin *(Livingston)*
Corston, Jean
Cousins, Jim
Cranston, Ross
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Dalyell, Tam
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Ellman, Mrs Louise
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flynn, Paul *(Newport W)*
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Hepburn, Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Ann *(Brentford)*
Kemp, Fraser
Khabra, Piara S.
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
MacDonald, Calum
MacDougall, John
McFall, John
McIsaac, Shona
Mackinlay, Andrew
McNamara, Kevin
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Meale, Alan *(Mansfield)*
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret

Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
O'Brien, Mike *(N Warks)*
O Hara, Edward
Olner, Bill
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, Angus *(Moray)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salmond, Alex
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Thomas, Simon *(Ceredigion)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Hywel *(Caernarfon)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Ayes:
Gillian Merron and
Mr. John Heppell

NOES

Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Berth, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Collins, Tim
Cotter, Brian
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Dodds, Nigel
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S'Holland)*
Heald, Oliver
Heath, David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Jones, Nigel *(Cheltenham)*
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lilley, rh Peter
Loughton, Tim
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Marsden, Paul *(Shrewsbury & Atcham)*
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Opik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Paice, James
Paterson, Owen
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Thurso, John
Tredinnick, David
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Waterson, Nigel

Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. David Ruffley and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

Business of the House

8.45 pm

The Leader of the House of Commons (Mr. Peter Hain): With permission, Madam Deputy Speaker, I would like to make a short business statement. Further to my business statement of last week, the House will wish to know that we may now consider any further Lords message that may be received either at the commencement or the conclusion of business on 1 April.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Is it not appropriate that it will be April fools' day when the Government will be using extra time to force through changes to the electoral system in the face of the opposition of the Electoral Commission and all parties in this Parliament? Even the Greens voted with us in the House of Lords.

Will the time for the Easter Adjournment debate on Thursday be protected? Can the right hon. Gentleman assure us that there will no other ministerial statements that day? Is he aware that a third of the Labour Lords failed to attend the vote today in the other place? Instead of continuing his vendetta with the other place, will he think again and remember the correct procedure in this country for changing electoral procedures? We should reach agreement among all the parties and not have these sorts of changes pushed through using a temporary Commons majority, which if the Government go on this way will not last another year.

Mr. Hain: May I remind the hon. Gentleman that April fools' day ends at midday, and that these matters will be discussed after midday? He should at least get his early interventions correct.

This was not done in the face of the advice of the Electoral Commission. All the pilot areas selected, which were all proposed by the Government, were recommended by the commission in either the first or second category. Surely the hon. Gentleman will understand that the intention is to hold all-postal referendums in October, just three to four months after these elections. It is a matter of getting the pilots going so that we have the postal voting in place so that it can continue in October.

The hon. Gentleman asked whether there would be any other statements on Thursday. I cannot give him that assurance. Nor can I give him an assurance that we will go beyond 6 pm.

This is a simple business statement to deal with an unprecedented situation. According to the records that we have been able to discover, we have never been in a situation where the House of Lords has disagreed on so many occasions. We hope that after the narrow vote—only six votes prevented the Government's position from being carried in the other place—there will be a reasonable reconsideration. We are grateful for the support that has been received from Cross-Bench peers, who understand that this is a matter of democracy. It is in the interests of the majority of people to be able to vote. Postal votes encourage them to do so, and all good democrats should support that.

Mr. Gerald Kaufman (Manchester, Gorton) (Lab): Is my right hon. Friend aware that while the content of the Bill is of considerable importance, the issues are now entirely different? The House of Lords, instead of acting as a revising—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. The right hon. Member for Manchester, Gorton (Mr. Kaufman) is on his feet.

Mr. Kaufman: The House of Lords, instead of acting as a revising Chamber, is pitting its will against the House of Commons. That was precisely what the Liberal party decided to prevent in 1910 when its Budget was rejected by the House of Lords. That was why the Parliament Act 1911 was passed with a Liberal majority in this place.

Is it not also a fact that it is almost certain—*[Interruption.]* That lot will never win an election to get a majority in this place, so they are using the other place. It is almost certain—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order.

Mr. Kaufman: It is almost certain that there has been no occasion since the Liberal party passed the Parliament Act that the House of Lords has pitted itself against the House of Commons so many times. Does my right hon. Friend agree not only that is it essential for the will of the House of Commons to prevail, but that at the next election we should ask the electorate to agree to a manifesto reducing—*[Interruption.]*

Madam Deputy Speaker: Order. The right hon. Gentleman has made his point.

Mr. Hain: My right hon. Friend made his point with his customary eloquence and elegance. May I clarify one of his comments? It is not necessarily the House of Lords, but the Conservatives and the Liberal Democrats in the House of Lords who are in an unholy alliance to deny more and more people the opportunity of voting in the pilot areas.

Mr. Paul Tyler (North Cornwall) (LD): I do not intend to go back to 1910, despite the recollection of the right hon. Member for Manchester, Gorton (Mr. Kaufman). I want to go back to 1969. In 1969 the then Labour Prime Minister, Mr. James Callaghan—[HON. MEMBERS: "1979."]—tried to push through—this is a true precedent—[HON. MEMBERS: "1979"]—1969—

David Maclean (Penrith and The Border) (Con): Mr. Callaghan was Home Secretary in 1969.

Mr. Tyler: I am grateful to the right hon. Gentleman. I stand corrected. The Home Secretary of the day, Mr. James Callaghan, attempted to gerrymander—attempted to overrule—

Madam Deputy Speaker: Order. This is a very narrow debate. I have been generous up to now on the motion. I ask hon. Members to restrict their comments to the subject matter of the debate, and likewise their responses.

Mr. Tyler: The terms of the business motion imply that the views of the Electoral Commission are to be disregarded. I am sure that the Leader of the House did not intend to mislead the House a few minutes ago. The chairman of the Electoral Commission—to whom the right hon. Gentleman and other hon. Members have referred, so I am sure it must be in order, Madam Deputy Speaker—specifically said that the commission could not positively recommend the addition of a fourth area, the north-west region, to the pilot studies. That is specific—

Madam Deputy Speaker: Order. It is not appropriate to discuss the substance of what the House will discuss on Thursday. I ask hon. Members to restrict their comments to the business statement before the House.

Mr. Tyler: I understand precisely what you are saying, Madam Deputy Speaker. As the Leader of the House indicated, this is germane to the business motion before the House. We are being asked in very difficult circumstances to deal with an extremely important issue on which the advisers to both the Government and Parliament—the Electoral Commission—have indicated their view. The Leader of the House made great play of the fact that the other place is not elected. That is in his hands. His Government do not have the guts to change the composition of the other place. I hope that he will now announce when that House is to be elected.

Mr. Hain: I am not sure that it would be correct for me to respond to the last point in the context of the business statement. As the hon. Gentleman referred to the views of Sam Younger, the chairman of the Electoral Commission, I shall quote from a letter he sent to the Under-Secretary of State for Constitutional Affairs, my hon. Friend the Member for Shipley (Mr. Leslie). He writes:

"It is of course for Parliament to decide the number of all postal regions."

The House of Commons has repeatedly made its decision clear, including only a few minutes ago. The hon. Member for North Cornwall (Mr. Tyler) should accept the will of the House of Commons and not rely on an inflated Conservative majority in the House of Lords to defy the will of the House of Commons.

Mrs. Anne Campbell (Cambridge) (Lab): Is it not disgraceful that the House of Lords continues to defy and overrule this elected House of Commons, which must be the supreme House in this place? Will my right hon. Friend reconsider his decision to withdraw the proposals to reform the Lords, which would set up more sensible arrangements, make it clear that the House of Commons has supremacy and state that the House of Lords does not have the right continually to defy the House of Commons?

Mr. Hain: My hon. Friend makes the important point that the issue is constitutionally unprecedented. The House of Lords cannot continue to defy the elected will of the House of Commons when the House of Commons has repeatedly voted in this way.

Mrs. Angela Browning (Tiverton and Honiton) (Con): The Leader of the House did not answer the most important part of the representations by my hon. Friend

[Mrs. Angela Browning]

the Member for North-East Hertfordshire (Mr. Heald), which concerns the Easter Adjournment debate. I regularly attend those debates, and I hope to attend on Thursday to raise important constituency matters. The Leader of the House is the custodian of the rights of hon. Members and is there to see that we get fair play as Back Benchers. Will he make a commitment that those of us who want to raise matters of far more importance to my constituents than this ping-pong will have a suitable amount of time in which to hold that debate on Thursday?

Mr. Hain: The easy solution to the hon. Lady's predicament is to get her Conservative colleagues in the House of Lords to agree to the decision made only a few minutes ago in the House of Commons, in which case there would be no reason to reduce the time for the Easter Adjournment debate.

Richard Younger-Ross (Teignbridge) (LD): Will the Leader of the House confirm the rest of Sam Younger's letter? It goes on to say that

"The considerations as set out in our December Report regarding the North West have not changed . . . For the reasons set out in my letter of 4 March we are not persuaded of the merits of piloting in 4 regions."

Madam Deputy Speaker: Order. I have already advised the House that we are not debating the substance of the Bill.

Mr. Kevin Barron (Rother Valley) (Lab): Will my right hon. Friend tell me whether Thursday's debate, which may be affected by the business statement, can be used to discuss the relationship between this Chamber and the other place? Tonight, we are being bound over for the 13th time since the general election by the other place defying the view of the elected Chamber, which happened on only three occasions between 1979 and 1997. It is clear that the challenge from the other place is not about revision but about the fundamental politics by which the people elected us to this place.

Mr. Hain: My right hon. Friend makes a compelling case, which is why I am sure that common sense will prevail at this late stage and that Members of the House of Lords will decide, particularly because the vote was so narrow—only six votes in it—that the will of the House of Commons should prevail.

Mr. Eric Forth (Bromley and Chislehurst) (Con): As the Leader of the House of Commons is discussing Commons business, will he confirm whether a further business motion will be required tomorrow to give effect to what he has said to the House this evening? Will the Leader of the House give my hon. Friend the Member for Tiverton and Honiton (Mrs. Browning) a proper answer and undertake to protect the time available to Members of the House for our Adjournment debate on Thursday, which has nothing to do with the other place, even if he has to make a last-minute adjustment to the business in a panic? Will he give us such a guarantee?

Mr. Hain: I guarantee the right hon. Gentleman that he can have all the time that he wants on Thursday if the House of the Lords supports the decision of the House of Commons. That is the solution to his problem.

Madam Deputy Speaker: Order. The business statement was narrow, and we must move on.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

SOCIAL SECURITY

That the draft Jobseeker's Allowance (Amendment) Regulations 2004, which were laid before this House on 2nd March, be approved.—*[Mr. Heppell:]*

Question agreed to.

PETITIONS

Higher Education Bill

8.59 pm

Mr. John Horam (Orpington) (Con): I should like to present a petition on behalf of well over 1,000 members of the National Union of Students at Orpington college, which is an absolutely first-class college.

The petition states:

To the House of Commons

The petition of Orpington College Student Union and NUS members,

Declares that the petitioners are united in their opposition to the Government's Higher Education Bill.

The petitioners therefore request that the House of Commons decline to pass the Higher Education Bill at Third Reading.

And the petitioners remain, etc.

To lie upon the Table.

European Constitution

9 pm

Mr. Christopher Chope (Christchurch) (Con): It is a privilege to be able to present this substantial petition comprising 121 pages of signatures from about 1,000 of my constituents, and I am pleased to be able to say that I agree wholeheartedly with the contents.

The petition states:

To the House of Commons

The petition of persons living or working in the Parliamentary constituency of Christchurch

Declares that the proposed European Constitution with which Her Majesty's Government has agreed in principle involves grave and significant constitutional issues that affect democracy in the United Kingdom, self government, and the national interest and makes a fundamental change in the relationship of the United Kingdom with the European Union.

The petitioners therefore request that the House of Commons passes legislation to authorise a referendum of the electorate on the European Constitution at the conclusion of the intergovernmental conference.

And the petitioners remain, etc.

To lie upon the Table.

NHS Dentistry

9.1 pm

Mr. Peter Duncan (Galloway and Upper Nithsdale) (Con): It gives me great pleasure to present a petition signed by some 4,000 locals in Dumfries and Galloway to protest at the inadequate provision of NHS dentistry.

The petition states:

To the House of Commons

The petition of residents of Dumfries and Galloway declares that provision of NHS dentists in Dumfries and Galloway is unacceptably low, with over 40,000 local people who are not registered with an NHS dentist and are unable to do so. The petitioners therefore request that the House of Commons urges the Scottish Executive to take immediate action to rectify the situation.

And the petitioners remain, etc.

To lie upon the Table.

Prittle Brook Sewer

9.2 pm

Bob Spink (Castle Point) (Con): Some women's institutes pose for calendars and some bake cakes, but the Hadleigh Evening WI is an effective, tough campaigning machine fighting for its community, along with excellent local councillors and caring, dedicated residents such as Colin Henwood and Don Saunders, who fought for many years to resolve the problem of Prittle Brook sewer, which floods some homes with water and sometimes raw sewage, with all the distress, danger and disruption that that causes.

Anglia Water is an excellent company; I met its representatives today. They want to eliminate sewer flooding in homes and care about customer service. The problem lies with Ofwat and the Government, who must ensure that funds for the necessary repairs are released so that Anglia can do the job once and for all. I congratulate Maureen Hurrell, Sheila Whitelegg, Yvonne Grimes and all the WI ladies on compiling the petition, which states:

To the Honourable Commons of the United Kingdom of Great Britain and Northern Ireland in Parliament Assembled

The Humble Petition of Mrs M Hurrell and others of like disposition sheweth

That there is considerable public concern caused by the long standing failure of the Prittle Brook sewer, which causes serious health concerns and damage to property every year.

Wherefore your Petitioners pray that your Honourable House shall urge the Government, and in particular, DEFRA, to investigate this matter and to ensure that the necessary investment is made to permanently resolve the problem so that residents can live in their homes without continual fear of flooding by surface water and raw sewage.

And your Petitioners, in duty bound, will ever pray.

To lie upon the Table.

Sub-Post Office Closures (Wakefield)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Heppell.]*

9.3 pm

Mr. David Hinchliffe (Wakefield): I am most grateful for this opportunity to raise my concerns over the proposed closure of four sub-post offices in my constituency. I have followed very closely the discussions, which have taken place over many years under two different Governments regarding the future of the post office network. I have fully accepted the need to modernise the network to respond to social, economic and technological changes. I have strongly supported the Horizon project, the logic of the provision of modern online IT facilities and, in particular, the extension of the Post Office's arrangement with the high street banks.

I welcomed the installation of cash machines and the overall automation of the network, which led to the Post Office becoming a gateway for delivering electronic and other services. In correspondence with constituents and the occasional anxious sub-postmaster or mistress, I have argued the logic of modernising the network, in the genuine belief that the proposals were in the best interests of the people whom I represent. However, in the past three months, to cite Jarvis Cocker, I have come to the gradual, soul-destroying realisation that I have been most monumentally had.

What I believed to be modernisation turned out to be marketisation; what is termed "urban reinvention" means, in my back yard, putting the boot into some of my most vulnerable constituents. Frankly, I did not expect that from a Labour Government. If the Minister intends to tell me that it is a matter for the Post Office, I say to him now that that simply will not wash. We were used to Pontius Pilate jobs under the Tories, but I am not prepared to accept that from my party. The Minister can and should do something.

As the Minister knows, the proposals to close the Thornes, St. Michael's, Agbrigg road and Haddingley Hill sub-post offices were announced in a letter that was sent out by the Post Office's head of area, Mr. David Mellows-Facer, on 29 December last year. The Minister will appreciate that probably the best time to make such an unpopular announcement is between Christmas and new year. Parliament is not sitting and most Members of Parliament and other public representatives are having a Christmas break. In short, the announcement was a classic Jo Moore job—burying the bad news.

I found out about the proposals from the local press. I strongly resent the fact that I received such important information at second hand. I did not receive Mr. Mellows-Facer's letter until 9 January, because it was sent to the wrong address. Given that my constituency office has been listed as my contact address for many years, and that the other, fairly obvious point of contact for a Member of Parliament is the House of Commons, it is astonishing that the letter was sent to the Yorkshire regional Labour party headquarters.

Even if I had received the letter on time, it is unacceptable that my constituents and I were given only until 9 February to respond to what was described as "a consultation process". I had less than four weeks to

[Mr. David Hinchliffe]

develop a detailed response to proposals that will undoubtedly have a serious impact on the lives of the people whom I represent. That is disgraceful. However, it was par for the course. The kindest thing that I can say about the consultation process is that it was a complete joke. Unfortunately, it is hard to see the funny side when three of the four closures impact on some of the most disadvantaged areas in my constituency, and the fourth, Thornes, affects an especially large population of elderly people.If the Post Office had deliberately targeted the most vulnerable in picking out those four sub-post offices, it could not have done a better job.

The Minister knows that I tabled a series of parliamentary questions about the way in which the Post Office has developed its proposals and consultation process. I am disappointed with the answers that I have received so far. They have been very much in the "not me, guv" mode. I was especially disappointed that the Minister refused to instruct the Post Office to publish a profile of the select teams of personnel who walked between each sub-post office that was proposed for closure in Wakefield and the named alternative branch. Not unreasonably, I believed that it was important to know how many members of the select teams replicated the age profile of the customers who would be expected to travel further afield, and how many were physically disabled, wheelchair users, the elderly and very elderly, or people wheeling pushchairs and accompanied by young children.

I have received many letters from people who are angry and deeply upset about the way in which the proposals will impact on them and their loved ones. I shall read only one, which was sent directly to Mr. Mellows-Facer by the daughter of an elderly couple who would be affected by the proposed Thornes closure. She wrote:

"My father is 85 years of age and practically housebound, being cared for by my 80 year old mother who collects their pension weekly from the Thornes Post Office. It is a manageable 20 minute walk there and back for her and she can meet and chat to friends on the way. (In addition, she can buy essentials such as milk from this branch.) It is also a short break from the house for her, as she does not like to leave my father on his own for much longer than half an hour at a time.

You suggest that she could use the 119/120 bus service to access either the Kirkgate or the Lupset Bar branches if the Thornes branch is closed. This bus service runs hourly in each direction. After collecting their pension from the Kirkgate branch, my mother would have to cross the busy Kirkgate road to catch the return bus. At the Lupset Bar branch she would have to walk down to the bus stop by the park and then would have an hour's wait, in the open as there are no facilities for shelter etc, on this road. The local newspaper, the *Wakefield Express*, has also recently reported that this bus service is to be curtailed in future as it is not well used.

Both alternative branches are too far away for my mother to walk to and so the only other solution is for her to take a taxi. I find it disgraceful that she should have to pay taxi fares every week to collect their pensions."

In a later letter to me, she said:

"After much discussion my parents have decided to register to collect their pension at the general post office on Northgate. My mother now has to catch a bus on Denby Dale road into town, walk to the GPO, collect her money, walk back to the bus station, and catch another bus home again—all this at 80 years of age—plus my father has to be left alone while she travels to Wakefield. Once again it is the elderly, who find it hardest to cope, who are inconvenienced in the name of progress."

If they are using the general post office in Northgate, I only hope that this elderly lady can cope with queuing for up to half an hour, which is apparently a frequent experience that will no doubt worsen as a consequence of the proposed closures.

I was also disappointed with the Minister's answer to my question on the steps taken to monitor the factual accuracy of information on which closure proposals have been based. He told me on 22 March:

"The public consultation process enables any factual inaccuracies in the proposals to be identified".—[*Official Report*, 22 March 2004; Vol. 419, c. 520W.]

What he did not say is what difference it makes to closure proposals when the information on which they are based is found to be fundamentally flawed.

I do not have the time to detail all the erroneous information contained in the consultation document. The farcical nature of procedures that the Minister appears to be defending, however, is particularly well illustrated by the proposals concerning the St. Michael's sub-post office. Dewsbury road, Wakefield, is described as

"a rural area of mixed occupations, with some of the population working in agriculture and crafts".

I invite the Minister to take a stroll with me through the rural idyll that is Dewsbury road, Wakefield. I will give him a fiver for every chicken, cow and pig that he sees, and a tenner if he meets a farmer. The simple fact is that Dewsbury road is an urban, built-up area running from Westgate End to the city and constituency boundary. Whoever says otherwise is living in cloud cuckoo land.

The Post Office's assessment of those served by the Thornes sub-post office also confirms the cloud cuckoo land theory. Apparently, the population is "largely young". It is not. It has among the highest numbers of elderly and very elderly people in my constituency. Alms houses in Horne street and the Whitehouse bungalows are among several that specifically accommodate the elderly. The Thornleigh estate and Thornes Moor estate house significant numbers of retired constituents who, like the elderly couple to whom I have already referred, may simply be unable to access the proposed alternative in Kirkgate.

The assessment of St. Michael's sub-post office talks of a "largely young population" who presumably will have little trouble accessing the alternatives, providing that they can avoid the cow pats on Dewsbury road. I have a rather different impression, however, of a population with a large number of low-income and elderly people. Neither of the alternatives proposed, and in particular the Dewsbury road sub-post office, is within walking distance, especially for elderly people, and this closure will cause particular difficulties for many of the current customers.

As I pointed out in my written response to Mr. Mellows-Facer, many of the current users of the Agbrigg road sub-post office are elderly and disabled people from the Belle Vue area, who had to use Agbrigg road sub-post office when the Doncaster road sub-post office closed some years ago. This is a low-income area with low car ownership, and suggesting Sandal sub-post office as an alternative for most of the current users is completely inappropriate, given the difficulty of accessing it from Agbrigg and Belle Vue, especially for residents living to the east of Doncaster road.

The customer profile of Haddingley Hill sub-post office describes

"a large number of young families",

but turns a now familiar blind eye to the impact of the closure on the large number of elderly and very elderly people currently served. Why is there no mention of the fact that this outlet is used by a large number of elderly people living in flats and other purpose-built accommodation in Manygates crescent and Duke of York avenue? Why is there no mention of the fact that immediately across the road are the flats and sheltered housing complexes in Woodcock street and Sparable lane? Why, according to one of the Minister's answers to me, are the health and social care implications of the closures

"operational matters for Post Office Ltd"?—[*Official Report*, 22 March 2004; Vol. 419, c. 520W.]

Has the Minister never been contacted by a sub-postmaster or sub-postmistress in his constituency who is concerned about some aspect of the health and well-being of an elderly customer, or does that only happen in Yorkshire? Is it not right that those people have served as a point of contact with outside help for those who may have few other ways of obtaining such help?

Let me illustrate the problem by referring to the individual circumstances of two people. The first is a gentleman who lived a few streets away from me until he died a couple of years ago. His name was Alf Watson, and he served his country during world war two. He never recovered from some of the things that happened then. He was an accomplished rugby league player and played professionally on the Leeds side which played in the challenge cup final against Bradford Northern, at Wembley in 1947. Towards the end of his life, when he was not finding things easy, he had two particular props—I use the word "props" in the widest sense. One was a very good neighbour; the other was the former sub-postmaster at Haddingley Hill sub-post office, who helped Alf retain his independence against all the odds. Significantly, when Alf died he left his most prized possessions—his rugby league medals—to the former sub-postmaster. The Minister may regard such a caring role as

"operational matters for Post Office Ltd",

but I regard it as basic humanity. I hope the Government may encourage such basic humanity.

The second person I want to mention illustrates the fact that the consultation process take no account of the likely impact of the proposed closure on the local economy in the immediate area of three of the four sub-post offices in Wakefield, which are located near other retail outlets. I feel that that impact should have been considered.

This second gentleman is 83, with a similarly distinguished war record. He is a widower living alone in the Milnthorpe area of Wakefield, which was removed from my constituency in 1997 by the Boundary Commission. For some reason it felt that Farnley Tyas near Huddersfield had more in common with Wakefield city. This gentleman has taken the modernisation agenda fully on board, accessing his Co-op bank account and conducting his domestic financial transactions at Haddingley Hill sub-post office. He takes a taxi from his home to Haddingley Hill, or "busy corner" as it is more commonly known, where he also visits the freezer centre, the chemist, the butcher/greengrocer and the newsagent. He has been known very occasionally to visit the off-licence and the pub, The Foresters—but not, as far as I am aware, the suntan centre. There are two sub-post offices near where he lives, but neither has adjacent parades of shops where he can obtain all that he needs for the week. He could go to a supermarket, but is not up to walking around it or queueing at the checkout. He and many others like him have been simply disregarded in the closure process.

The gentleman's name, by the way, is the right hon. Walter Harrison. He is my predecessor as Member for Wakefield, which he represented for 23 years. He was probably the most legendary Whip ever to pin a Back Bencher against a wall—but he will not be pinning me against a wall for refusing to support the Government in last week's vote on post offices. Like many others in my area who have solidly supported the Labour party all their lives, he shares my view that what is happening to our sub-post offices is not what we expected of a Labour Government. Both he and I sincerely hope that it is not too late for the Minister to do something about it.

9.18 pm

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms): I congratulate my hon. Friend the Member for Wakefield (Mr. Hinchliffe) on securing the debate. He has been very energetic in voicing local concerns about the post office closure proposals on behalf of his constituents, and he made a powerful speech this evening, not least when citing the name of Walter Harrison in support of his case. He tabled a number of parliamentary questions on the subject over the past few weeks, and I endeavoured to answer them—albeit not, as he made clear, entirely to his satisfaction.

My hon. Friend has clearly spelled out his views and concerns about the impact of the post office closures that will shortly take place in his constituency and about the consultation process that preceded those decisions. I am grateful to him for accepting the need for change. He said that he was concerned about the process of marketisation, but I would make the point that sub-post offices have always been private businesses—for more than 100 years, going right back to the beginnings of the Post Office. Those who run sub-post offices as private businesses must be able to make a reasonable living, and it is part of the Government's responsibility to ensure that that occurs. That provides an important part of the background to the process of change that we are currently going through.

I agree with my hon. Friend, for precisely the reasons that he set out, about the importance of maintaining a viable nationwide network of post offices. It is important that sub-post offices and their proprietors, the sub-postmasters and sub-postmistresses, are able, as they always have, to provide strong support to vulnerable individuals among their customers. My hon. Friend is right to make that point, which is one of the reasons why it is important that the Government maintain a viable nationwide network of post offices and stop unmanaged gaps from opening up in that network.

The starting point of our policy for the network is the performance and innovation unit's 2000 report, with which my hon. Friend will be familiar, "Modernising

[Mr. Stephen Timms]

the Post Office Network". It was widely welcomed as squaring up honestly and finally to the challenges that the network faces. It made 24 recommendations for the future, all of which the Government accepted. The PIU report showed quite starkly that our network of post offices had not kept pace with the changing needs of its customers, and that too often post offices had become dingy and shabby through lack of investment, as a result of which the network was losing business.

The Post Office faces an enormous challenge. For the last financial year, Post Office Ltd. lost £194 million before exceptional items. In the previous year, it lost £163 million. About 97 per cent. of the nation's post offices are private businesses run by sub-postmasters, but with declining profitability in the network as a whole—and, in very many cases, at individual office level—the ability of those sub-postmasters to sell on their businesses has also declined. That is how they often moved on in the past, but it has taken a very severe knock. Decisive action was needed to ensure that we maintained a sustainable countrywide network for the future, which is the action that the Government have been taking.

My hon. Friend knows that the post office network has been contracting since the 1960s. There have been reductions in post office usage for all sorts of reasons, and the absence of investment in the past was an important one, but big changes in technology, greater mobility, changes in shopping and financial habits have all meant that a large proportion of all our constituents are simply not using the post office in the way that they used to—and custom has sharply reduced as a result.

Before responding to some of my hon. Friend's points, I mention some telling comparative figures. In 1996, 26 per cent. of benefit recipients received their cash paid directly into their bank accounts; in April last year, just before the transition to direct payments started, that proportion had risen to 43 per cent. In quite a short period, dramatic reductions in the use of the post office network took place, which we needed to take into account.

If we want an urban post office network that is the right size for the volume of business now available to it, there have to be—in addition to the new technology and the introduction of banking facilities that my hon. Friend welcomed—closures in the urban network. I do not know whether my hon. Friend feels that a different set of four sub-post offices should have been proposed for closure, but that was the key question facing the Post Office and Postwatch in embarking on this exercise.

I gather that, at the start of the programme, there were 31 post offices in my hon. Friend's constituency, of which 13 were classified by Post Office Ltd. as urban. Last September, Post Office Ltd decided to prepare closure proposals on an area plan basis, using the parliamentary constituencies grouped together, where appropriate, to give a clearer, "once over the ground" view of future service provision. I take my hon. Friend's point about the awkwardness of the date of 29 December, but he will appreciate that announcements are continually being made, given the scale of the exercise. Nevertheless, he makes a fair point about the date on which the area plan was published. There were four closure proposals in respect of the branches that he has mentioned.

Postwatch considered each of the proposals carefully before concluding that, in this case, there were insufficient grounds to oppose them. It therefore chose not to refer the four proposals to the escalation and review process. I have looked at Postwatch's comments, and in all four cases it accepted that there was not enough business for the branches to remain viable. In each case, there is an alternative office located within half a mile or so. Postwatch draws attention to one important consideration. In its view, the closure of two branches—Agbrigg road and Haddingley Hill—enabled the strengthening, and therefore the long-term viability, of two other offices in designated deprived urban locations that are not too far away, and which might otherwise themselves have been at risk.

Mr. Hinchliffe: I am listening carefully to what the Minister is saying, but Agbrigg road in particular has heard it all before. Exactly the same arguments were advanced when people were relocated from Doncaster road. Will he address my concern about what happens when people have to relocate and to use the general post office? My secretary took four huge parcels to the general post office yesterday, and she had to queue for half an hour in order to send them here by registered post. People regularly have to queue there for half an hour. It simply is not on when people in their 80s have to wait that long to access a service.

Mr. Timms: I accept my hon. Friend's point entirely, but I should point out that two post offices in his constituency—the Kirkgate and Windhill road branches—have submitted applications for improvement grants from the Office of the Deputy Prime Minister. Up to £50,000 can be applied for in such cases; however, the results of those applications have yet to be determined. The programme provides an opportunity to improve other branches, in order to help them to cope with the additional custom that they will receive.

My hon. Friend mentioned the delay that he suffered in being informed of the proposals, and I shall certainly ask the Post Office what happened. He said that the letter was sent to the wrong address, and I entirely sympathise with his anger at finding out about these proposals through the local press. That certainly should not happen and it is not the Post Office's intention; I shall endeavour to find out what went wrong. This may not be of much comfort to my hon. Friend, but in response to a number of problems that are not dissimilar to the ones he described, I told the House in a statement of 5 February about some changes to the consultation process. They include the requirement that Members of the House be informed one week before these proposals go out to wider public consultation. I hope that that will help to avoid other Members facing the difficulties that he has faced through finding out so late. Such changes reflect my concern that the reasoning behind the decisions being taken was not being explained as clearly as it should have been. I think that the changes announced in my statement on 5 February have helped.

My hon. Friend expressed some concerns about disabled access and the facilities in post offices. The Post Office is taking action to meet the requirements, as it has to, of the Disability Discrimination Act 1995. Disability awareness training, for example, has been provided to all staff. In a number of branches, drop-down counters, electronically aided doors and mobile hearing induction loops are being installed. I understand that a number of those measures are to be taken in my hon. Friend's constituency.

Mr. Hinchliffe: There are only a couple of minutes left. One of the key points to which I wanted my hon. Friend to respond was the fundamental flaws and inaccuracies in the consultation document. The nature of the areas that the sub-post offices served was assessed wrongly. Will my hon. Friend address that point?

Mr. Timms: Yes. I am not able to explain to him how Dewsbury road was described as a rural road, given what he has said. I can only say to my hon. Friend that I will take that away and find out what happened.

I am satisfied, and certainly the experience across the country is, that Postwatch scrutinises all the proposals thoroughly and rigorously. If Postwatch concludes that the proposals are wrong—on the basis of walking around the area and having a look at it—it does not hesitate to oppose the closures that have been proposed. On this occasion, its view was that the proposals, although there were some issues that should be looked at, should not be opposed.

Let me also respond to the point about queueing times. He has tabled parliamentary questions about that with regard to the main Crown office in Wakefield. He described his secretary's experiences there recently. I understand that the office is not expected to be the main receiving branch for much of the custom migrating from the offices that will close, but Post Office Ltd will monitor the position at that office very carefully and, if it needs to, will flex the staffing times or increase the staffing hours to meet additional demand.

My hon. Friend expressed concerns about Postwatch. I say to him again that Postwatch has been vigorous and forthright. Indeed, it was the concerns articulated to me by Postwatch as well as several Members of Parliament that convinced me of the need to review the consultation arrangements urgently and led to the changes that I announced on 5 February, which I hope will ensure that problems of the kind that my hon. Friend has suffered will not occur in the future.

Like my hon. Friend, Postwatch has recognised from the beginning of the exercise that action is needed to ensure the future survival and viability of the network. It accepted that, with too many post offices competing for the same customers in many urban areas, it would not be possible to oppose every individual closure where it was clear that customers would have—

The motion having been made after Seven o'clock, and the debate having continued for half an hour, MADAM DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at twenty-seven minutes to Ten o'clock.

House of Commons

Wednesday 31 March 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

INTERNATIONAL DEVELOPMENT

The Secretary of State was asked—

African Cotton

1. **Mr. Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): What steps he is taking to support the development of the cotton sector in west and central African countries. [164501]

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): Subsidies paid to European Union and United States cotton producers are one of the clearest examples of how Organisation for Economic Co-operation and Development farm subsidies harm the developing world. In recent months, those subsidies have decreased world cotton prices by at least 20 per cent. As a result, many of the poorest west and central African producers struggle to make a living. We will continue to work within the international community, the European Commission and other EU member states to ensure that meaningful trade reform, particularly reform of the EU cotton subsidy regime, remains an essential part of the response to the problems faced by cotton producers in Africa.

Mr. Lazarowicz: I thank my hon. Friend for that positive response. Will his Department use its voice in the donor community to ensure that there is no suggestion of a linkage between technical assistance and development aid for cotton producing countries and their being required to drop their opposition to the subsidies from the US and EU that cause many of the problems of over-production and dumping? As it has been suggested that there should be some such linkage, can he give an assurance that the Government will oppose that?

Mr. Thomas: I am happy to give my hon. Friend that assurance. For a demonstration of our support for the west and central African producers, we need look no further than the fact that when they brougnt their case to the World Trade Organisation meeting in Cancun last year, they did so with the support of a number of donors, including some €50,000 from the Government.

Dr. Vincent Cable (Twickenham) (LD): While it is undoubtedly true that cotton growers have been badly hit by protectionist subsidy policies, particularly in the United States, is it not also the case that if they tried to add value by processing and manufacturing the cotton they would be hit again by tariff escalation and quotas, especially in the European Union? What is the Minister doing about that?

Mr. Thomas: The hon. Gentleman is right to raise that additional issue, which we are continuing to debate with our European colleagues in order to secure meaningful reform across the piece. As he may know, an EU-Africa cotton partnership is being worked on. Indeed, the next discussion on that agreement takes place tomorrow in the EU's Development and Co-operation Committee. That will cover not only the specific issue of subsidy, but the wider points about processing that he raised.

David Taylor (North-West Leicestershire) (Lab/Co-op): Is it not the case that aggregate subsidies to cotton farmers in the rich world exceed $5 billion a year, while poor cotton farmers in Africa make an average of $400 per year? Is not that an obscene inequity and should not we, as a leading nation in the field of international development, be doing much more to ensure that world trade works more in favour of cotton-producing countries in Africa?

Mr. Thomas: I agree with my hon. Friend's substantive point. It is worth flagging up the fact that some 15 million people in Africa depend directly or indirectly on the cotton sector. It is therefore not surprising that the developing countries regard the issue of cotton subsidies as totemic and want progress made in order to have confidence that the developed world is serious about trade reform. We in the UK are working hard in the European Commission with other EU member states, and on an international basis through discussions with the G20 and others, to try to achieve the meaningful progress that all Members would welcome.

Occupied Territories

2. **Joan Ruddock** (Lewisham, Deptford) (Lab): What assistance his Department is giving to Palestinians in the occupied territories. [164502]

The Secretary of State for International Development (Hilary Benn): The Department provides technical assistance and financial support to the Palestinian Authority, the United Nations Relief and Works Agency for Palestinian Refugees, and Palestinian civil society. DFID's development programme aims to support preparation for a peace process, to make Palestinian governance and institutions more effective and accountable and to encourage more harmonised delivery of humanitarian and development assistance. DFID expects to spend £40 million on support to the Palestinians in the current financial year.

Joan Ruddock: Two weeks ago, I was in Gaza. I saw farmers whose orchards had been ploughed up by Israeli tanks, fishermen who had been deprived of their fishing rights and a whole population trapped in the equivalent

of a prison lock-down. Following the UN's announcement that food aid to Gaza is to be suspended, does my right hon. Friend agree that the present Israeli policy is leading to a humanitarian crisis to which the Palestinian Authority will not be able to respond? What contingency plans does he have for such a situation?

Hilary Benn: I, too, saw the same sights when I was in Gaza last summer: I am sure that hon. Members know that 1.5 million Palestinians depend on food aid, 60 per cent. of the Palestinian population live on less than $2.10 a day and poverty has increased dramatically since the intifada. I share my hon. Friend's concern that the restrictions on humanitarian access to Gaza that the Israeli Government have introduced are a major constraint on aid and services, not only for the Palestinian Authority, which she mentioned, but for the United Nations and other agencies. We are therefore lobbying the Israeli Government hard to ensure that there is adequate humanitarian access because that is essential if the condition of the Palestinian people is not to worsen further.

Tony Baldry (Banbury) (Con): If there is to be Palestinian statehood, there needs to be an effective and accountable Palestinian Authority. Does the Secretary of State agree that one of the most essential reforms of the Palestinian Authority is that of their security services? What are the United Kingdom Government doing to assist the reform of the Palestinian security services and the provision of a security infrastructure?

Hilary Benn: The hon. Gentleman is right in identifying security as fundamental to putting the peace process back on track and to progress, which is not currently happening. As all hon. Members recognise, Israel and its people have the right to security, and many of its citizens have lost their lives. Many Palestinians have also been killed in the intifada. It is the responsibility of the Palestinian Authority to make every effort to tackle security and thus build confidence in the road map and the peace process.

Part of the UK Government's support has been for security sector reform, but the Palestinian Authority must make a greater effort and be seen to be doing that because progress on security is fundamental. Indeed, it is the key to progress on the peace process, which all hon. Members want.

Mr. Andrew Dismore (Hendon) (Lab): What recent discussions has my right hon. Friend held with Dr. Salam Fayyad, the Palestinian Finance Minister, about ensuring the complete transparency and accountability of all aid to the Palestinian Authority, including that contained in the presidential accounts?

Hilary Benn: Although I have not held recent discussions with Dr. Fayyad, I did so in the summer when I was in the Palestinian territories. I am sure that all hon. Members would wish to express appreciation for his work in reforming the operation of the Palestinian Authority's accounts and finances. Indeed, he has won widespread praise from all quarters for the steps that he has taken to deal with the issue that my hon. Friend raised.

Transparency, accountability and openness in the use of resources are fundamental to the effective operation of the Palestinian Authority, although we must recognise the difficult and challenging circumstances under which they work.

Mr. John Bercow (Buckingham) (Con): Given that agriculture, which was long the backbone of the economies of the west bank and Gaza, has been decimated in the past decade or so and that people who live in those territories receive approximately only one quarter of the water that is available to people in Israel, does the Secretary of State accept that it is essential urgently to press for a new and fairer division of water resources in the interests of both human health and agricultural recovery?

Hilary Benn: I agree entirely with the hon. Gentleman. Problems of access to agriculture partly arise through an uneven distribution of water, to which he drew attention. It also arises from building the security barrier. In Qalqilya, I could see for myself that it encircles the town completely and that farmers find it difficult to get access to their land. Part of the UK Government's work is providing support to the Palestinian Authority through the negotiation support unit. It has been working on trying to open up and maintain negotiations on water because that, too, is fundamental to progress on the peace process.

Mr. Speaker: I call Richard Burden.

Richard Burden (Birmingham, Northfield) (Lab) *rose—*

Mr. Speaker: Mr. Bercow has two questions.

Mr. Bercow: If you can bear it, Mr. Speaker, I am most grateful to you.

I am also grateful to the Secretary of State for his answer. I echo his balanced and fair comments and the remarks of my co-visitor to the west bank and Gaza, the hon. Member for Lewisham, Deptford (Joan Ruddock), but does he agree that, although Israel is entitled to defend itself, it cannot be right that the route of the security fence denies the people of Palestinian towns and villages access to their land, water, health and education services? Does he also agree that the only effect of such activity is gravely to undermine the genuine humanitarian and development efforts that he and others make in the interests of the long-suffering people of those territories?

Hilary Benn: We can always bear to listen to the contributions of the hon. Gentleman, not least on this occasion, as I can say for the second time that I agree with every word that he said. It is self-evident that the security wall, which is a symptom of the fundamental political problem, is doing to the people living in the Palestinian territories all the things that he outlined. That is why a political solution is the only way to resolve the difficulties relating to access to land, to visiting families and to getting health care, and all the other difficulties that arise because of the closures that

Palestinians experience daily. The only route out of all of that is a political route, which is what all hon. Members wish to see as soon as possible.

Richard Burden: My hon. Friend the Member for Lewisham, Deptford (Joan Ruddock), the hon. Member for Buckingham (Mr. Bercow) and my right hon. Friend the Secretary of State have all spoken eloquently of the humanitarian catastrophe unfolding in the occupied territories, which they have seen with their own eyes. Does not the real challenge for the international community involve not just what we say about these things but what we do? Does my right hon. Friend agree that the EU-Israel association agreement contains humanitarian clauses, and that, if Israel is not prepared to abide by its humanitarian obligations, we should warn it that that agreement may need to be reconsidered?

Hilary Benn: I understand my hon. Friend's point, and I know that he takes a close interest in these matters. It is, however, a matter of judgment as to whether such a step would be helpful, and the Government's view is that it would not be. I would also say to my hon. Friend that international pressure, support and interest are extremely important but, in the end, there has to be a negotiated settlement between the two parties. While we are doing all that we can to encourage that negotiation to take place, the two parties have to want it to happen. Sadly, that is what is lacking at the moment.

Tom Brake (Carshalton and Wallington) (LD): Does the Secretary of State agree that the best hope for development in the occupied territories is an end to the occupation and, of course, an end to terrorism? Will he confirm the Government's position on the unilateral withdrawal from Gaza? Does he agree that the proposed withdrawal would be acceptable only as part of a negotiated final agreement that would include a withdrawal from the west bank?

Hilary Benn: The proposal for the unilateral withdrawal potentially opens up opportunities, but they will depend on the basis on which it takes place and the extent to which there is negotiation and discussion, not least with the Palestinian Authority, about how it is going to be done. It is important that the Israeli Government should now clarify precisely what their proposals are, and if there is an opportunity it would clearly be in everyone's interest to take it. At the moment, it is unclear precisely what the proposals involve.

AIDS, Tuberculosis and Malaria

3. **Tony Lloyd** (Manchester, Central) (Lab): What steps his Department is taking to mobilise international action to combat AIDS, tuberculosis and malaria. [164503]

The Secretary of State for International Development (Hilary Benn): The Department for International Development provides significant resources through its bilateral programmes to combat AIDS, TB and malaria. We also work with a number of health partnerships, including the global fund to fight AIDS, TB and malaria, to improve the international effort in fighting those diseases and to ensure that resources are used effectively and directed to the poorest. We will use the opportunity of our presidencies of the G8 and of the EU in 2005 to push for greater international action to tackle those terrible diseases of poverty.

Tony Lloyd: My right hon. Friend knows as well as I do that these three killers, along with poverty, are devastating huge parts of the globe, particularly Africa. They do not simply take lives and destroy families; they also destroy economies and whole societies. Does he accept that it is in our own national self-interest to mobilise international effort to a level that we have not yet seen? If we do not take such action, we in Europe and north America will just as surely inherit the problems caused by that social and economic dislocation as Africa and other parts of the poor world will in their own right.

Hilary Benn: I agree with my hon. Friend entirely. We have both a moral and a practical duty to do all that we can to fight these three terrible diseases. One million people die in Africa each year from malaria; 90 per cent. of them are children under the age of five. TB kills 2 million people a year, and we all know the terrible statistics of the HIV/AIDS crisis. One of the instruments that we have is the global fund, into which the UK is putting $280 million up to 2008. We also need to ensure that all this international effort is used in the most effective way to support developing country Governments in tackling the scourge of those epidemics.

Alistair Burt (North-East Bedfordshire) (Con): The Secretary of State will recognise that one of the worst cultural effects of the tragedy of AIDS is the creation, in societies in which abandoned children have been unknown, of extended families and communities that can no longer cope with the number of orphaned children that they are left to look after. Will he note the work done by agencies such as World Vision, which are trying to draw more attention to that problem, and indicate how the international community can help tackle the cultural and practical crisis caused by the number of orphaned children?

Hilary Benn: That is a serious and growing problem, not only for the generation of grandparents who are having to look after a generation of grandchildren because the generation in between is dying out. When there are not grandparents to care for the children who have been orphaned, the responsibility falls on others in the community. I agree with the hon. Gentleman that the international community needs to do more. That is one of the questions that the new strategy on fighting HIV/AIDS that I intend to publish during the summer will address.

Cameroon

4. **Mr. David Chaytor** (Bury, North) (Lab): What support his Department is giving to the development of sustainable forestry in Cameroon. [164504]

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): The Department for International Development's support

for sustainable forestry in Cameroon will be channelled through the Cameroon Government's five-year forest and environment sector programme. The programme will help to improve the Cameroon Government's capacity for sustainable forest management, increase community involvement in the management of forests, help to achieve more sustainable use of natural resources, and help to improve management of wildlife resources and conservation. In addition, we are encouraging the Cameroon Government to develop a voluntary partnership agreement with the European Union to support reforms and prevent illegal exports of timber.

Mr. Chaytor: Does my hon. Friend accept that the rain forest in Cameroon has exceptional if not unique qualities, both in terms of its biodiversity and its capacity to serve as a carbon sink to alleviate the effects of climate change? Does he agree that, although logging may bring a short-term economic benefit, the long-term economic benefit to Cameroon lies in the development of ecotourism in the rain forest? Will he ensure that his officials advise the Cameroon Government on these issues and the potential for the development of ecotourism?

Mr. Thomas: My hon. Friend is right that the tropical rain forest in Cameroon is a unique natural resource, but we should not concentrate only on the Cameroonian tropical rain forest. We need to recognise that it is part of a wider rain forest across the Congo basin. My hon. Friend may be aware of the initiative that was launched at the world summit on sustainable development to support forest conservation in the Congo basin forest partnership. One objective of that programme will be to support the development of ecotourism. Our programme of work to develop the capacity of the Cameroonian Government will help to support that objective.

Zimbabwe

5. **Mr. Colin Breed** (South-East Cornwall) (LD): If he will make a statement on action being taken in response to the food crisis in Zimbabwe. [164505]

The Secretary of State for International Development (Hilary Benn): Up to 8 million Zimbabweans face food shortages prior to the harvest in April this year. The United Nations World Food Programme is the principal distributor of food aid in Zimbabwe and is targeting more than 4 million beneficiaries. DFID pledged £5 million to the WFP for food relief in Zimbabwe in October 2003. In addition, we are providing supplementary feeding through international and Zimbabwean non-governmental organisations for approximately 1 million beneficiaries—*[Interruption.]* Those include households affected by HIV/AIDS, malnourished children under five, school children, displaced farm workers and other vulnerable groups. *[Interruption.]*

Mr. Speaker: Order. I ask the House to come to order. It is unfair to those Members who are speaking.

Mr. Breed: I thank the Secretary of State for that answer. He will be aware of newspaper reports indicating that food aid is now being channelled through charities and businesses that are allies of Mr. Mugabe. I understand that he has an official investigation under way, but can he tell the House what steps he is taking with his European colleagues to ensure that conditions specifying that EU food aid must not be used by the Zimbabwean Government for political purposes are enforced?

Hilary Benn: We have discussed this in the House on a number of occasions, but I repeat what I have said before: we will not tolerate political interference with the food aid distributed by the World Food Programme and non-governmental organisations. It is very tightly controlled and monitored. That is separate from what happens to food aid distributed by the grain marketing board, which is controlled by the Zimbabwe Government.

As I have told the House before, if there is any evidence of examples of interference with the aid that we are distributing, I should be grateful if Members would bring it to my attention immediately. I shall then arrange for it to be investigated, because we have a clear and strong policy. We simply will not tolerate such interference.

Mr. Bill Olner (Nuneaton) (Lab): I am pleased that my right hon. Friend reiterated his firm opposition to the use of food aid for political purposes. May I urge him to be much stronger in ensuring that clarity surrounds food distribution?

The biggest tragedy of Zimbabwe, however, is that a very fertile African country cannot feed itself because it is no longer producing food. Will my right hon. Friend engage in talks with colleagues in the United Nations about increasing Zimbabwe's own food production?

Hilary Benn: There are 1,600 distribution sites where international food aid is given out. In January, four minor incidents were reported to us, all of which I understand have been resolved. But my hon. Friend is right: the tragedy of Zimbabwe lies in the fact that 25 years ago it not only fed itself, but contributed to the feeding of the rest of Africa. The present situation is a clear sign of the extent of the mismanagement of the country, and the tragedy that has been brought about by President Mugabe's rule. Now the country cannot feed itself, and that will not change until there is political change there.

Mr. Julian Brazier (Canterbury) (Con): Following his two earlier answers, will the Secretary of State recognise that it is Mugabe who is behind both the food shortages and the attacks on distribution centres in opposition areas? When will the Government acknowledge that quiet diplomacy has failed, and it is time to put pressure on neighbouring states—most of which are recipients of British aid—to put pressure themselves on Mugabe to stop this?

Hilary Benn: I agree with the first part of what the hon. Gentleman said, but I do not accept the premise on which he based the second part. I do not think that our diplomacy has been quiet. As he knows, EU sanctions on leading members of the regime were extended. In a very public discussion at the Commonwealth Heads of

Government meeting in Abuja in December, we stood firm in supporting Zimbabwe's continued suspension from the Commonwealth, and that was eventually agreed. However, I share his view that it would be nice to hear more from other voices in Africa about what is going on in Zimbabwe. I commend Archbishop Tutu, for example, for speaking out against it—and he too has urged other Africans to follow suit.

Mr. Peter Pike (Burnley) (Lab): As my right hon. Friend says, the main problem in Zimbabwe is self-inflicted and a result of the government of President Mugabe. Will he assure the ordinary people of that tragic country that we will do everything possible to ensure that they do not starve as a result of Mugabe's appalling regime?

Hilary Benn: I am happy to give my hon. Friend that assurance. That is why we have so far invested £65 million in the provision of food and other humanitarian aid for the people of Zimbabwe and that is why we continue to run HIV/AIDS and other health programmes in the country. The fact that the people of a country happen to have a rotten Government does not mean that the international community should abandon them.

EU Aid

6. **Sir Teddy Taylor** (Rochford and Southend, East) (Con): What assessment he has made of the effectiveness of financial audit of EU aid; and if he will make a statement. [164506]

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): Since the late 1990s, we have supported a series of reforms of EU aid programmes, which have helped to improve the effectiveness of financial audit arrangements for EU aid. They have included the establishment of a Europe aid office with an external audit unit, the establishment of an anti-fraud office, and the revision of the European Commission's financial management handbook. Further reforms are under way, such as the modernisation of accounting systems including computer systems. They should be completed by the end of next year.

Sir Teddy Taylor: As graft and corruption appear to be very much part of the EU aid programme, and as very few people ever seem to be brought to justice, will the Secretary of State and his Department take a special interest in the appalling situation in Paraguay? The EU provided aid for the digging of some water wells, but they were not dug, and the two managers ran away with £1.5 million. Will the Secretary of State report to us if they are found and brought to justice?

Mr. Thomas: The hon. Gentleman is right to raise that appalling example of apparent fraud in Paraguay, but I am sure that he will be reassured to hear that it is an isolated example. He will also be pleased to learn that the two co-directors of the project were dismissed immediately, and that supervision of the project is now under the direct management of the EC's delegation in Paraguay. The Commission's anti-fraud unit is conducting an investigation that will seek to recoup the missing funds to which he referred.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [164516] **Tony Baldry (Banbury)** (Con): If he will list his official engagements for Wednesday 31 March.

The Prime Minister (Mr. Tony Blair): Before announcing my engagements, I would like to begin by paying tribute to the police and security services for carrying out successfully a large-scale operation yesterday, resulting in arrests. As we have said, the UK and its interests abroad remain a terrorist target, and the Government and the services will continue to do all that we can to fight terrorism in every way.

I would also like to welcome specifically the letter that has been sent from the Muslim Council of Britain to every mosque in the country, condemning terrorism and making it clear that such activity has nothing to do with the true message of Islam. The threat from terrorism affects every family in this country, Muslim and non-Muslim alike, and it is right that we all work together to defeat that threat, and do not allow the extremists to divide us.

This morning I had meetings with my ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Tony Baldry: The Prime Minister should know that children's services in the Horton general hospital in Banbury are being threatened with downgrading, and that mental health care services in Banbury are threatened with closure by the strategic health authority. In Bicester, there will not now be the new and enlarged community hospital that Ministers promised us from the Dispatch Box, and the future of the existing hospital is in jeopardy. In addition, the Oxford Radcliffe Hospitals NHS Trust tells us that it is likely to be some £40 million overdrawn next year. Will the Prime Minister take time out of his schedule to visit my constituency and discover what is actually happening in the NHS?

The Prime Minister: I will obviously look carefully into what the hon. Gentleman has said, but in his area, as in other areas, there has been a huge additional investment into the national health service. That is why we have cardiac deaths in this country down by more than 20 per cent., why we have cancer deaths in this country down by more than 10 per cent., why every single national waiting time and waiting list indicator is in better shape than in 1997, and why we have the largest hospital building programme that this country has seen since the beginning of the NHS.

I will certainly look carefully into what the hon. Gentleman says, but surely the answer must be to continue the investment that we are putting into the

national health service, not to transfer it out of the health service and into the private sector, which is the policy of the Conservative party.

Q2. [164517] **Jim Dobbin** (Heywood and Middleton) (Lab/Co-op): Many disabled children have to travel long distances to attend a school with proper wheelchair access. That is discriminatory, and it leads to an extended school day and excessive fatigue for those young children. They also lose out on local friendships. Does the Prime Minister agree that all schools in England and Wales—indeed, throughout the United Kingdom—should provide disabled access so that those disabled kids can attend schools in their own neighbourhood? That would also ensure that they and their parents could play a more inclusive part in the local community, and it would save local authorities a tremendous amount of money over a number of years.

The Prime Minister: I agree in principle with what my hon. Friend says. He will know that we are trying to start such a programme, and at the moment, each local education authority is committed to ensuring that two existing schools in each local area are fully accessible. Of course, all the new schools are fully accessible. We are now committing, I think, about £100 million a year to that programme of schools access. My hon. Friend's point is absolutely right. It is important that our schools be fully accessible, and the building schools for the future programme, a huge capital investment over the next few years, should allow us to make faster progress.

Mr. Michael Howard (Folkestone and Hythe) (Con): May I begin by joining the Prime Minister in paying tribute to the great professionalism of our security services and the police, who appear to have thwarted what might have been a terrible attack on London? That is yet another warning, if one is needed, that we can never relax our guard. May I also join the Prime Minister in welcoming the letter from Iqbal Sacranie, the secretary-general of the Muslim Council?

During the last month, the Government have imposed an emergency stop on immigration from Bulgaria and Romania. They have launched an in-house investigation and had to extend its remit twice. They have suspended two whistleblowers, one of whom is the British consul in Bucharest, and they have had to set up a special hotline for all other whistleblowers who want to alert the public to what is going on. Is it any wonder that everyone thinks the Government's immigration policy is in chaos?

The Prime Minister: The allegations that are now being looked into by Mr. Sutton, these most recent allegations, are a different aspect but relate to the same people who were covered in the earlier investigation. It is important, obviously, that he look at both, and at all the issues concerned, including any decisions or involvement by Ministers. He will report back and then we will publish his report.

Mr. Howard: If the Prime Minister were serious about getting to the bottom of what has happened, would he not have an independent inquiry? Does he not see that having an inquiry carried out by an official in the immigration department who reports to the Immigration Minister is not likely to inspire confidence in what is happening in our immigration system?

Let us take one aspect of this shambles. Sixteen months ago Sir John Ramsden, the head of the Foreign Office's central Europe department, wrote to the Home Office telling it that immigration procedures from Bulgaria and Romania had

"developed into an organised scam that completely undermines our Entry Control procedures"—

16 months ago! Why was no effective action taken until yesterday?

The Prime Minister: These are precisely the issues that will be covered by Ken Sutton's inquiry. I am sorry that the right hon. and learned Gentleman should cast aspersions on Ken Sutton's ability to do this. It allows us to do this quickly, it allows us to get to the truth of what has happened, and it allows us to take any action that is necessary.

I would however like to set this matter in context, because I think that is important. It is important to recognise that, according to the labour force survey, of the 1 million people who are working in this country, both self-employed and employed, who are migrants from abroad—of the top 10 categories of those people, none is from Romania or Bulgaria. The vast majority of people who are migrants here are from countries such as the United States, South Africa, France and Germany and the largest proportion by a long way are from the Republic of Ireland.

I simply say that to set this in context. A specific allegation has been made in respect of people from Romania and Bulgaria; that has to be looked into, and thoroughly. It will be, and then we will report back, and until that time we should await the judgment of Mr. Sutton.

Mr. Howard: If the Prime Minister cannot tell us of a single action that his Government took after the receipt of that letter from Sir John Ramsden, let me see if I can help him, because there was one thing that they did, after they had received the letter from Sir John. The very same month they received that letter, they relaxed the immigration procedures even further. That is what they did. If everything was under control, why does not the Prime Minister explain to us why it was necessary yesterday for the Government, in panic, to put an emergency stop to all immigration from Bulgaria and Romania?

The Prime Minister: I did not say to the right hon. and learned Gentleman that no action had been taken; I simply said that all these issues should be covered by Mr. Sutton. The right hon. and learned Gentleman has called for an inquiry; he does not like the nature of the inquiry, but he agrees with me that there should obviously be an inquiry into these issues. It is surely sensible therefore not to speculate on what has happened but to allow Mr. Sutton to conduct the inquiry properly.

Of course action has been taken. For example, just a short time ago, there were people arrested in respect of people smuggling specifically from Romania. There is also an operation that has been in place for a couple of

years, one part of which is specifically referable to Romania and Bulgaria. That is Operation Reflex, which has actually uncovered many smuggling gangs and brought people to prosecution. However, all these things should be looked at and then a full report should be given to the House and to the country so that people know the full extent and scale of the problem and of the action that has been taken. That, in my view, is the sensible way to proceed, and if the right hon. and learned Gentleman truly wants a proper inquiry, he should surely not prejudge it.

Mr. Howard: I am not asking for any speculation: I am just asking for some straight answers to some straight questions. They are questions that the Prime Minister could and should have asked of Ministers. He does not need an inquiry. We know that that letter was sent and he should have found out what action was taken.

Let us take another example. James Cameron, our consul in Bucharest, wrote to the Home Office 17 months ago. He said:

"The applicants rarely know what is in their business plan, cannot speak English, and have absolutely no knowledge or experience of the type of skills needed for their respective businesses. We have to date a one-legged roof tiler . . . and a number of builders and electricians who know nothing about bricks, mortar or electrical details . . . Unfortunately against our strongest recommendations these applications continue to be approved."

Why was nothing done about that letter from the British consul?

The Prime Minister: The right hon. and learned Gentleman now says that he does not think that an inquiry is necessary. I thought that the purpose of his original question to me was to say that it was. We have asked Ken Sutton to undertake this inquiry because the same people were the subject of the original inquiry. This is to do specifically with applications from Romania and Bulgaria, and the right hon. and learned Gentleman will know the sheer scale of the problem of entry visa clearance. For example, some 300,000 people a year are refused entry visa clearance into the UK and some 50,000 are turned away at port.

Mr. Cameron has made a specific set of allegations that have to be investigated in detail and we then have to set out clearly what was done, what action was taken and whether that action fell short of what should have been done. That is precisely what Mr. Sutton will do. I would have thought that the right hon. and learned Gentleman would have the good grace to wait until Mr. Sutton has reported before making allegations about Ministers or others.

Mr. Howard: The Prime Minister has to learn that he cannot avoid giving straight answers at the Dispatch Box by setting up an in-house inquiry every time something inconvenient to him is raised in the House. Three times officials have tried to raise concerns with Ministers about the chaos in our immigration system, and on each occasion nothing was done. Is that why the Home Secretary describes the Minister for Citizenship and Immigration as "first rate"? Why is it that in this Government civil servants who tell the truth are suspended, but Ministers who fail in their Departments are kept in place?

The Prime Minister: The civil servants who have been suspended were suspended by their line managers in the civil service. Those decisions—*[Interruption.]*

Mr. Speaker: Order. Let the Prime Minister reply. It does no good to shout anyone down in this House.

The Prime Minister: As I said, Ministers do not take the decisions to suspend civil servants: they are taken by the line management in the civil service. In respect of the matters of immigration, asylum and my right hon. Friend the Minister for Citizenship and Immigration, let me point out that asylum applications are now running at half what they were 18 months ago and the majority of decisions are taken within two months. Let me contrast that with the position when the right hon. and learned Gentleman, who should know a little about such matters, was Home Secretary. When he was Home Secretary, asylum applications rose by almost 50 per cent. and it took an average of 18 months to take a decision. He is therefore well aware that there will be problems with the immigration system from time to time, and we have to deal with those problems. But I would hope that he would agree with me that those problems should be set in context and that we should always be careful about the language and approach we use when talking about immigration.

Mr. Howard: And we should get the facts right. When I was Home Secretary, asylum applications were reduced by 40 per cent. The Prime Minister says that they have halved—*[Interruption.]*

Mr. Speaker: Order. I say to the Government side that there will be no shouting—*[Interruption.]* Order.

Mr. Howard: We reduced the figures from 40,000 in 1995 to 29,000 in 1996. The Prime Minister says that the figures have halved since the high watermark of asylum applications under his Government, but despite being halved, they are still almost double what they were in 1996. Now we know how they have been cut. They have been cut by telling officials to wave through other applications on the basis of forged documents. Anyone can reduce the numbers if people are told to wave through other applications on the basis of forged and fraudulent documents. On Monday, the Home Secretary said that this was all about naked politics. Yesterday, he said that it was all very serious and profound and that he was going to suspend all applications from Bulgaria and Romania. Is it not the case that the Home Secretary has lost control of his Department, that the Immigration Minister is clearly not up to her job, and that the Government's immigration system is an utter and complete shambles?

The Prime Minister: First, I thought that the right hon. and learned Gentleman became Home Secretary in 1993, not 1995.

Mr. Howard *indicated assent.*

The Prime Minister: Let us get that straight—I seem to remember, because I was shadowing the right hon.

and learned Gentleman at the time. Secondly, it did indeed take an average of 18 months to take a decision. Let me read out what he said at the time when probed on that. He said:

"It is absurd to suggest . . . that the problem of bogus asylum seekers is caused by the Government or by delays."—[*Official Report*, 20 April 1995; Vol. 258, c. 329.]

Let me especially take issue with the right hon. and learned Gentleman's allegation that asylum seekers are being waved through on forged documents. As he knows perfectly well, Bulgaria, which is where most of the applications come from, has never been a major country for asylum seekers. *[Interruption.]* What he was trying to suggest was that as the asylum figures have come down, they have been switched into other forms of immigration. *[Interruption.]* If he wants to get up and deny that, I will be happy to hear him, but I thought that that was the clear implication of what he said. *[Interruption.]* I am happy to accept that we are both agreed that the asylum figures are genuine and have come down by more than half. The truth is that the main countries for claiming asylum, the figures for which have come down, have nothing to do with EU accession countries.

Let me repeat what I told the right hon. and learned Gentleman a moment or two ago. It is important to deal with this. There has been a serious allegation of fraud in relation to the two countries. We will investigate it properly, as we should, and report back. The issue should be handled with care for very obvious reasons, as everyone in the House knows. I am not sure that today he has quite fulfilled that.

Mr. Khalid Mahmood (Birmingham, Perry Barr) (Lab): I commend my right hon. Friend for the amount of aid that is given to Palestine—the UK is the largest single donor to the Palestinian Authority throughout the world—to achieve a two-state solution. Does he agree that the construction of the barrier and Israeli settlement activity are increasingly seen to be jeopardising the two-state solution? The barrier, settlement, construction and road building are effectively carving up the west bank into isolated cantons, which undermines the viability of a Palestinian state.

The Prime Minister: Some of those concerns have been raised by my right hon. Friend the Foreign Secretary. The most important thing is that if we could get an offer from Israel to make a substantial disengagement from Palestinian Authority territory and put in place at the same time a robust plan for the Palestinian Authority's security, there would be just a chance—even with all the serious events of the past few weeks—that we could get the middle east peace process back up and running.

I pay tribute to my hon. Friend for the enormous amount of work that he has done in the whole of his community, in particular in the Muslim community. I know he will agree that Palestine is an issue of serious concern for that community. There could be nothing better to improve relations than real action on the middle east peace process. That has to be done, however, on the basis that we reject terrorism in all its forms.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): It is correct to concur with the salutes that the Prime Minister paid to the professionalism of our police and intelligence and security services, and also to express gratitude for the initiative taken by the Muslim Council of Britain.

Turning to today's parliamentary business, the Prime Minister is aware that the last time we debated tuition fees, many of his Back Benchers were willing to support him in the anticipation that changes would be made to the Bill before it was discussed again. What significant concessions have the Government made during the Bill's progress?

The Prime Minister: There have been changes to all the packages, not merely since the Bill was published, but before that as well. They allow us to give a very substantial package of support for the poorest students, equivalent to the amount of the highest tuition fees. As a letter from the universities pointed out today—supported by the overwhelming majority of universities—that is absolutely vital for the poorest students, as well as middle-class students, to gain access to universities.

Mr. Kennedy: As members of the Committee will concur, the Government gave no significant concessions during the Bill's progress. How can the Prime Minister justify legislation that will undoubtedly deter poorer students from becoming university graduates because of the debt involved, which breaches trust with the public, given his earlier manifesto commitment, and which does not adequately tackle the fundamental financing difficulties of the universities themselves? He has been open enough to acknowledge that there is an alternative, which we have proposed, by which the top 1 per cent. of taxpayers pay a bit more, and as a result, we do not have tuition fees or top-up fees, variable or not. Surely that is a fairer approach.

The Prime Minister: On whether our proposals are good for poorer students, rather than the right hon. Gentleman or I being the arbiter of that, we should listen to the chairman of Campaigning for Mainstream Universities. Its universities educate the largest number of students in the UK and the majority of students from poor backgrounds. It says:

"The loss of the Bill would deny universities the urgently-needed funding to provide quality education and would cruelly remove the promised improvements in financial support for the poorest students."

Financial support for the poorest students is rising under our proposals.

At least the right hon. Gentleman has an alternative funding mechanism, unlike the Conservatives, but the problem, as I have tried to explain—I will not go over that again—[HON. MEMBERS: "Please don't."] My correspondence with him on that topic is about as intense as any I have had since I was a very young man. The fact is that the Liberal Democrat financial commitments go far beyond the commitments he keeps giving me.

Mr. Kennedy: No.

The Prime Minister: They do, I am afraid. The idea that the Liberal Democrats could fund their

commitments out of top-rate taxpayers is simply wrong. As I have said to the right hon. Gentleman before, even if we could get additional sums of money from general taxpayers or top-rate taxpayers, I honestly believe that in education we would surely have to give some priority to educating the under-fives and those people who need adult skills in the work force, many of whom currently have to pay. All we are saying is that a small proportion of the overall investment in university education should be repaid by graduates, according to their ability to pay. I think that that is a fair system which most people will support.

Andy Burnham (Leigh) (Lab): The Prime Minister will know that the north-west has some of the lowest turnouts at elections in the country. With that in mind, can he find any justification whatsoever for six unelected Tories blocking the chance for millions of people in the north-west to have a postal vote this summer? Does he agree that the case for reform of the House of Lords is now urgent?

The Prime Minister: My hon. Friend is absolutely right. It is extraordinary that the other place should overrule this place on an issue to do with elections and ballots. I hope, even at this stage, that it will realise that that would be wholly wrong and completely inconsistent with the proper conventions of the House.

Q3. [164518] **Mr. David Heath** (Somerton and Frome) (LD): I join the Prime Minister in thanking and congratulating the police and the security services on thwarting, apparently, a major atrocity. However, many people are understandably concerned, after the tragedy in Madrid, about travelling and their safety on the railways and the underground. Yet we are still no nearer to rectifying the difficulties with the communications of the police. The British Transport police complain that they have too few trained staff to give adequate anti-terrorist cover, and future funding of the BTP is in jeopardy because of the intransigence of a couple of railway companies. Can it be right that the safety of passengers from terrorist threats relies on the profit margins of train companies?

The Prime Minister: I can assure the hon. Gentleman that that is not so. We meet any demands or requests that are made for help in relation to terrorism. That is a huge priority for our country and we must make sure that we meet it. In respect of all these different issues, we are doing our very best to protect this country against any terrorist attack. As recent events have shown, not only in Spain but in respect of threats in Germany, France and virtually every major country in the world, these people will come after us in whatever way they can. We must take every measure to protect ourselves against that. I can assure the hon. Gentleman that resource will not be a constraint in doing so.

Mr. Gerry Steinberg (City of Durham) (Lab): I have two questions and I do not know which one to ask, really.

Does my right hon. Friend agree with me that if the policies of the Government at the time had been similar to the policies of the present Opposition, neither the Leader of the Opposition nor I would be in the House today?

The Prime Minister: I think I will take the other one.

I am sure that that applies to the vast majority of Members, in one way or another, over the generations.

Q4. [164519] **Sir Nicholas Winterton** (Macclesfield) (Con): May I announce a vested interest in putting my question to the Prime Minister? I am an honorary vice-president of the Royal College of Midwives. The right hon. Gentleman will know that the Health Committee, way back in 1992, produced a ground-breaking report on maternity services, which highlighted the vital role of midwives in maternity services. In 2001, his Government indicated that they wanted to increase the number of midwives by about 10,000. In seven years of Labour Government the numbers have increased by only 392. Will the right hon. Gentleman please give me a really good birthday present today by guaranteeing that the Government will seek to increase the numbers of midwives quickly towards that additional 10,000?

The Prime Minister: I can do something towards the hon. Gentleman's birthday present. I am told that there are nearly 900 more midwives since 1997. No doubt we can dispute these figures.

As the hon. Gentleman knows, the Government are implementing a range of measures to recruit more midwives. These include improving pay and conditions and also—this is vital—encouraging the NHS to become a better, more flexible and more diverse employer, increasing training, investing in child care and attracting back returners. We are running both national and international recruiting campaigns. The target of 10,000 was obviously ambitious but we are stepping up action. At the recent midwifery conference on 16 March, the Department of Health, in association with the Royal College of Midwives, announced a six-point recruitment and retention plan. I know that that will have the hon. Gentleman's full support. It has our full support. Let us hope that it produces the results.

Q5. [164520] **Mr. Eric Martlew** (Carlisle) (Lab): My right hon. Friend will be aware that I have introduced a private Member's Bill that will make it compulsory for child cyclists to wear helmets. Is he aware that, in a recent opinion poll, more than 80 per cent. of those polled agreed with the aims of my Bill? Is he also aware that my Bill is supported by 200 hon. Members on both sides of the House, including some Ministers? So will the Government give serious consideration to supporting my Bill?

The Prime Minister: We will give serious consideration to it. The issue that my hon. Friend raises is a high priority for hon. Members and the Government. As he will know, for children, our target is to reduce deaths and serious injuries by 50 per cent. by 2010. By 2002, we had already reduced deaths and serious injuries by 33 per cent.—so a large number of children have been saved from death or serious injury. Sometimes when we are talking about speed humps, speed limits, speed cameras and so on, we forget that, although those things can be aggravating for the motorist from time to time, sometimes they have a real point in relation to protecting our young people and, indeed, others. So we will certainly give careful consideration to his Bill, and if we can support it, I am sure that we will.

Dolphins and Other Cetaceans Protection

12.31 pm

Mr. Adrian Sanders (Torbay): I beg to move,

That leave be given to bring in a Bill to make provision for the protection of dolphins and to prohibit pair trawling for sea bass in UK waters.

Pair trawling for bass, in which two boats tow huge nets, causes hundreds of cetacean deaths: dolphins, porpoises and small whales. Industrial trawling for bass—that is what pair trawling is—is a relatively new fishery. With no quota for bass and no limit on the number of boats that can trawl UK waters at any time, the fishery has attracted boats from across Europe. At the same time, a major marketing campaign has been undertaken to create demand for the fish and increase its price.

The sea bass dish featured in newspaper magazines, or prepared in front of the camera by the latest TV celebrity chef, may be part of a co-ordinated strategy to create a new market for a fish that, in the past, while not absent from the menus of top restaurants, was never as widely available and demanded as it is today. The side effect of such artificial demand has been witnessed on the beaches of north-west France and south-west England: hundreds of cetacean carcasses washed up on the shore.

Various cetacean species are known to die through entanglement in fishing gear. Small cetaceans, such as harbour porpoises and common dolphins, become entangled in bottom-set gill nets. Common dolphins are known to die in towed trawl nets, which may also capture species such as white-sided dolphins and pilot whales. Larger whales, such as the minke whale, occasionally become entangled in discarded nets or in the float ropes of lobster pots, sustaining injuries or long-term entanglement that may cause death through disease or infection.

Under the habitats directive, the UK has a responsibility to monitor incidental cetacean mortality wherever it is believed that such mortality could affect their populations and to take remedial action if a problem is discovered. Well, we have a problem. Sea bass, like the common dolphin, feed on mackerel. They chase the shoals during the season from Biscay to the Isle of Wight. Trawlers hunting bass drop their nets into the water and scoop up everything in sight. The dolphin chase the mackerel into the bottom of the trawl to feast, not noticing the change in water pressure. When they need to come up for air, they cannot. They are trapped. They suffocate and die, just as a human would if caught in such a net without an oxygen tank.

The dolphin fights its captivity, often damaging itself on the nets in a desperate attempt to escape. The rips and marks on the bodies of washed-up carcases are evidence of the horrific final minutes of one of humankind's closest relatives. Apart from the shocking sight that greets those who come across the dead mammals that litter our shoreline, the significant cost of disposal falls on coastal local authorities.

What we see washed up on our shores and across the channel is only the tip of the iceberg. Most of the cetaceans eventually sink to the bottom of the sea when they are thrown back by the pair trawlers. Some fishermen, recognising that the dolphin is a protected species, cut up the remains of the by-catch in the hope that it will never be discovered. However, winds and currents uncover the evidence by washing up some carcases and body parts, which can then be subjected to post mortem examination before disposal.

There is huge mortality among common dolphin in winter fisheries each year, and although the specific fisheries causing the problem remain a matter for debate for the Government, local fishermen and conservation groups know who is to blame—the sea bass pair trawlers. The only evidence of the scale of the problem currently comes from the increasing number of carcases washing up on coastlines that show evidence of trawl injuries. Some 65 per cent. of those subjected to post mortems under Department for Environment, Food and Rural Affairs contract were clearly by-catch victims, according to the Royal Society for the Prevention of Cruelty to Animals. As a welfare organisation, the RSPCA believes that any level of cetacean by-catch carries an associated level of animal suffering that must be regarded as unacceptable.

Recorded by-catch of cetaceans in Cornwall and Devon has risen steeply since 1970. Although some of the increase may be attributed to improved reporting, the very marked shift from a roughly even seasonal distribution before 1970 to a strong predominance of winter stranding, especially in common dolphin, demonstrates another cause. The first notable peak in dolphin strandings in the UK was recorded in 1992, when 118 dolphin carcases came ashore in Cornwall and Devon in the first three months of the year. Post mortem examinations revealed that most of the animals had died as a result of incidental capture in fisheries. The pattern of injuries on the animals led to the conclusion that they had died in pelagic fisheries.

The first significant by-catch was found in the south-west in 1997, a date that coincides with the introduction of European Union fishing quotas for mackerel and pilchard. After 1997, fisheries were unable to fish for these types of fish, so instead swapped to fishing for sea bass. As of yesterday, 200 carcases had been found on the beaches of Cornwall, Devon, Dorset and Hampshire so far this year. The figures already exceed last year's total. It has taken seven years to persuade the Government that there just might be a problem. In response, a number of proposals to prevent by-catch are being funded.

Pingers, tiny acoustic alarms that are attached at intervals along a fixed fishing net to warn cetaceans of the net's presence, are designed to produce sound outside the normal hearing range of the target fish. Studies have shown that they can deter as a short-term measure, but we must ask whether the equipment is robust enough to survive constant pounding in a tough fishery at sea. Who will check, and how often, that the batteries are still working? Moreover, pingers have been developed only for set gill net fisheries. They will not work on mobile pelagic trawls.

Separator grids in fishing nets are being tested. In theory, they allow dolphin that swim into the nets to escape, but without expensive video monitoring equipment and someone to watch the screen, how will anyone on board know they are working? There is another more basic problem, which is that the catch

itself may escape. If the dolphin cannot escape but the fish are escaping, that is no help to the fishermen or the dolphin.

The European Commission has prepared a draft regulation that calls for compulsory observer monitoring of fisheries with a suspected cetacean by-catch problem. Independent observers could gather information on the extent of the problem and see whether the speed of the trawl, the time of the trawl or another variable makes a difference to the level of by-catch. How many observers will be needed to monitor the increasing number of vessels engaged in that fishery, and to do so 24 hours a day, and what, if anything, can they do if cetaceans are caught?

The problem is that the trials are taking place on only a couple of UK vessels, which represent only a small proportion of the British pair trawl fleet, which in turn is one of the smallest in Europe. They represent, perhaps, 1 per cent. of pair-trawling capacity currently at work hunting for sea bass. Even if all those initiatives prove 100 per cent. successful, thousands of cetaceans will continue to be slaughtered unnecessarily.

Dolphin used to be a common sight around the coast of the west country, but they cannot sustain the annual carnage for much longer. The bottle-nosed dolphin has almost disappeared, and we do not want the common or the white-sided dolphin to follow it.

There is only one way for the House to test the claims of the pair trawlers that they are not to blame for the by-catch, and that is to ban this method of fishing for sea bass. If after a year there is no reduction in the number of washed-up carcases on our beaches, we will know that the pair trawlers are not to blame, and that the trials of nets, pingers and observers are a waste of time as well.

Time is running out, and I commend the Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Mr. Adrian Sanders, Andrew George, Mr. Paul Tyler, Matthew Taylor, Mr. Colin Breed, Mr. Anthony Steen, Richard Younger-Ross and Nick Harvey.

Dolphins and Other Cetaceans Protection

Mr. Adrian Sanders accordingly presented a Bill to make provision for the protection of dolphins and to prohibit pair trawling for sea bass in UK waters: And the same was read the First time; and ordered to be read a Second time on Friday 15 October, and to be printed [Bill 87].

Points of Order

12.42 pm

Norman Baker (Lewes) (LD): On a point of order, Mr. Speaker. At Prime Minister's questions today we reached only Question 5 on the Order Paper. Furthermore, the exchange between the Leader of the Opposition and the Prime Minister took 14 minutes, which is almost half the allotted time. In the interests of Back Benchers, do you think that that is fair, and what steps can you take to ensure that that exchange is limited and that other Members of the House, beyond the Leader of the Opposition, have an opportunity to question the Prime Minister?

Richard Younger-Ross (Teignbridge) (LD): Further to that point of order, Mr. Speaker.

Mr. Speaker: Order. If the hon. Gentleman will allow me to reply, he may not need to make a further point of order.

Until today, I have been lucky, because Back Benchers have done well in the recent past. In fact, I think that I have managed to reach Question 12 on the Order Paper. In fairness to the Leader of the Opposition and the Prime Minister, the questions relating to immigration were highly technical, so they took up time. I am conscious of what the hon. Gentleman has said, and there will be occasions on which the exchanges between the Prime Minister and the Leader of the Opposition are longer than usual, but I will not encourage that, and rather the opposite, I hope.

Richard Younger-Ross: Further to that point of order, Mr. Speaker. You may be aware that only eight Back Benchers were selected today, and that last week and the week before we reached only Question 7 or 8. There appears to be a growing trend for the Leader of the Opposition to take an ever greater proportion of the time.

Mr. Speaker: I simply say to the hon. Gentleman: look at the big picture.

Mr. Tam Dalyell (Linlithgow) (Lab): Further to that point of order, Mr. Speaker. Could you possibly ask the Clerks to look back a couple of decades and more, when it was quite frequent for the Leader of the Opposition to table a private notice question on a major, substantive issue? That is the way to protect the Back-Bench interest.

Mr. Speaker: Once again, the Father of the House has been able to give us some wise counsel. Perhaps that will be noticed now that it is on the record.

Mr. Christopher Chope (Christchurch) (Con): Further to that point of order, Mr. Speaker. Would you make any comment about the Prime Minister's growing practice of prefacing the answer to the first question with a statement? Does that not add unnecessarily to the whole process?

Mr. Speaker: I think that we will move on to the main business, before I get drawn into criticism of either the Prime Minister or the Leader of the Opposition.

Higher Education Bill (Programme) (No. 4)

12.45 pm

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson): I beg to move,

That the programme order of 27th January in relation to the Higher Education Bill shall be further varied as follows—

(1) Paragraphs 4 and 5 of the order shall be omitted.

(2) Proceedings on consideration shall be taken in the order shown in the first column of the following Table.

(3) The proceedings shown in the first column of the Table shall (so far as not previously concluded) be brought to a conclusion at the time specified in the second column.

TABLE

Proceedings	*Time for conclusion of proceedings*
New Clauses relating to the general duties of the relevant authority for the purposes of Part 3; new Clauses relating to exercise by the National Assembly for Wales of functions relating to student fees and student support.	One hour after the commencement of proceedings on consideration.
Remaining new Clauses, amendments to Clauses, new Schedules, amendments to Schedules.	Five hours after the commencement of those proceedings.

(4) Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion six hours after the commencement of proceedings on consideration.

The motion will allow a full debate on the parts of the Bill on which amendments have been tabled. I look forward to listening and responding to the points that are raised, and I expect that we will continue the high quality of debate that was consistently demonstrated by representatives in all parts of the Standing Committee.

12.46 pm

Mr. Tim Collins (Westmorland and Lonsdale) (Con): It is surely a matter of agreement in all parts of the House that, in allocating time, it is sensible to provide the most time to the most important and most controversial legislation. There can be no doubt about the importance of the Bill. The Prime Minister himself said that it is

"a very major flagship reform of the Government."

There can surely be no doubt about the controversial nature of the Bill either, given that it scraped through on Second Reading with a majority of only five. Opposition Members therefore regret that the motion will permit only four hours' debate on the most important and controversial elements of the Bill. We believe that two days should have been provided for Report and Third Reading, just as two days should have been provided for Second Reading, given that a large number of hon. Members in all parts of the House want to speak.

As far as the Bill's consideration in Committee is concerned, I agree with the Minister. I am happy to repeat on the Floor of the House what I said at the conclusion of the Committee stage. The Minister was a model of openness and candour in his deliberations in Committee, and he provided information in advance on draft regulations, genuinely answered points that were raised in the debate and listened to views expressed from all parties. He established a precedent that it would be highly desirable for Ministers to follow on all future legislation. He is right to say that we had lengthy and high-quality debates in Committee, not least because, unusually, Government Members took a full and active part throughout. I appreciate, too, the fact that, no doubt owing to decisions made by the Minister, the Government provided some additional time in Committee.

However, the Minister himself acknowledged in response to a parliamentary question that 25 clauses and seven schedules were not debated in Committee.

James Purnell (Stalybridge and Hyde) (Lab): If so many Opposition Members want to speak in this debate, how come so few of them are sitting behind the hon. Gentleman? How come the hon. Member for South Suffolk (Mr. Yeo) is not on the Front Bench?

Mr. Collins: I am sorry to have to point out to the hon. Gentleman that this is the debate on the programme motion. It had been my intention to be brief, but he is prolonging the debate. In common with many others, I want to get on to the substance of the Bill. I am more than halfway through my remarks, but if he or others wish to continue to prolong them, that is a matter for them.

The Bill has reached Report stage with large parts entirely undebated, and, as was confirmed in the exchanges in Prime Minister's Question Time, without any significant amendments having been made. Essentially, this is the same Bill to which the House narrowly gave a Second reading. We registered objections at the time—I do not intend to dwell on this point, Mr. Speaker—about the balance of the Committee. In our view, all those things strengthen the case for allocating more time, not less, in the programme motion. A large number of hon. Members in other parts of the House said—because I wish to be brief, I shall not quote them all at length—that they permitted Second Reading on the basis that the Bill would be altered in Committee. That did not happen, and we need plenty of time on the Floor of the House to examine why.

That is why the Opposition are disappointed about the allocation of time, and we will therefore oppose the motion.

12.49 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I associate the Liberal Democrats with the comments made by the hon. Member for Westmorland and Lonsdale (Mr. Collins) and echo his remarks about the exemplary way in which Ministers dealt with the Bill in Committee. The Minister for Lifelong Learning, Further and Higher Education and his team addressed and engaged with the core issues in an outstanding way.

The Bill will not only change the face of higher education but set the future standard for the delivery of public services throughout the country. It is important and all of it should therefore be debated properly. The significant number of new clauses and amendments on Report are worrying, and some of the issues were not aired in Committee. The debate will last for five hours, which means that a significant number of those issues will not be voted on. Over the past few days, significant time has been spent on Opposition days and

Adjournment debates in the House, and that could have been devoted to the Bill. For those reasons, we oppose the programme motion.

12.51 pm

Mr. Graham Allen (Nottingham, North) (Lab): Sometimes I read a report in Monday morning's paper of a match that I attended on Saturday and think that I went to the wrong ground, because the report is different from my experience of the event. Apart from two serious and extremely important debates in Committee, for which I pay tribute to the hon. Members for Harrogate and Knaresborough (Mr. Willis) and for Westmorland and Lonsdale (Mr. Collins) and my right hon. Friend the Minister for Lifelong Learning, Further and Higher Education, in which variability and the new office for fair access were discussed at length, I must say—I do not say this lightly—that about 20 more issues were not given the serious consideration that we expect as parliamentarians. That may have been, in part, because of time, but I must say that it seemed on occasions to Government Members that filibusters were going on. I know that filibusters are out of order, so that could not possibly have happened, but there was certainly a degree of time-wasting, and I understand that tactic.

Chris Grayling (Epsom and Ewell) (Con): Does the hon. Gentleman recall which hon. Member made the longest speech in Committee?

Mr. Allen: I do not, and I would be pleased if the hon. Gentleman were to inform the House, because modesty prevents my doing so. I am sure that he will concede that that speech was made during the serious debate on variability that I have already mentioned.

If we examine the programme motion, we can see that the conduct in Committee did no one any favours. Some may pretend that proclaiming, "We did not have enough time, and we are being squeezed out" will influence thinking in the other place, but too many wise heads there realise that those who accuse others of wasting time themselves committed that offence. It is a great shame that Opposition Members chose to waste time when there are so many important issues.

Mrs. Lorna Fitzsimons (Rochdale) (Lab): My hon. Friend strongly advocates modernisation of House of Commons procedures. Is there a correlation between how the Opposition handled the Bill in Standing Committee and a wider debate about programming? The Opposition filibustered in Committee, then erroneously claimed that there was not enough time for scrutiny in order to make a point about programming.

Mr. Allen: The Procedure Committee, under the chairmanship of the hon. Member for Macclesfield (Sir Nicholas Winterton), is already examining the programming and timetabling of business, and I am sure that that matter has been brought to its attention. A number of distinguished hon. Members have already given evidence to the Committee as witnesses.

My criticism also extends to the Government, and the use of Government amendments.

Mr. Jon Owen Jones (Cardiff, Central) (Lab/Co-op): Will my hon. Friend consider that he is talking in the only time available to discuss the devolved aspects of the Bill?

Mr. Allen: My hon. Friend makes my point. Inadequate time has been allowed for proper debate of all the clauses, but he should not criticise those who point out the problem; he should criticise the process, in which we are all complicit, that does not allow a proper programme motion both in the House and in Committee, where there was insufficient time to discuss key issues.

If we are to have proper pre-legislative scrutiny of Bills, which is a point that Opposition Members discussed in Committee, many issues that take up Government time would not require Government amendments on Report.

Mr. Willis: On a point of order, Mr. Speaker, the Annunciator states that I have been speaking since 12.49 pm, and I would hate the record to show that I had been filibustering.

Mr. Speaker: Those of us in the Chamber know differently.

Mr. Allen: The hon. Member for Harrogate and Knaresborough made many telling contributions in Committee, and I must exonerate him from the charge that I laid against certain Opposition Members of wasting valuable time when we were Upstairs.

The question of pre-legislative scrutiny, as it applies to the programme motion, is important.

Mr. Collins: The hon. Gentleman has now spoken for twice as long as anybody else on the subject of time-wasting. Since he has set out the reasons why the programme motion is not, in his phrase, "a proper programme motion", will he join Opposition Members in opposing it?

Mr. Allen: I will not waste the House's time by answering that question.

I have put on the record the annoyance of many Labour members of the Committee, who felt that there was not enough time Upstairs to debate many serious issues—I could list them—because of the Opposition. For example, although Ofsted applies to every nursery, primary school and secondary school in all our constituencies, universities somehow avoid it. The issue is important because we are putting billions of pounds of public funds into universities, but there are no proper inspections such as those suffered by nurseries and other parts of our education system.

I hope that my hon. Friends who follow me in this debate will not have to make the same points, and I hope that Opposition Members, particularly those who serve in the Whips Office, realise that Her Majesty's Government have done a gracious and generous thing by ensuring that a Bill has a start date and a finish date Upstairs. *[Interruption.]* A number of the main

[Mr. Allen]

offenders are chirping from sedentary positions. Her Majesty's Government allowed the Opposition to use the time in Committee to best effect, and that they chose not to do so and continued to play ridiculous, time-wasting games reflects badly on Parliament as a whole, and particularly badly on Her Majesty's Opposition.

12.59 pm

Mr. John Gummer (Suffolk, Coastal) (Con): I wish to say only one thing. We used to have a Parliament in which the Opposition had of right the power to speak; now, we evidently have a Parliament in which the Government give us that right. That is what is wrong with this Government. This is contempt of Parliament, as the hon. Member for Nottingham, North (Mr. Allen) showed all too clearly.

1 pm

Mr. Michael Fallon (Sevenoaks) (Con): I, too, oppose the motion. I am glad that aspects of the Committee went well, but of course not all of us were able to serve on it. It is extremely important that a higher education Bill should be properly debated, not least because such Bills are fairly rare—they come round only once every 10 years or so—and, by their nature, have several other issues swept up in them, which in this case have not been properly debated.

Furthermore, Mr. Speaker, you have selected a very large number of amendments. It is inevitable not only that those amendments will not be divided on if the House wishes it, but that they will not be properly responded to by the Minister. How could he possibly deal with the catalogue of amendments in the third group? That is extremely regrettable.

Finally, I oppose the motion because, as the Father of the House reminded us when he talked about the standards of 20 or 30 years ago, this is exactly the kind of Bill that used to be given two days on Report. We would have had a full day followed by two thirds of a day, or even a second full day, to allow all hon. Members to explore all the issues, as we should be doing. I understand that the House is taking substantive business tomorrow, so it would be perfectly possible for the Government now to agree that as so many amendments have been selected—they could not have known that that would happen—the debate should continue tomorrow.

1.1 pm

Mr. James Clappison (Hertsmere) (Con): Having served on the Committee opposite the hon. Member for Nottingham, North (Mr. Allen), I cannot recognise his description of it. He said that only two serious debates took place, but I remember him putting the case for his constituency, in what I took to be a serious way, in many more than two debates. I listened to all his speeches, some of which were longer than others, and thought that they were all serious; I do not know which were the non-serious ones. As far as I am concerned, the Committee gave serious consideration to the Bill, but there was not enough time then, as there is not enough time now. The limited allocation of time—six hours to debate all the issues—means that it is impossible for the whole House to have its say. Many of our constituents will think that a crying shame.

1.2 pm

Mr. Simon Thomas (Ceredigion) (PC): I acknowledge that the Government were flexible in Committee, and I think that we had enough time to go through the Bill. On occasion, some of that time could have been better used by all Members, but that is true of all Committees. My beef with the programme motion is that we do not have enough time for proper debate on the Floor of the House.

This is an important Bill that changes the face of higher education and affects the whole cohort of the young generation whom we are seeking to support in achieving the Government's targets, which I support in principle. It is therefore right and proper that we have enough time to debate it in detail. Specifically, the first group of amendments includes several that relate to Wales tabled in the name of the main Opposition party. If we do not debate them, we will not address on the Floor of the House—although I accept that we did in Committee—the Welsh aspects of the Bill, which are important in relation to what the National Assembly does, how that may differ from what is done in England, and the impact that that might have on English students or students from Wales going into England.

Such a Bill should not be timetabled at all when it is debated on the Floor of the House, but we should at least have two days to consider it properly. Even at this stage, it is worth saying those words to give the Government the opportunity to listen to them and perhaps even think about them.

1.3 pm

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson): I want briefly to respond to a couple of the points that hon. Members raised. I thank Opposition Members for their kind and generous remarks. Their comments reflect the spirit in which they approached the Committee, on which it was a pleasure to serve.

Let me say a few words about the Committee. The hon. Member for Westmorland and Lonsdale (Mr. Collins) said, correctly, that we did not reach 25 of the clauses. However, the Bill is quite short, with only 50 clauses. The hon. Member for Sevenoaks (Mr. Fallon) harked back to a previous time—I am not sure how long ago—but in my experience, and from my experience of watching Parliament under the previous Government, it is not unusual to spend this amount of time on a 50-clause Bill. As regards the clauses that we did reach in Committee, the debates on fees provision, which lasted for seven sittings, or a total of 11 hours, principally concerned the big issue of fixed fees versus variable fees. The debate on the office for fair access, which is extremely important, particularly to Conservative Members, and very controversial, lasted for a further three sittings.

Of the clauses that were not debated, 10 covered technical, interpretive and commencement provisions. Amendments were not tabled to several other clauses, so it is not surprising that we did not debate them. The debates were wide-ranging, and those on a number of

clauses—notably fees, as I said—spanned a few sittings. If I remember rightly, the Opposition wanted 16 sittings, and we just about achieved that.

As for today's debate, I was surprised that the hon. Member for Harrogate and Knaresborough (Mr. Willis)—who should now be renamed Phil O'Buster—remarked on the absence of amendments passed in Committee; indeed, the leader of his party raised the same point in Prime Minister's questions. I remind Liberal Democrat Members that one of their amendments was accepted in Committee, to great rejoicing throughout the land—it added to the gaiety of the nation—and that a Government amendment was also passed.

We have put the right emphasis on issues relating to fees and student support. Although there is a large number of amendments, many are consequential and relatively few deal with substantive proposals. That justifies the time that we have allocated in the programme motion, which I hope that the House will support.

Question put:—

The House divided: Ayes 354, Noes 206.

Division No. 120] **[1:06 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Barnes, Harry
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Betts, Clive
Blackman, Liz
Blair, rh Tony
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCartney, rh Ian
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mackinlay, Andrew
McNamara, Kevin
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Michael, rh Alun
Milburn, rh Alan
Miliband, David

Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes: Gillian Merron and Vernon Coaker

NOES

Ainsworth, Peter *(E Surrey)*
Ailan, Richard
Amess, David
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Collins, Tim
Conway, Derek
Cotter, Brian
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Evans, Nigel
Ewing, Annabelle
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Grayling, Chris
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Jon Owen *(Cardiff C)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Oaten, Mark *(Winchester)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paisley, Rev. Ian
Paterson, Owen
Pickles, Eric
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Salmond, Alex

Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Widdecombe, rh Miss Ann
Wilkinson, John
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Younger-Ross, Richard

Tellers for the Noes:
Mr. Peter Atkinson and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

Orders of the Day

Higher Education Bill

As amended in the Standing Committee, considered.

New Clause 1

GENERAL DUTIES OF THE DIRECTOR

'(1) The Director must perform his functions under this Part in such a way as to ensure full access to higher education based upon academic ability and potential.

(2) In performing his functions under this Part the Director shall also have regard to—

(a) the desirability of promoting equality of opportunity in connection with access to higher education,

(b) the requirement to maintain the independence of the procedures for the admission of students of individual institutions, and

(c) the desirability of securing that his powers are exercised in such a way as to impose the minimum necessary burdens of cost and compliance with regulation on institutions.'.—*[Chris Grayling.]*

Brought up, and read the First time.

1.21 pm

Chris Grayling (Epsom and Ewell): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following:

New clause 2—*General duties of the relevant authority in relation to Wales*—

'(1) The relevant authority in relation to Wales must perform his functions under this Part in such a way as to ensure full access to higher education based upon academic ability and potential.

(2) In performing his functions under this Part the relevant authority in relation to Wales shall also have regard to—

(a) the desirability of promoting equality of opportunity in connection with access to higher education,

(b) the requirement to maintain the independence of the procedures for the admission of students of individual institutions,

(c) any guidance given to it by the Assembly, and

(d) the desirability of securing that his powers are exercised in such a way as to impose the minimum necessary burdens of cost and compliance with regulation on institutions.'.

Amendment No. 1, in page 14, line 6, leave out Clause 30.

Amendment No. 2, in clause 48, page 22, line 13, leave out '30(1)' and insert

'[general duties of the Director]'.

Amendment No. 3, in page 22, line 44, leave out '30(2)' and insert

'[general duties of the relevant authority in relation to Wales]'.

Amendment No. 99, in schedule 5, page 31, line 33, at end insert—

'(2A) In any report under sub-paragraph (1) the Director shall include an assessment of the factors which most discourage any particular class of person from seeking access to higher education, in particular factors related to income.'.

[Mr. Speaker]

Amendment No. 100, in page 31, line 33, at end insert—

'(2A) Any report by the Director may include recommendations for public policy.'.

I rise to speak to new clause 1 and the other consequential new clause and amendments, tabled in the names of my right hon. and hon. Friends and me. Four years ago, the Chancellor of the Exchequer began a process of Government interference in our universities that will, if the Bill goes through, establish the mechanism for the Government to dictate to them how they should select students. We all remember the case of Laura Spence, the applicant from the north-east who was turned down by Oxford university and subsequently admitted to Harvard. For some reason—and with what seemed like precious little knowledge of the detail of the case—the Chancellor thought that it was his job to come to Laura Spence's defence.

I have been looking back at the coverage of the case, and the events, and their consequences for our debate are clear. A report in *The Times* of 26 May 2000 stated:

"Gordon Brown embroiled the Government in a class war with Oxford University yesterday by attacking its "old school tie" interviewing system and the "absolute scandal" of the rejection of a comprehensive schoolgirl.

The Chancellor urged Britain's older universities to open their doors to "people from all backgrounds" after Laura Spence failed to secure a place to read medicine at Magdalen College. She has since won a Harvard scholarship.

Mr. Brown spoke with the full backing of Tony Blair . . . But he was promptly criticised by the university, whose Vice-Chancellor, Dr Colin Lucas, accused him of speaking without knowing the facts behind the headlines."

That is not entirely a surprise. The real message in that story was in the last paragraph, which stated:

"Last night the row was escalating as government sources made plain that universities could face sanctions if they fail to take more state pupils. 'These people have got to put their house in order', a senior government source said. Oxford and Cambridge have already suffered a cut of £11 million over ten years in the money previously allocated for college tuition fees. Officials say there is plenty of scope to impose further funding conditions."

Further funding conditions are precisely what are on the table today. They are forcing those people, in the eyes of the Government, to put their house in order. Our new clause and the related amendments seek to challenge that intervention, and to ensure that unwarranted political interference by the Government cannot happen.

James Purnell (Stalybridge and Hyde) (Lab): In answer to a question that I asked in the debate on the programme motion, the hon. Member for Westmorland and Lonsdale (Mr. Collins) said that there were hordes of Conservatives waiting for the end of that debate so that they could speak in this one. Can the hon. Gentleman explain why there are only three Conservative Back Benchers supporting him now, given the earlier claim that there was massive interest on the Conservative Benches in this important Bill?

Chris Grayling: I hate to disappoint the hon. Gentleman, but I think that he will find that much of the interest in speaking today is on his own Benches, where large numbers of people are only too keen to speak against the Government's ill-thought-out approach to higher education. The sad thing is that all too few of them will have the opportunity to do so—if, indeed, they have not already been cowed into submission by the intense efforts of the Government Whips Office.

It has been noticeable in recent weeks that some supporters of the Prime Minister have, perhaps with his retirement in mind, started to talk about "Blairism" as a political philosophy, although I am not sure whether that is a contradiction in terms. This measure is not about Blairism; it is about Brownism, and it is a sign of things to come if the country should ever be unfortunate enough to see the Chancellor move house from No. 11 to No. 10. The fact that the measure is before the House today is also a sign of just how weak the Prime Minister has become within his own party, and just how strong the Chancellor has become.

When I challenged the Prime Minister on this issue a year ago, he disowned his Government's own policy. I said to him:

"There are increasing reports of pupils of high ability and achievement being turned down by universities because of their social background. How would the Prime Minister justify that to the people who are losing out?"

The Prime Minister's response was:

"The simple point is that I would not. If universities are doing that, they are wrong. What is more, people should go to university based on their merit, whatever their class or background. That is what should happen."—[*Official Report*, 26 February 2003; Vol. 400, c. 256–7.]

The purpose of new clause 1 is to ensure that it does happen, and if the Government are so enthusiastic for it to happen and if Ministers are so keen on it happening, I suggest that we stop the debate now so that they can accept new clause 1 and we can move on. Would they like to do that? *[Laughter.]* No, I thought not.

New clause 1 would write into the Bill the simple principle that the access regulator should be mindful of academic achievement and potential, and of that alone. That is where the Conservatives stand on this issue. Only those two factors should be taken into account when deciding who should go to university. The admissions system should not become a system for social engineering.

Kali Mountford (Colne Valley) (Lab): Has the hon. Gentleman had time, since the Bill was in Committee, to consider what he means by "potential"? Can he now give the House a better explanation of what he means by that term, and of what his objection is to fair access, which is something else that he could not get to grips with in Committee?

Chris Grayling: I suspect that the difference between the hon. Lady and me is that, as a politician, I do not think that it is my job to define "potential". I would rather leave it to the professionals in the universities to decide which young people have the potential to succeed. They do not need politicians to step in and do their job for them.

Mrs. Lorna Fitzsimons (Rochdale) (Lab): Does the hon. Gentleman agree that there is something wrong with a system in which, over the last 50 years, no more than 15 per cent. of people from C5 backgrounds have

gone into higher education? Is he saying that the vast majority of such people—of whom I represent many—do not have potential?

Chris Grayling: The hon. Lady makes an important point, but she should be looking elsewhere in the education system to deal with those very real issues. It is not a solution to gerrymander the higher education entrance system.

Huw Irranca-Davies (Ogmore) (Lab): Speaking as someone who was a professional lecturer for six years in the kind of institute that encouraged wider access, may I emphasise to the hon. Gentleman the unseen potential of people who come to higher education through non-traditional pathways? It is not a desirability but a necessity to ensure that such people have equal access to all higher education institutions, because they outperform people who come through with more traditional grade scores.

Chris Grayling: The hon. Gentleman makes my point for me. He talks about his own experience in higher education and the role that he and his colleagues clearly played in selecting students with academic potential. It is the job of his colleagues who are still in the profession to take those decisions; it is not for politicians to impose those solutions on them.

Huw Irranca-Davies: Will the hon. Gentleman give way?

Chris Grayling: No, I want to make some progress, if the hon. Gentleman will allow me. The point is that it is exactly that principle that the Government are seeking to destroy today, and we want to prevent that from happening through our new clauses and amendments.

The proposal to introduce the access regulator represents all that is wrong with this Government. University vice-chancellors have told us that they hope that the regulator will prove to be a paper tiger, but they should have listened to the Minister when he spoke in a debate on the subject in Westminster Hall earlier this year. He said that

"this is a regulator with teeth."—[*Official Report, Westminster Hall*, 6 January 2004; Vol. 416, c. 32WH.]

Our goal this afternoon is to draw those teeth, and to establish the principle, which should be inalienable, that these matters should be outside the control and involvement of politicians.

Let us be clear: we believe that entry to university should be based on academic achievement and potential and on nothing else. It is not for politicians to interfere in this.

1.30 pm

Mr. Simon Thomas (Ceredigion) (PC): The hon. Gentleman may recall from Committee that my position is somewhere between his and the Government's on this matter. There is a serious point to be made: the university funding system is already subject to an element of political interference. The Higher Education Funding Council for Wales, for example, already sets a threshold for the number of applicants who must come from the 100 most deprived communities in Wales. Would the new clause weaken existing arrangements, or does the hon. Gentleman think that he is merely tackling the office for fair access? I am a little concerned that he may weaken efforts already being made in relation to access to higher education.

Chris Grayling: I see no reason why the new clause would have that effect. Nor do I believe that our universities would be enhanced by another layer of bureaucracy, which would make it more difficult for them to do the job that many of them are already doing.

The important point at the heart of this debate is that there is a need to create opportunity within our education system for those who are let down by it. There was no dispute in Committee about that, and there is no disagreement that there are young people who do not achieve what they could under our current education system. There are young people with the potential to go to university, who, for family or other reasons, such as the social environment in which they are brought up, do not end up doing so. That is wrong. There is agreement on both sides of the House about that.

In Committee, the hon. Member for Nottingham, North (Mr. Allen), who is sadly not in his place at the moment, made an impassioned and important speech—and quite a long one—about the situation in his constituency, where anyone who stays on in education after the age of 16 is regarded, in his words, as weird. Clearly, that is wrong. I did not disagree with his analysis of the situation in his constituency, nor with the fact that it needs to be addressed, but I fundamentally disagree with him about the solution. The problem that the access regulator is being appointed to tackle is deep-rooted in our schools, and it is there that the change must come. That solution will not be found by gerrymandering the university admissions system, or by requiring university admissions tutors to follow anything other than their natural instincts and expertise in judging academic achievement and potential.

Jonathan Shaw (Chatham and Aylesford) (Lab): Does the hon. Gentleman also recall that we heard in Committee of examples of universities and schools working together in communities, such as that of my hon. Friend the Member for Nottingham, North (Mr. Allen), to expose universities to young people who had no previous experience of them? The regulator will oversee exactly that type of access extension.

Chris Grayling: The hon. Gentleman is absolutely right and anticipates the next section of my speech.

The frustrating irony of the debate about the access regulator is that good work is already going on in the university sector to try to attract students from non-traditional backgrounds.

In Committee, numerous Labour Members praised the efforts of their local universities in this regard. The hon. Member for Cambridge (Mrs. Campbell), who is not in her place today, said:

"Cambridge University has long been generous in providing bursaries to students from low-income backgrounds"

The hon. Member for Nottingham, North said:

"we need . . . vice-chancellors to become far more a part of the education family".—[*Official Report, Standing Committee H*, 4 March 2004; c.464–71.]

[Chris Grayling]

But he went on to praise the work done by his two local universities, Nottingham university and Nottingham Trent university, in seeking to extend opportunities for 14 to 16-year-olds.

Jonathan Shaw: It is right that we gave examples of good practice in Committee, but we also said that it was not uniform, it was not across the piece, and that some universities were doing very well, and others were not. We want all universities to perform to their best in terms of widening access and reaching out into communities to young people who would not have thought about attending university. That is what the regulator will do: it is about spreading good practice.

Chris Grayling: The hon. Gentleman must understand that the fundamental difference between us is that we do not believe that we should pass laws to do that. One does not legislate best practice; one encourages it. The flaw in this measure is the belief that passing a law is the right way to deal with a genuine problem. That is the difference between Conservative and Labour Members.

Kali Mountford: I hope that the hon. Gentleman recognises the hard work going on in junior and primary schools as well as in secondary schools and universities. Alongside that good work, does he not recognise that there is a problem with people following their natural instincts, to use his words? Is not the problem that some people's natural instincts may not be benign, and some people's natural instincts may need some encouragement in a more generous direction?

Chris Grayling: If the hon. Lady is right, and if the hon. Member for Ogmore (Huw Irranca-Davies) is correct that there are potential students out there who will out-perform in higher education, by definition, those institutions that are good at recruiting them will rocket up the academic ladder, and others will realise that they are missing out. Surely best practice is best developed in that way, rather than through clumsy bureaucratic laws from the centre.

Huw Irranca-Davies: Will the hon. Gentleman give way?

Chris Grayling: If the hon. Gentleman will forgive me, I want to make some progress. I do not want to take up the whole debate with my contribution.

The problem is that when the Government feel that something is not right, they rush to pass a law. Although the natural instincts of Labour Members to nationalise everything have long been curbed, those instincts are still to look to interfere in every aspect of our lives. When there is something with which they do not agree, passing a law is their only solution. The introduction of an access regulator, whose job is to ensure that universities are pressurised into changing the way that they shape their future intakes, is based too much on class prejudice and not enough on academic good practice. We do better if we empower people to take those decisions themselves, rather than trying to be prescriptive from the centre.

I agree with the hon. Member for Nottingham, North that something must be done to address those failing schools and communities where education is an alien concept—*[Interruption.]* He has just returned to the Chamber, and he missed my remarks referring to his speech. I very much agreed with his diagnosis of the problem in his constituency. My point is that that problem simply should not exist in a modern society in 2004. It behoves all of us as politicians to seek ways to address it. We differ not on the aspiration but on the solution. Fundamentally, we do not believe that passing laws is the right way to do it. Nor do we believe that creating potentially draconian regimes for the university sector is the right way to do it.

Several hon. Members *rose—*

Chris Grayling: I am going to conclude my remarks, as I want to allow other Members the chance to speak.

The Government have sought to assure us that they have no intention whatever of trying to become involved in admissions. The measure, they tell us, is all about applications, not admissions. They just want universities, they tell us, to cast their net wider. The problem is simple: we do not believe them. They have form in this area. They know that they have already gone back on a clear manifesto pledge on tuition fees, to which we will no doubt return later this afternoon.

When the Government tell us that the access regulator will have a light touch and confine his interest to a loose set of guidance in relation to the application process, I do not believe them. Do we honestly believe that two or three years down the road, if by some unhappy accident they are still in office and their goals are not being met by the higher education sector, they will stand aside if the changes that they want have not happened? No one in the higher education sector should be under any illusion about that. When the Secretary of State talks about substantial financial penalties—£500,000 fines for universities that do not conform—that is a threat to be taken seriously. In time, those threats will become a harsh reality.

There is a simple way of removing this threat. The new clause would limit the ability of the regulator to impose a social engineering agenda on our universities. It would ensure that our universities cannot be forced to admit students on the basis of any factors other than academic achievement and potential. The Prime Minister had it right a year ago when he said that anything else would be wrong. He was right then, this new clause is right now, and I commend it to the House.

Mr. David Rendel (Newbury) (LD): I shall not detain the House, because I am sure we all want to proceed to the next group of new clauses and amendments.

The Liberal Democrats will support the new clause, because, as we have said from the outset, we consider the whole system of targets to be nonsense. The idea that precisely 50 per cent. of young people—no more, no less—should go to university is absurd. The target will probably be achieved quite easily anyway; it has already been achieved in Scotland, and the chances are that it will be achieved in England in the near future regardless of whether the Government take any action. What we should be doing is deciding how many university places

we ought to be providing, and for whom they ought to be provided. We have long believed that places should be provided for all who have the ability, potential and qualifications to make proper use of university courses.

We are particularly happy with new clause 1 because the Conservatives, who in Committee tabled an equivalent amendment proposing the removal of the clause in the Bill that insists on fairness, have now included subsection (2) in the new clause. It provides that the system of choosing between applicants must be fair and non-discriminatory. That addition makes all the difference: it enables us to support the new clause.

While we are thinking about fairness, we should bear in mind that A-levels are not the only measure of ability and potential. I was somewhat surprised, but nevertheless delighted, to find in Committee that the Conservatives held that view as well. There had been some concern about the issue over the past year. Some independent schools had seemed to think that A-levels were the only important measure of ability, and that those with the right A-levels should be chosen on those grounds alone. That, of course, has become impossible in the case of our most prestigious universities: so many applicants are achieving three or four A grades that it is impossible to choose between them purely on that basis.

Geraint Davies (Croydon, Central) (Lab): While we are discussing the central issue of enforcing fairness, may I make a point about Oxford university? I should mention that I went there from a state school. Oxford accepts a proportion of applicants from state schools, but it is also true that more people from state schools will end up with better degrees—the corollary being that those from the private sector will end up with worse degrees. Does that not imply that something is going badly wrong at the margin, and that there should be more factoring in of social backgrounds? That is the job of the regulator, and it should be enforced.

Mr. Rendel: I do not think that those from state schools necessarily get better degrees. What is certainly true is that those from state schools who have lower A-level grades tend to do at least as well as those from independent schools who have higher grades. I do not think that that is quite the point that the hon. Gentleman was making, but it is my reason for thinking that A-level grades should not represent the only way of choosing between applicants. If we do not have other mechanisms, our most prestigious universities will not have the opportunity to admit applicants with great ability and potential who come from state schools and whose A-level grades may not be as good as those of others in their age group.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): I think that the hon. Gentleman has misinterpreted my hon. Friend's point. The other side of the picture is that when people who have been carefully nurtured and groomed, and on whom an enormous amount of money has been spent in the private system—who have been glossed up—reach university, the glossing up does not persist. It gets them into university because they look good at their interviews and have plenty of self-assurance—and yes, they have achieved three As at A-level—but when confronted with the rigours of a university degree course, they do not perform as well as people from state schools with similar qualifications.

Mr. Rendel: I suspect that, in fact, we are all misunderstanding each other. I think that what I was saying is exactly what the hon. Gentleman has just said. Those from state schools will not necessarily get better degrees than those from independent schools, but those from state schools with lower A-level grades tend to end up with the same degrees as those from independent schools with higher grades.

1.45 pm

Mr. James Clappison (Hertsmere) (Con): Will the hon. Gentleman join me in commending to the hon. Member for Huddersfield (Mr. Sheerman)—the Chairman of the Select Committee—and to the hon. Member for Croydon, Central (Geraint Davies) a report prepared for the Higher Education Funding Council? It concerns the effects of schooling on higher education achievement, and concludes that the difference in the degree performances of students with the same A-level scores from independent schools and state schools is very small indeed at the most selective and highly academic universities such as Oxford and Cambridge.

Mr. Rendel: I think that we are all saying much the same thing, and that I should now make some progress.

At present, independent schools are selling themselves largely on their ability to produce better A-level grades than state schools for pupils with the same ability. Universities should therefore take the opportunity of choosing state school applicants with lower grades, rather than those from independent schools; but the choice must be made on the basis of a number of criteria. Past exam success clearly makes a difference, and it is one of the measures that universities can use fairly—not just in respect of A-levels, but in respect of earlier exams. Current tests of potential along the lines of the American SATS are a possible method of differentiation. The application form itself may give universities a hint, and pupils could perhaps send examples of written work to show what they had achieved in the past. Interviews are another possibility, as are teachers' assessments. If teachers are at all fair in their assessments, the best way of judging the ability and potential of young people may be what is said by those who have known them best at school.

New clause 1 would, I hope, produce a fairer way of choosing university students than the methods currently used in some universities. It is only fair to add, however, that a certain level of resources would have to be invested. It is quickest and simplest for universities to choose between applicants on the basis of A-level grades; if these more complex and subtle—but fairer—methods are adopted, universities must put in more money than they do at present.

New clause 2 would remove from the Welsh Assembly some of its rights to determine how university admissions are handled. That clearly conflicts with the whole principle of devolution to the Assembly. I should like the maximum number of powers to be devolved, and I believe that these powers should be included.

Chris Grayling: As the hon. Gentleman will know, new clause 2 is effectively consequential on new clause 1.

[Chris Grayling]

Is he saying that he supports the principle that universities should not be subject to political interference in England, but does not apply that principle to Wales?

Mr. Rendel: No, I am not suggesting that Welsh universities should not have a fair choice of applicants. What I am saying is that it should be up to the Assembly to determine how it will put pressure on universities to employ a fair and sensible way of discriminating between applicants. We in this Parliament should not make that decision.

I am not sure whether anyone will speak to amendments Nos. 99 and 100. The hon. Member for Nottingham, North (Mr. Allen), who tabled them, did not seem to want to speak a moment ago. In case he does speak, however, let me say that we consider the amendments unobjectionable but probably superfluous. I suspect that OFFA would work more or less in that way in any event. We see no great need for the amendments, but we have no great objection to them.

Mr. Graham Allen (Nottingham, North) (Lab): New clauses 1 and 2 are important, because they give the House the chance to look very seriously at OFFA. In this context, I must allude to some remarks that I made earlier about Ofsted. Unfortunately, my new clause, which would have made OFFA into a body more like Ofsted, did not get the attention of the Speaker, but new clauses 1 and 2 bring to the House's attention the strength of OFFA. The hon. Member for Epsom and Ewell (Chris Grayling) made some telling points when he spoke earlier, but I disagree with him on the strength of OFFA. If we are to intervene effectively in what is an education market whether we like it or not—whether we would like to reshape it or not, and whether it is imperfect or not—we need the tools to do so. We had a good debate on how people can assess the market and adjust it for the benefit of all participants. OFFA is one of the instruments that could be used to make an imperfect market a little more perfect.

Mr. Patrick Hall (Bedford) (Lab): My hon. Friend will know that the use of the word "market" has heavy political and social implications, especially for Labour Members. Although he accepts that there is now a market in higher education, does he agree that neither the current situation nor that proposed in the Bill will by any means produce a free market? The market is extremely restricted and contained, so that term must be used with the caveat that we do not, and will not, have a free market.

Mr. Allen: The pretence that there has ever been a wholly free market—which is a theoretical concept—is an offence to logic, but it is equally an offence to logic to pretend that we do not currently have a highly distorted market. The problem is that if we want to clean it up and to use the language of the market, people unfortunately bring to the discussion a lot of emotional baggage about what that means.

The hon. Member for Epsom and Ewell kindly alluded to my remarks in Committee on how a distorted market affects my constituency. Nottingham, North sends the fewest young people to university of any constituency in the United Kingdom. The people in Nottingham, North are not congenitally thicker than people elsewhere, but their life chances are perverted at an early stage because the market of brains, ability and talent is not allowed to work. The way to solve that is not to preserve the current system in aspic, but to take on the market, make sure that it works effectively and remove as many of its imperfections as possible.

One tool that we can bring to bear on that process is OFFA. Unlike the hon. Member for Epson and Ewell—on occasion I have disagreed with Ministers, too, on this—I feel that OFFA is not the tiger that we need, but something of a pussycat.

Jonathan Shaw: If we all agree that admissions are the sole responsibility of the institution, what additional powers does my hon. Friend advocate that OFFA should have?

Mr. Allen: I shall gladly explain my request, but my hon. Friend will be bored because he heard it all in Committee. We have heard from Opposition Members, whose view is honest and sincere, that we need a light touch, and my hon. Friend the Minister for Lifelong Learning, Further and Higher Education has taken that further by saying that we should have a light touch but not a soft touch. However, I think that we need a slightly firmer hand on this particular tiller. Statistics tell us that over the past 40 years, working-class kids' chances of getting to university have not improved one jot. There are still only 20 per cent. of working-class kids, and fewer in my constituency, who make it to university. I do not want to rush into legislation, to use the term of the hon. Member for Epsom and Ewell, but concluding a 40-year experiment is not rushing. The need to ensure that the talent that is out there is allowed to breathe, and that talented young people realise their full potential, is long overdue. People whom we represent feel that it is long overdue, as does our party.

Mr. Sheerman: My hon. Friend knows of my admiration for what he is doing in Nottingham, North to put right what has been wrong for far too long in terms of opportunities for children. However, does he agree that in the period since 1997, we have had the right strategy of intervening as early as we can, with Sure Start, free nursery places, and massive investment in primary, junior and secondary schools and in education maintenance allowances? All of us will agree that in one sense, 18 is too late. We must make the intervention earlier.

Mr. Allen: My hon. Friends on the Government Front Bench repeat over and over, rightly, that the subsidy for education, which everyone in this country should be proud of, is far higher at the latter end of education than at the earliest moment. I pay great tribute to my hon. Friend the Chairman of the Education and Skills Committee for repeatedly renewing calls on Sure Start, on all our schemes to improve emotional intelligence and social behaviour before school and on the effort to bring literacy and numeracy into play at primary school. When those measures were introduced, none of them found much favour from Opposition Members, but Ministers

pushed them through with the support of my hon. Friends on the Back Benches, and they are starting to make a real difference.

I repeat that the life chances of young people in my constituency and in the constituencies of many colleagues are not falsified at the age of 18; the dice are loaded from birth, and sometimes before. We need to examine a much wider picture and ensure that the money goes in at the earliest possible opportunity. If youngsters are allowed to flourish prior to going to school—we have all read primary school Ofsted reports from difficult parts of our constituency—they will benefit massively from the education on offer. That is how we must look at this particular question, and we must ensure that the process is pursued right up to the age of 18, through an OFFA with teeth.

Huw Irranca-Davies: Given how my hon. Friend described his constituency and his constituents, does he think that they would agree with the wording of new clause 1, which describes equality of opportunity as desirable? Would he choose a stronger form of words?

Mr. Allen: I would choose far stronger words, and I did so in Committee. I still hope that the Government might consider my proposal. OFFA is essentially a reactive body. If we look at the way in which it was created through the consultative paper, and the way in which we talked about it in Committee, we see that OFFA is reactive to whatever universities propose in their access plans. However, I want OFFA to make proposals, to be innovative and to tackle some of the problems and their causes, just as we would expect any other body related to educational institutions to do. If Ofsted goes into one of my local primary schools, it comes out and produces not just a bland report on achievement but a sharp report on what is needed in that school, and on how to support teachers and end the problems that have caused under-attainment. Similarly, I want action-oriented proposals from OFFA.

I know that we have had to compromise to get parts of the Bill through, but we must return to that matter at an appropriate point. That is why one of my amendments in Committee referred directly to a proposal of the Chairman of the Education Committee, which has done such superb work in this field. Although it was able to undertake only brief, if comprehensive, pre-legislative scrutiny of the provisions, one of its proposals was that we review the operation of OFFA and see whether we can take it further and give it more teeth, so that we can assess how the problems are being tackled, rather than just providing a snapshot of those problems. I hope that the Minister will take up that idea informally, even if it is not passed as an amendment to the Bill.

2 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I do not think that anybody in the House would disagree with the premise that the hon. Gentleman is putting forward—that generations of young people in many constituencies have been denied access to higher education as a result of low expectation, and often as a result of low standards in local education authorities and schools. We both start from that point. What worries me about his language is the idea that, in a constituency such as mine, where about 70 per cent. of young people enter some form of higher education, those very young people should be penalised as a result of their efforts and the fact that many of them have been born into lower or middle-class families. Does he agree that it should not be a question of either/or? We are not seeking to replace certain groups of students with others. That is what worries us about the whole issue of social engineering within this framework.

Mr. Allen: Of course it is not a question of either/or, but let us be absolutely clear about this: social engineering is already happening, and we need to recognise it. There is already a market, and we need to recognise that. If we think that the current market is imperfect, which it is, and if we agree that the current social imbalance, which certainly exists, has not arrived by accident and is wrong, we need to do something about those things. The pertinence to the new clause is that OFFA potentially gives us a way to strengthen the teeth that will allow talent to flourish—not to give anybody an easy ride, not to give anybody access to university who does not have the qualifications, but to ensure that the abilities that are out there are allowed to flourish. It is a way of freeing up the abilities, not forcing people into university. In many ways, the hon. Gentleman is setting up a straw man, because the people who would like that the least would probably be those who were forced into a university when they knew perfectly well that they were not qualified. I accept that he was not intending to say that.

Mrs. Fitzsimons: I accept the genuine interest and expertise of the Liberal Democrat Front-Bench spokesperson on this issue, but does my hon. Friend share my concern that, over the past 40 years, social engineering has kept able, bona fide candidates out of higher education, as is evidenced by the fact that for 40 years only 20 per cent. of people from lower socio-economic backgrounds entered higher education?

Mr. Allen: I very much agree with my hon. Friend. Labour Members should stop being defensive about the idea that intervention takes place in a market. That is exactly what this party is about, if we are about anything. The Conservatives practised intervention for decade after decade to the benefit of the people whom they represent. I do not quibble with them for doing that, but Labour Members must accept that, as John Smith used to say repeatedly, a market is a good servant but a bad master. By using methods such as those that OFFA will use, we can intervene to ensure that the market is properly regulated so that talent is allowed to flourish.

I return briefly to the point that the hon. Member for Harrogate and Knaresborough (Mr. Willis) made. We do of course need to take a comprehensive view of the whole issue. For that reason, I implore my hon. Friends, whatever their views on particular aspects of variability, to vote with the Government tonight. If things do not go as I hope that they will, we might lose the other part of this vital package. The key is to ensure that, now that we have a higher education system in which youngsters can flourish, we allow them to get there.

[Mr. Allen]

The biggest problem faced by young people is not the prospect of paying back a fiver a week when they are on £18,000, or £25 a week when they are on £30,000, as a graduate; the biggest obstacle to kids in my patch, and in the constituencies of hon. Members on both sides of the House, is their fear that if they go to university with no money in their pocket, they will be unable to keep body and soul together. I have already written to the eight secondary head teachers in my constituency to tell them that, if the Bill is passed, they should spread the good news at their assemblies and other places and say, "You can go to university and we will pay you £3,000 to do it, because that is available"—

Mr. Willis: And charge them.

Mr. Allen: And they will not be charged. The hon. Gentleman repeats that assertion over and again. It needs to be refuted, even if it is only made from a sedentary position.

Mr. Willis *rose—*

Mr. Allen: I must answer the hon. Gentleman's sedentary point, and then I may give way to his standing point.

The scare that is put about that poor students, poor families, rich students or rich families will have to pay back under this scheme, is nonsense. It will be graduates earning a wage—earning £18,000—who will start to pay back at £5 a week, and those earning £30,000 will pay back £25 a week. What the hon. Gentleman does—he does it so often that I begin to doubt that he is doing it inadvertently—is frighten the very youngsters in my constituency whom I want to grasp this opportunity. It is an easy point; it is an easy misrepresentation. This morning I met a number of people who have lobbied us in the House. I corrected them, and they were amazed because they had swallowed the propaganda and thought this was a great debt burden rather than a very modest repayment that will be made only once graduates earn sufficient repay.

Mr. Willis: Does the hon. Gentleman accept that poorer students currently pay no fees, so when they leave university they have to pay back their maintenance loan, whereas under the new system they will get a £3,000 grant, including the bursary, as they go into university, but they will have a £3,000 tuition fee to repay at the end? So they will actually get a grant of £3,000 and then have to pay back £3,000 in fees. How on earth is that an advantage?

Mr. Allen: The hon. Gentleman is wrong on almost every particular. I wish that I could take more time to refute the arguments that will be made in the later debate. I will be present in the later debate to do that, as I did repeatedly in Committee. Not every youngster will pay a £3,000 fee—*[Interruption.]* I am sorry, not every university will charge—

Mr. Jon Owen Jones (Cardiff, Central) (Lab/Co-op): On a point of order, Mr. Deputy Speaker. I seek your protection. How can you help Members who represent Wales in the House, who, it is now clear, will have no opportunity to debate the important issues, which are currently non-devolved, about how the Bill affects Wales? In its ignorance or with its disinterest, the House is about to legislate on Wales without allowing any Member from Wales to speak on that issue. Can you do anything to protect our interests?

Mr. Deputy Speaker (Sir Michael Lord): I understand the points that the hon. Gentleman is raising, but the House has decided the programme motion that we are now working under, and as far as I am concerned in the Chair I have no control over that.

Mr. Allen: My hon. Friend the Member for Cardiff, Central (Mr. Jones) makes a strong point, and all that I can say to him is that this matter was covered extensively in Committee. I know that is of little consolation to him—

Paul Farrelly (Newcastle-under-Lyme) (Lab): I have enjoyed listening at great length to my hon. Friend. Given the length of his contribution and in recognition of his efforts, OFFA should perhaps be renamed the Allen key to improve access.

Mr. Allen: I believe that several colleagues wish to speak and I shall bring my remarks to a close. I simply emphasise that we are creating an instrument for intervention in a highly imperfect market, and we should give it the necessary teeth. Unfortunately, this will not be the opportunity to do that, but I hope that perhaps under the auspices of the Select Committee we shall revisit this matter and ensure that OFFA is a regulatory body worthy of the name.

Mr. Michael Fallon (Sevenoaks) (Con): The hon. Member for Nottingham, North (Mr. Allen) has just taken a third of the entire debate. I shall certainly be briefer, not least to try to allow some Welsh Members into the debate.

My hon. Friend the Member for Epsom and Ewell (Chris Grayling) described amendment No. 1 as consequential. It may be, but I think that it also reflects amendment No. 268, which he tabled in Committee, in that it removes from the Bill the clause that allows the Secretary of State to give guidance to the regulator. That is the issue that most concerns me, because it allows the Secretary of State to give the regulator guidance, so the regulator will not be independent of the Secretary of State or of Government.

One can make a case, when dealing with rail, water or other issues, for the regulator to be directed or guided by the Secretary of State or the politicians of the day, but higher education is not the same as energy, water or railways. On the contrary, universities—even if Labour would wish it otherwise—are not public institutions. They are private institutions, and what is studied at universities and those who are admitted to them should, in the final resort, be matters for universities themselves. That is the principle of academic freedom, which I have yet to hear addressed, on Second Reading or today.

Peter Bradley: Will the hon. Gentleman give way?

Mr. Fallon: No, I have very little time.

The Minister was brutal on that point in Committee. When he answered the debate on amendment No. 268, he said that the Government wanted the powers because

"we want to direct the regulator."—[*Official Report, Standing Committee H*, 4 March 2004; c. 523.]

He made no bones about it: he wants the powers so that the Secretary of State can direct the regulator.

We have heard today Labour Members say—as they are entitled to do—that they want a regulator with teeth. Indeed, that was the gist of the 20-minute speech by the hon. Member for Nottingham, North. That is fine, but the Bill will mean that we will have a regulator with the Government's teeth. It is wholly wrong of the Government to interfere in the operation of the regulator.

I shall lay my cards on the table and confess that I do not think that we need a regulator. Better practice could be spread in different ways, and there is no case for a regulator. However, if there is to be one, it should be independent of the Government and of the Secretary of State. It should carry out its duties, subject—of course—to the law and perhaps to review by the courts, but free from political interference.

Jonathan Shaw: The hon. Member for Harrogate and Knaresborough (Mr. Willis) rightly said that we do not want an either/or situation: we want to promote the opportunities for young people from working-class backgrounds to fulfil their potential and gain access to higher education institutes. We have heard a lot of scaremongering from the Conservatives about what OFFA will do, but the idea that it will involve social engineering is ridiculous—*[Interruption.]* I am sorry that the hon. Member for Boston and Skegness (Mr. Simmonds) greets that with incredulity. OFFA will, with a light touch, spread good practice to ensure that institutions reach out to communities that are less well represented in higher education. OFFA will not be a punitive weapon that the Secretary of State can use, and that suggestion was clearly rebutted in Committee—and the hon. Member for Epsom and Ewell (Chris Grayling) knows it. The hon. Member for Westmorland and Lonsdale (Mr. Collins) nods, but we remember the language that he used. He said that OFFA would be used if the Secretary of State took offence at an institution and that he could use OFFA in a vendetta against it.

The Opposition said that OFFA would be the Secretary of State's plaything, but that is ridiculous. Universities UK has been clear about the powers that OFFA will have, especially on the plan that will allow universities to charge fees of £3,000. If the plan is altered, it will be on the say-so of the institutions, not OFFA. It is important that OFFA is not involved in admissions, but the Conservatives want people to think that it will be. The universities know that OFFA will not be involved in admissions, the Labour party knows that and so do the Liberal Democrats. Indeed, the Tories know it, but they choose not to articulate it because it does not suit their opportunism. They constantly use emotive words, talking about social engineering, to create a pernicious impression.

2.15 pm

Mr. Ian Taylor (Esher and Walton) (Con): I support the principles in the Bill, which is why I will not vote against it tonight, but does the hon. Gentleman agree that the provisions on OFFA are a cause for concern? The best universities want to try to broaden access: the problem is that only a quarter of 18-year-old A-level entrants get two decent A-levels. We have to find other ways, but that is not what OFFA will be set up to do.

Jonathan Shaw: One in four youngsters from working-class backgrounds who get good GCSEs do not go on to higher education institutions. Perhaps if those institutions reached out, they might get on the radar of those youngsters. We will pile more money into universities and it is reasonable for a light-touch regulator to try to ensure that they reach out. Some of our universities do a fantastic job, while others do not do such a good job. If universities want to raise their fees, they will have to reach out as the best do.

Mr. Simon Thomas: If OFFA were to be established, would any student of adequate or good financial means from a middle-class background find it difficult to go to university? I find it hard to conceive that that would ever be the case. It is also pertinent that while universities are independent, they rely heavily on public funding. Therefore, we have the right to ask something in return for that funding.

Jonathan Shaw: I agree. The judgment that we have to make is the extent of that intervention. The proposals in the Bill are reasonable. A series of amendments in Committee have assured Universities UK that OFFA will be light touch. It will also spread good practice and, together with other measures—not least at nursery level—it will improve access for young people

Mr. Clappison: In the unfortunately short time left, I shall be brief. I support the amendments tabled by my hon. Friends and I also support in their entirety the remarks of my hon. Friend the Member for Sevenoaks (Mr. Fallon). He was right to draw attention to the lack of independence of OFFA. It will be the creature of the Secretary of State and will act under his strict statutory guidance. Hon. Members should ask how OFFA will work under that guidance, because there will be a clear link between admissions and finance, and that is very disturbing.

My hon. Friend was right to refer to the £500,000 fine that can be imposed on universities, but whether universities are allowed to impose a variable fee will depend on the approval of OFFA. Whether they get that approval will depend on whether they carry out the activities required under the access agreement. The key point of how they will be judged on whether they are achieving the targets on outreach will be admissions—*[Interruption.]* Whoever said "No" should read the statutory guidance, which sets it out in black and white.

Chris Grayling: On a point of order, Mr. Deputy Speaker. We have two minutes before the guillotine falls, and clearly the House would like to hear the

[Chris Grayling]

Minister's response to the debate. Have you received any representations from the Government that they might be minded to extend the guillotine under the programme motion? We would be happy to support such an extension.

Mr. Deputy Speaker: Such things are not possible at this stage of our proceedings and would simply take more time from the debate.

Mr. Clappison: For the reasons that I outlined, OFFA is inconsistent with admissions based on merit. That will create a sense of injustice for many individuals, and might well lead to the lowering of standards in universities. It could result in a large number of this country's students going to universities in Germany—we have heard about that today—and perhaps the United States because they cannot obtain a place at a university in this country. They will be joined by those for whom a vast burden of debt will create a disincentive. I shall finish to allow the hon. Member for Cardiff, Central (Mr. Jones) the chance to make his point on Wales, if he catches your eye, Mr. Deputy Speaker.

Peter Bradley: I have been to Wales.

I am delighted that the hon. Member for Epsom and Ewell (Chris Grayling) put on the record the Tory view that democracy is an unhappy accident. It is no doubt also his view that broadening access to university will happen only through an unhappy accident. He says that there is a problem with widening access, and new clause 1 says that it is desirable to promote equality, but his solution is to do nothing except to trust the instincts of those in charge of admissions policies, although they have failed over the years to do anything more, for example, than to lead Oxford and Cambridge to admit people from lower-income groups to 10 per cent. of their places. OFFA is necessary not only to help to develop outreach strategies, but to ensure that they make the difference that will be absolutely essential if the Bill is to have any meaning.

It being one hour after the commencement of proceedings, MR. DEPUTY SPEAKER *put forthwith the Question, pursuant to Order [this day].*

Question put, That the clause be read a Second time:—

The House divided: Ayes 216, Noes 378.

Division No. 121] **[2:21 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mates, Michael
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paisley, Rev. Ian
Paterson, Owen
Pickles, Eric
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard

Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wilkinson, John
Willetts, David
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Geoffrey Clifton-Brown and
Hugh Robertson

NOES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Betts, Clive
Blackman, Liz
Blair, rh Tony
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid

Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Shipley, Ms Debra
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Thomas, Simon *(Ceredigion)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Hywel *(Caernarfon)*
Wills, Michael
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Gillian Merron and
Vernon Coaker

Question accordingly negatived.

New Clause 5

ABOLITION OF TUITION FEES CHARGEABLE TO QUALIFYING STUDENT

'(1) This section applies to fees charged by a relevant institution in respect of a qualifying course in connection with the undertaking of that course by a qualifying student.

(2) No fees to which this section applies may be charged in respect of any academic year unless regulations under section 22 of the 1998 Act (new arrangements for giving financial support to students) make provision in the case of all qualifying students for authorising a grant in respect of that academic year to be paid directly to the relevant institution the amount of which is equal to the amount of the fees.

(3) In this section—
"academic year", in relation to a course, means an academic year applicable to the course;
"qualifying course" means a course which is—

(a) a designated course within the meaning of the student support regulations, and

(b) provided by an institution in England within the meaning of section 62 (7) of the 1992 Act;

"qualifying student" means a person who is of the class specified in Schedule 1 to the student support regulations other than—

(a) persons who are not eligible for support under the student support regulations by reason of regulations 4(2) of those regulations, and

(b) persons who are not eligible for a grant for fees under the student support regulations by reason of regulations 10(2) of those regulations;

"relevant institution" means an institution specified by the Secretary of State in a condition under section 68(1) of the 1992 Act or section 7(1) of the 1998 Act;
"the student support regulations" means the Education (Student Support) (No. 2) Regulations 2002 (S.I., 2002/3200).'.—*[Mr. Collins.]*

Brought up, and read the First time.

Mr. Tim Collins (Westmorland and Lonsdale) (Con): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following:

New clause 6—*Condition by English funding bodies in relation to fees of prescribed amount*—

'(1) A condition under this section requires the governing body of the relevant institution—

(a) to secure that, in respect of any qualifying course, the qualifying fees in respect of any academic year which begins during the grant period at a time when an English approved plan is in force in relation to the institution are equal to the prescribed amount,

(b) to secure that, in respect of any qualifying course, no qualifying fees are charged in respect of any academic year which begins during the grant period at a time when no English approved plan is in force in relation to the institution, and

(c) to comply with the general provisions of any English approved plan that is in force in relation to the institution during any part of the grant period during which it is in force.

(2) For the purposes of subsection (1)—

(a) an academic year which begins at the same time as the grant period is to be taken to begin during the grant period, and

(b) an academic year which begins with the day on which an English approved plan comes into force is to be taken to begin at a time when the plan is in force.

(3) A condition under this section must provide—

(a) in the event of a failure by the governing body to comply with the requirement specified in subsection (1)(a)—

(i) where the qualifying fees are equal to the prescribed amount, for the imposition by the funding body on the governing body of any financial requirements required by a direction under section 35(1)(a), and

(ii) where the qualifying fees exceed that amount, for the imposition by the funding body on the governing body of any financial requirements required by a direction under section 35(1)(a) and of other financial requirements determined by the funding body in accordance with principles specified by the Secretary of State in the condition under section 22,

(b) in the event of a failure by the governing body to comply with the requirement specified in subsection (1)(b), for the imposition by the funding body on the governing body of financial requirements determined by the funding body in accordance with principles specified by the Secretary of State in the condition under section 22, and

(c) in the event of a failure by the governing body to comply with the requirement specified in subsection (1)(c), for the imposition by the funding body on the governing body of any financial requirements required by a direction under section 35(1)(a).

(4) Any financial requirements imposed by virtue of subsection (3) must relate to one or more of the following—

(a) the repayment, with or without interest, of the whole or any part of any sums received by the governing body in respect of the grant, loan or other payment in question,

(b) the withdrawal or reduction of any amount that has been awarded but not yet paid in respect of the grant, loan or other payment in question, or

(c) the refusal to award (or to award to the extent expected) any other grant, loan or other payment under section 65 of the 1992 Act or (as the case may be) section 5 of the 1994 Act in respect of the grant period or any subsequent period.

(5) Where—

(a) a condition is imposed under this section in connection with any grants, loans or other payments made to the governing body of a relevant institution, and

(b) those payments are to any extent made in respect of persons undertaking a course which is provided in whole or part by any other institution,

then, for the purposes of this section, fees payable by such persons to the other institution are to be regarded as fees payable by them to the relevant institution.

(6) The first regulations to be made under subsection (11) prescribing the prescribed amount shall prescribe a single amount, except where subsection (8) applies, in which case a lower amount may be prescribed.

(7) The Secretary of State may not make the first regulations under subsection (11) prescribing the prescribed amount unless a draft of the regulations has been laid before, and approved by a resolution of, each House of Parliament.

(8) This subsection applies where the qualifying fees are for—

(a) the final academic year of a course where that academic year is normally required to be completed after less than 15 weeks' attendance;

(b) a sandwich course where during an academic year any periods of full-time study are in aggregate less than 10 weeks;

(c) a course of initial training of teachers, including such a course leading to a first degree, where during an academic year any periods of full-time study are in aggregate less than 10 weeks;

(d) a course provided in conjunction with an overseas institution where during an academic year the periods of full-time study are in aggregate less than 10 weeks;

(e) a sandwich course or a course provided in conjunction with an overseas institution where the periods of full-time study at the institution in the United Kingdom are 10 weeks or more, but in respect of the academic year and any previous such academic years the aggregate of any one or more periods of attendance which are not periods of full-time study at the institution (disregarding intervening vacations) exceeds 30 weeks.

(9) Where regulations under subsection (11) have been made prescribing the prescribed amount no regulations under that subsection may be made increasing that amount unless the Secretary of State is satisfied that the increase is no greater than is required to maintain the value of the amount in real terms.

(10) For the purposes of subsection (9) the Secretary of State is to have regard to such index of prices as may be specified in, or determined in accordance with, regulations made by him under this subsection.

(11) In this section—

"academic year", in relation to a course, means an academic year applicable to the course;

"funding body" has the same meaning as in section 22;

"the grant period" means the period in respect of which the grants, loans, or other payments to which the relevant condition under section 22 relates are made;

"prescribed" means prescribed by regulations made by the Secretary of State;

"the prescribed amount" means the amount prescribed by regulations in accordance with this section;

"qualifying course" means a course of any description prescribed for the purposes of this section;

"qualifying fees", in relation to a relevant institution, means the fees payable to the institution by a qualifying person in connection with his undertaking a qualifying course;

"qualifying person" means a person falling within any class of persons prescribed for the purposes of this section;

"relevant institution" has the same meaning as in section 22.'.

New clause 7—*Condition by Higher Education Funding Council for Wales in relation to fees of prescribed amount*—

'(1) A condition under this section requires the governing body of the relevant institution—

(a) to secure that, in respect of any qualifying course, the qualifying fees in respect of any academic year which begins during the grant period at a time when a Welsh approved plan is in force in relation to the institution are equal to the prescribed amount,

(b) to secure that, in respect of any qualifying course, no qualifying fees are charged in respect of any academic year which begins during the grant period at a time when no Welsh approved plan is in force in relation to the institution, and

(c) to comply with the general provisions of any Welsh approved plan that is in force in relation to the institution during any part of the grant period during which it is in force.

[Mr. Deputy Speaker]

(2) For the purposes of subsection (1)—

(a) an academic year which begins at the same time as the grant period is to be taken to begin during the grant period, and

(b) an academic year which begins with the day on which a Welsh approved plan comes into force is to be taken at a time when the plan is in force.

(3) A condition under this section must provide, in the event of a failure of the governing body to comply with any of the requirements specified in subsection (1), for the imposition by the Higher Education Funding Council for Wales on the governing body of financial requirements determined by the Council in accordance with principles specified by the Assembly in the condition under section 25.

(4) Any financial requirements imposed by virtue of subsection (3) must relate to one or more of the following—

(a) the repayment, with or without interest, of the whole or any part of any sums received by the governing body in respect of the grant, loan or other payment in question,

(b) the withdrawal or reduction of any amount that has been awarded but not yet paid in respect of the grant, loan or other payment in question, or

(c) the refusal to award (or to award to the extent expected) any other grant, loan or other payment under section 65 of the 1992 Act or (as the case may be) section 5 of the 1994 Act in respect of the grant period or any subsequent period.

(5) Where—

(a) a condition is imposed under this section in connection with any grants, loans or other payments made to the governing body of a relevant institution, and

(b) those payments are to any extent made in respect of persons undertaking a course which is provided in whole or part by any other institution,

then, for the purposes of this section, fees payable by such persons to the other institution are to be regarded as fees payable by them to the relevant institution.

(6) In this section—

"academic year", in relation to a course, means an academic year applicable to the course;

"the grant period" means the period in respect of which the grants, loans, or other payments to which the relevant condition under section 25 relates are made;

"prescribed" means prescribed by regulations made by the Assembly;

"the prescribed amount" means the amount prescribed by regulations in accordance with this section;

"qualifying course" means a course of any description prescribed for the purposes of this section;

"qualifying fees", in relation to a relevant institution, means the fees payable to the institution by a qualifying person in connection with his undertaking a qualifying course;

"qualifying person" means a person falling within any class of persons prescribed for the purposes of this section;

"relevant institution" has the same meaning as in section 25.'.

New clause 8—*Condition that may be required to be imposed by English funding bodies (No. 2)*—

'(1) A condition under this section requires the governing body of the relevant institution—

(a) to secure that, in respect of any qualifying course, no fees are payable to any relevant institution by any qualifying person, and

(b) to comply with the general provisions of any English approved plan that is in force in relation to the institution during any part of the grant period during which it is in force.

(2) For the purposes of subsection (1)—

(a) an academic year which begins at the same time as the grant period is to be taken to begin during the grant period, and

(b) an academic year which begins with the day on which an English approved plan comes into force is to be taken to begin at a time when the plan is in force.

(3) A condition under this section must provide, in the event of a failure by the governing body to comply with the requirement specified in subsection (1), for the imposition by the funding body on the governing body of any financial requirements determined by the funding body in accordance with principles specified by the Secretary of State in the condition under section 22.

(4) Any financial requirements imposed by virtue of subsection (3) must relate to one or more of the following—

(a) the repayment, with or without interest, of the whole or any part of any sums received by the governing body in respect of the grant, loan or other payment in question,

(b) the withdrawal or reduction of any amount that has been awarded but not yet paid in respect of the grant, loan or other payment in question, or

(c) the refusal to award (or to award to the extent expected) any other grant, loan or other payment under section 65 of the 1992 Act or (as the case may be) section 5 of the 1994 Act in respect of the grant period or any subsequent period.

(5) In this section—

"academic year", in relation to a course, means an academic year applicable to the course;

"funding body" has the same meaning as in section 22;

"the grant period" means the period in respect of which the grants, loans, or other payments to which the relevant condition under section 22 relates are made;

"prescribed" means prescribed by regulations made by the Secretary of State;

"qualifying course" means a course of any description prescribed for the purposes of this section;

"qualifying person" means a person falling within any class of persons prescribed for the purposes of this section;

"relevant institution" has the same meaning as in section 22.'.

New clause 9—*Condition that may be required to be imposed by Higher Education Funding Council for Wales (No. 2)*—

'(1) A condition under this section requires the governing body of the relevant institution—

(a) to secure that, in respect of any qualifying course, no fees are payable to any relevant institution by any qualifying person, and

(b) to comply with the general provisions of any Welsh approved plan that is in force in relation to the institution during any part of the grant period during which it is in force.

(2) For the purposes of subsection (1)—

(a) an academic year which begins at the same time as the grant period is to be taken to begin during the grant period, and

(b) an academic year which begins with the day on which a Welsh approved plan comes into force is to be taken to begin at a time when the plan is in force.

(3) A condition under this section must provide, in the event of a failure of the governing body to comply with any of the requirements specified in subsection (1), for the imposition by the Higher Education Funding Council for Wales on the governing body of financial requirements determined by the Council in accordance with principles specified by the Assembly in the condition under section 25.

(4) Any financial requirements imposed by virtue of subsection (3) must relate to one or more of the following—

(a) the repayment, with or without interest, of the whole or any part of any sums received by the governing body in respect of the grant, loan or other payment in question,

(b) the withdrawal or reduction of any amount that has been awarded but not yet paid in respect of the grant, loan or other payment in question, or

(c) the refusal to award (or to award to the extent expected) any other grant, loan or other payment under section 65 of the 1992 Act or (as the case may be) section 5 of the 1994 Act in respect of the grant period or any subsequent period.

(5) In this section—

"academic year", in relation to a course, means an academic year applicable to the course;

"the grant period" means the period in respect of which the grants, loans, or other payments to which the relevant condition under section 25 relates are made;

"prescribed" means prescribed by regulations made by the Assembly;

"qualifying course" means a course of any description prescribed for the purposes of this section;

"qualifying person" means a person falling within any class of persons prescribed for the purposes of this section;

"relevant institution" has the same meaning as in section 25.'.

New clause 10—*Access to student loans*—

'In determining eligibility for student loans age may not be taken into account.'.

New clause 12—*Fee repayments for graduates employed in public sector professions*—

'The Secretary of State shall make provision for fee repayments to be met out of public funds for graduates employed as—

(a) teachers in state maintained schools,

(b) public law enforcement officers,

(c) staff in the National Health Service,

(d) social workers by local authorities, and

(e) any other public sector worker specified by regulations who is required to have a graduate level qualification to enter that profession.'.

New clause 13—*Repayment of student loans through voluntary service or prescribed employment*—

'(1) The Secretary of State may make regulations allowing any borrower to repay any student loan, in whole or in part, through the performance of voluntary service or employment in a particular occupation.

(2) Any such regulations may prescribe the type of voluntary service or the occupations which are eligible for such repayment, and the minimum period for which the eligible service or employment is to be performed.

(3) Any such regulations may make different provision for different circumstances.

(4) Any such regulations shall be laid before Parliament at least two calendar months before they are due to take effect, and shall be subject to scrutiny in such form as both Houses of Parliament may prescribe.'.

New clause 17—*Government interest rate and fee deferral*—

'(1) All fees shall be deferred, to be repaid on an income contingent basis at a government rate of interest.

(2) A government rate of interest shall also be charged on all student loans.

(3) All monies raised from interest payments shall be used to finance loans to students, to be repaid on terms set out by the Secretary of State, which must take into account a student's personal and household financial circumstances.'.

New clause 19—*Commencement of liability for repayment of loans*—

'(1) The Education (Student Loans) (Repayment) Regulations 2000 (S.I., 2000/944) are amended as follows.

(2) After regulation 11(1), there is inserted—

"(1A) A borrower shall not be liable to repay any of his student loan before the first day of the first year of assessment which falls more than fifteen years after the date on which his eligibility terminates under regulation 8 or 35 of the Education (Student Support) (No. 2) Regulations 2002.".'.

New clause 20—*Commencement of liability for repayment of loans (No. 2)*—

'(1) The Education (Student Loans) (Repayment) Regulations 2000 (S.I., 2000/944) are amended as follows.

(2) After regulation 11(1), there is inserted—

"(1A) A borrower shall not be liable to repay any of his student loan before the first day of the first year of assessment which falls more than ten years after the date on which his eligibility terminates under regulation 8 or 35 of the Education (Student Support) (No. 2) Regulations 2002.".'.

New clause 21—*Commencement of liability for repayment of loans (No. 3)*—

'(1) The Education (Student Loans) (Repayment) Regulations 2000 (S.I., 2000/944) are amended as follows.

(2) After regulation 11(1), there is inserted—

"(1A) A borrower shall not be liable to repay any of his student loan before the first day of the first year of assessment which falls more than five years after the date on which his eligibility terminates under regulation 8 or 35 of the Education (Student Support) (No. 2) Regulations 2002.".'.

Amendment No. 128, in page 8, line 37, leave out clauses 22 to 27.

Amendment No. 129, in page 8, line 38, clause 22, leave out from beginning to 'a' in line 40 and insert

'The Secretary of State must, when making any grant to a funding body under section 68 of the 1992 Act or section 7 of the 1994 Act, impose under subsection (1) of the section concerned'.

Amendment No. 32, in page 8, line 41, leave out '23' and insert

'[condition by English funding bodies in relation to fees of prescribed amount]'.

Amendment No. 53, in page 8, line 41, leave out '23' and insert

'[condition that may be required to be imposed by English funding bodies (No. 2)]'.

Amendment No. 33, in page 9, line 11, leave out clauses 23 and 24.

Amendment No. 19, in page 9, line 25, clause 23, at end insert

'(d) to ensure that, in respect of any qualifying course, the qualifying fees charged to any eligible student who has received an unconditional offer of a university place through the UCAS system prior to 1st April 2006 shall not exceed the basic amount.'.

Amendment No. 20, in page 10, line 31, at end insert—

'"eligible student" means a student eligible for a grant under regulations made under section 22(2)(a) of the 1998 Act;'.

Amendment No. 130, in page 11, clause 24, leave out lines 19 to 21 and insert—

'(ii) each House of Parliament has at any time after 1st January 2010 passed a resolution that, with effect from a date specified in the

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resolution, the higher amount should be increased to an amount specified in the resolution, and the increase is an increase to the specified amount with effect from the specified date.'.

Amendment No. 34, in page 11, line 30, clause 25, leave out '26' and insert

'[condition by Higher Education Funding Council for Wales in relation to fees of prescribed amount]'.

Amendment No. 54, in page 11, line 30, leave out '26' and insert

'[condition that may be required to be imposed by Higher Education Funding Council for Wales (No. 2)]'.

Amendment No. 35, in page 11, line 37, leave out clause 26.

Amendment No. 36, in page 13, line 11 clause 27, leave out '23 or 26' and insert

'[condition by English funding bodies in relation to fees of prescribed amount] or [condition by Higher Education Funding Council for Wales in relation to fees of prescribed amount]'.

Amendment No. 55, in page 13, line 11, leave out '23 or 26' and insert

'[condition that may be required to be imposed by English funding bodies (No. 2)] or [condition that may be required to be imposed by Higher Education Funding Council for Wales (No. 2)]'.

Amendment No. 37, in page 13, line 18, leave out '23(6) or 26(6)' and insert

'[condition by English funding bodies in relation to fees of prescribed amount](11) or [condition by Higher Education Funding Council for Wales in relation to fees of prescribed amount](6)'.

Amendment No. 56, in page 13, line 18, leave out '23(6) or 26(6)' and insert

'[condition that may be required to be imposed by English funding bodies (No. 2)](5) or [condition that may be required to be imposed by Higher Education Funding Council for Wales (No. 2)](5)'.

Amendment No. 38, in page 13, line 32, leave out '23 or 26' and insert

'[condition by English funding bodies in relation to fees of prescribed amount] or [condition by Higher Education Funding Council for Wales in relation to fees of prescribed amount]'.

Amendment No. 57, in page 13, line 32, leave out '23 or 26' and insert

'[condition that may be required to be imposed by English funding bodies (No. 2)] or [condition that may be required to be imposed by Higher Education Funding Council for Wales (No. 2)]'.

Amendment No. 98, in page 13, line 33, at end insert—

'(4) The Secretary of State shall make provision for fee repayments to be met out of public funds for graduates employed as—

(a) teachers in state maintained schools,

(b) National Health Service staff,

(c) civil servants,

(d) law enforcement officers,

(e) any other profession which the Secretary of State may, from time to time, determine to be appropriate.'.

Amendment No. 71, in page 13, line 37, clause 28, leave out

'Director (as defined by section 29(1)'

and insert

'funding body (as defined in section 22(2))'.

Amendment No. 72, in page 13, line 38, leave out 'person' and insert 'body'.

Amendment No. 73, in page 13, line 42, leave out 'person' and insert 'body'.

Amendment No. 74, in page 13, line 45, leave out 'person' and insert 'body'.

Amendment No. 75, in page 14, line 1, leave out clause 29.

Amendment No. 76, in page 14, line 7, clause 30, leave out 'Director' and insert

'relevant authority in relation to England'.

Amendment No. 77, in page 14, line 8, leave out 'his' and insert 'its'.

Amendment No. 22, in page 14, line 16, clause 31, leave out subsection (1).

Amendment No. 110, in page 14, line 20, at end insert—

'(1A) A plan under this section relating to an institution must set out the policy which the institution will observe when determining the level of fees to be charged to qualifying persons.'.

Amendment No. 23, in page 14, line 21, leave out 'also'.

Amendment No. 24, in page 15, leave out lines 6 to 14.

Amendment No. 39, in page 15, leave out lines 6 to 10.

Amendment No. 40, in page 15, line 12, leave out '23' and insert

'[condition by English funding bodies in relation to fees of prescribed amount]'.

Amendment No. 58, in page 15, line 12, leave out '23' and insert

'[condition that may be required to be imposed by English funding bodies (No. 2)]'.

Amendment No. 41, in page 15, line 14, leave out '26' and insert

'[condition by Higher Education Funding Council for Wales in relation to fees of prescribed amount]'.

Amendment No. 59, in page 15, line 14, leave out '26' and insert

'[condition that may be required to be imposed by the Higher Education Funding Council for Wales (No. 2)]'.

Amendment No. 25, in page 16, line 9, leave out clauses 35 and 36.

Amendment No. 78, in page 16, line 10 clause 35, leave out 'Director' and insert 'relevant authority'.

Amendment No. 79, in page 16, line 10, leave out from 'institution' to 'has' in line 12.

Amendment No. 42, in page 16, line 11, leave out '23' and insert

'[condition by English funding bodies in relation to fees of prescribed amount]'.

Amendment No. 60, in page 16, line 11, leave out '23' and insert

'[condition that may be required to be imposed by English funding bodies (No. 2)]'.

Amendment No. 43, in page 16, line 12, leave out '23(1)(a) or (c)' and insert

'[condition by English funding bodies in relation to fees of prescribed amount](1)(a) or (c)'.

Amendment No. 61, in page 16, line 12, leave out '23(1)(a) or (c)' and insert

'[condition that may be required to be imposed by English funding bodies (No. 2)](1)'.

Amendment No. 80, in page 16, line 12, leave out 'that requirement' and insert

'a condition under section 23'.

Amendment No. 81, in page 16, line 13, leave out 'Director' and insert 'relevant authority'.

Amendment No. 82, in page 16, line 14, leave out from beginning to 'impose' in line 15.

Amendment No. 44, in page 16, line 16, leave out '23(3)' and insert

'[condition by English funding bodies in relation to fees of prescribed amount](3)'.

Amendment No. 62, in page 16, line 16, leave out '23(3)' and insert

'[condition that may be required to be imposed by English funding bodies (No. 2)](3)'.

Amendment No. 83, in page 16, line 17, leave out 'he' and insert 'the relevant authority'.

Amendment No. 84, in page 16, line 21, leave out 'Director' and insert 'relevant authority'.

Amendment No. 45, in page 16, line 30, clause 36, leave out '26' and insert

'[condition by Higher Education Funding Council for Wales in relation to fees of prescribed amount]'.

Amendment No. 63, in page 16, line 30, leave out '26' and insert

'[condition that may be required to be imposed by Higher Education Funding Council for Wales (No. 2)]'.

Amendment No. 46, in page 16, line 31, leave out '26(1)(a) or (c)' and insert

'[condition by Higher Education Funding Council for Wales in relation to fees of prescribed amount](1)(a) or (c)'.

Amendment No. 64, in page 16, line 31, leave out '26(1)(a) or (c)' and insert

'[condition that may be required to be imposed by Higher Education Funding Council for Wales (No. 2)](1)'.

Amendment No. 47, in page 17, line 3, leave out '26' and insert

'[condition by Higher Education Funding Council for Wales in relation to fees of prescribed amount]'.

Amendment No. 65, in page 17, line 3, leave out '26' and insert

'[condition that may be required to be imposed by Higher Education Funding Council for Wales (No. 2)]'.

Amendment No. 48, in page 17, line 5, leave out '26(3)' and insert

'[condition by Higher Education Funding Council for Wales in relation to fees of prescribed amount](3)'.

Amendment No. 66, in page 17, line 5, leave out '26(3)' and insert

'[condition that may be required to be imposed by Higher Education Funding Council for Wales (No. 2)](3)'.

Amendment No. 85, in page 17, line 7, leave out clause 37.

Amendment No. 26, in page 17, clause 38, leave out lines 18 and 19.

Amendment No. 86, in page 17, leave out line 20.

Amendment No. 27, in page 17, leave out lines 22 to 37.

Amendment No. 122, in page 19, line 3, clause 40, at end insert—

'(2A) After subsection (2) there is inserted—

"(2A) The maximum amount of a living cost grant available to any person prescribed by regulations under subsection (2)(b) in relation to an academic year shall not be less than 90 per cent. of the higher amount in relation to that academic year.

(2B) In subsection (2A) 'the higher amount' has the same meaning as in section 23 of the Higher Education Act 2004.".'.

Amendment No. 125, in page 19, line 3, at end insert—

'(2A) After subsection (3) there is inserted—

"(3A) The provision which may be made by virtue of subsection (2)(g) in relation to loans under this section may not include provision—

(a) for a borrower to be liable to make any repayment in respect of such a loan before the first day of the first year of assessment which falls more than fifteen years after the date on which his eligibility for a grant under regulations under subsection (2) terminates, and

(b) for such loans to bear interest before the day specified in paragraph (a).

(3B) In subsection (3A), 'year of assessment' means the period that begins with 6th April and ends with the following 5th April.".'.

Amendment No. 126, in page 19, line 3, at end insert—

'(2A) After subsection (3) there is inserted—

"(3A) The provision which may be made by virtue of subsection (2)(g) in relation to loans under this section may not include provision—

(a) for a borrower to be liable to make any repayment in respect of such a loan before the first day of the first year of assessment which falls more than ten years after the date on which his eligibility for a grant under regulations under subsection (2) terminates, and

(b) for such loans to bear interest before the day specified in paragraph (a).

(3B) In subsection (3A), 'year of assessment' means the period that begins with 6th April and ends with the following 5th April.".'.

Amendment No. 127, in page 19, line 3, at end insert—

'(2A) After subsection (3) there is inserted—

"(3A) The provision which may be made by virtue of subsection (2)(g) in relation to loans under this section may not include provision—

(a) for a borrower to be liable to make any repayment in respect of such a loan before the first day of the first year of assessment which falls more than five years after the date on which his eligibility for a grant under regulations under subsection (2) terminates, and

(b) for such loans to bear interest before the day specified in paragraph (a).

(3B) In subsection (3A), 'year of assessment' means the period that begins with 6th April and ends with the following 5th April.".'.

Amendment No. 13, in page 21, line 16, clause 43, leave out paragraph (a).

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Amendment No. 49, in page 21, line 16, leave out

'24(1) or (2)(a)(ii) or (b)(ii)'

and insert

'[condition by English funding bodies in relation to fees of prescribed amount](7)'.

Amendment No. 14, in page 22, clause 48, leave out lines 7 to 18.

Amendment No. 28, in page 22, leave out lines 8 to 10.

Amendment No. 50, in page 22, line 8, leave out '23(6)' and insert

'[condition by English funding bodies in relation to fees of prescribed amount](6), (7) and (11)'.

Amendment No. 68, in page 22, line 8, leave out '23(6)' and insert

'[condition that may be required to be imposed by English funding bodies (No. 2)](5)'.

Amendment No. 51, in page 22, leave out line 9.

Amendment No. 15, in page 22, leave out lines 22 to 25.

Amendment No. 16, in page 22, leave out lines 30 and 31.

Amendment No. 17, in page 22, line 42, leave out from beginning to 'and' in line 45.

Amendment No. 30, in page 22, leave out line 42.

Amendment No. 52, in page 22, line 42, leave out '26' and insert

'[condition by Higher Education Funding Council for Wales in relation to fees of prescribed amount]'.

Amendment No. 70, in page 22, line 42, leave out '26' and insert

'[condition that may be required to be imposed by Higher Education Funding Council for Wales (No. 2)]'.

Amendment No. 31, in page 22, line 45, leave out 'section 36'.

Amendment No. 7, in page 31, line 1, leave out Schedule 5.

Amendment No. 8, in page 32, line 18, schedule 6, leave out paragraph 1.

Amendment No. 9, in page 32, line 35, leave out from 'Council' to end of line 36.

Amendment No. 10, in page 33, line 11, leave out paragraphs 7 and 8.

Amendment No. 11, in page 33, line 25, leave out from 'Council' to end of line 26.

Amendment No. 12, in page 33, schedule 7, leave out lines 34 to 36.

Mr. Collins: We come to the heart of the Bill. There is only one place that the debate can commence, and that is with the words:

"We will not introduce 'top-up' fees and have legislated to prevent them"—

the clear, categorical, unequivocal manifesto pledge on which all Labour Members were elected and which their Government are proposing to strong-arm them into breaking.

New clause 5 and various amendments in this large group attempt to draw out the issue of fees. The new clause would prevent the introduction of top-up fees and tuition fees. Let us consider some of the views expressed about the proposed legislation by outside organisations—*[Interruption.]* We will come to universities, as the Secretary of State seems to be saying something about them.

The British Medical Association

"strongly opposes the introduction of top up fees for any students, including medical students."

The Secretary of State and others will no doubt say that they are introducing the fees to raise money in part to pay for university lecturers and university employees. The National Association of Teachers in Further and Higher Education has said:

"Critics of the Bill should hold their ground."

It goes on:

"We know that when the lid comes off fees, all hell will break loose."

The Association of University Teachers opposes the proposals.

The Secretary of State and Labour Members—or at least some Labour Members—may claim that the package on offer is in the interests of students and that they should welcome it. Presumably they believe that the National Union of Students has organised today's lobby at the House to say how delighted it is with the Government's proposals. I have to disillusion them: it is here to encourage hon. Members to vote not in support of the Bill, but against it.

The NUS has helpfully compiled considerable evidence from overseas on the attitude of students in other countries. We heard much in Committee, as we have at other times, of the Government's proposals for top-up fees modelling those in other countries, and of how the glorious successes and widespread popularity of what has been introduced in Australia, New Zealand and elsewhere would be eagerly welcomed in the United Kingdom. The NUS has been in touch with its equivalents around the world, and that is not what they say.

Mr. James Plaskitt (Warwick and Leamington) (Lab) *rose—*

Mr. Collins: I give way to the hon. Gentleman, who will no doubt know about legions of students who support his Government's proposals.

Mr. Plaskitt: The new clause would remove the funding stream from universities. In Committee, the hon. Gentleman was unable to tell us how his party would replace that funding stream. Can he tell us now?

Mr. Collins: The hon. Gentleman is right in his characterisation of the new clause: it would prevent fees. There is no doubt about that; that is its intention and that is what it would achieve. He is also correct that it is the duty of Opposition parties to produce alternative proposals on how that vital funding for universities would be provided. We will do that, and we will do that earlier in this Parliament than the Government produced their final proposals on the subject in the last

Parliament. The difference is that, whereas three months before the last general election the Labour party produced the final proposals that it now plans to breach, we will produce proposals earlier in the life-cycle of this Parliament, which we will implement on coming into office.

James Purnell *rose—*

Mr. Collins: I give way to the hon. Gentleman, who, in a former capacity, may well have had a role in writing the manifesto, which he is cheerfully about to breach.

James Purnell: On the hon. Gentleman's policies, will he confirm that the envelope has been set for funding those policies by the shadow Chancellor of the Exchequer, the right hon. Member for West Dorset (Mr. Letwin), and that that is a cash freeze and therefore a real-terms cut in higher education funding? If the extra money that will come from tuition fees is to be removed, how will the hon. Gentleman do anything other than cut quality and student numbers?

Mr. Collins: I suspect that the hon. Gentleman was one of those who was disappointed when he found that the Opposition's proposals on the pupil passport did not turn out to be what he had hoped and expected it to be. He will be extremely disappointed when he learns of our proposals on higher education; I urge him to wait for them. We are debating the Government's proposals, which are in clear breach of the manifesto on which he stood at the general election.

The Conservative party made exactly the same pledge at the last election. We are keeping our promises and the hon. Gentleman is breaking his. Playing party political games will not help him explain to his constituents why they should believe anything that he says at the next general election, given that he has so cheerfully broken his word from the last one.

Tony Wright (Cannock Chase) (Lab): Does the grand total of nine Conservative Members on the Opposition Benches accurately reflect the commitment of the hon. Gentleman's party on this issue?

Mr. Collins: Our attendance accurately reflects the eagerness of Opposition Members to allow Labour Members the maximum time for debate. We fully expect them to express more than one view, shall we say, on their happiness to break their manifesto pledge.

Peter Bradley: I do not know whether the hon. Gentleman reached the end of his list of expert witnesses. What does he have to say to the Campaign for Mainstream Universities? Its statement today reads:

"The loss of the Bill would deny universities the urgently-needed funding to provide quality education and would cruelly remove the promised improvements in financial support for the poorest students. This would damage the sector as a whole and would be particularly damaging to the Government's aims of widening participation and social exclusion."

That message is borne out by Universities UK. What does he have to say about that?

Mr. Collins: It is true—it has been throughout the debate—that the majority of vice-chancellors support the Government's proposals. They are the one and only category of people who do so. The hon. Gentleman should understand that there has been a shift of opinion in the vice-chancellor community in the past few months—from unanimous support of the Government's position to a significant number expressing profound opposition to their proposals.

Peter Bradley *rose –*

Mr. Collins: No, I will not give way; I am responding to the hon. Gentleman's point. He wanted to talk about the attitude of vice-chancellors, so we will talk about that. Let us consider the attitude of Professor Gillian Slater, the vice-chancellor of Bournemouth university, who said:

"We don't have faith that the cap of £3,000 will not be raised very quickly indeed".

That is what she believes, and it is what many other vice-chancellors believe. She was one of 15 vice-chancellors, alongside 12 university lecturers, who wrote to *The Guardian* yesterday to express their opposition to the centrepiece of the Government's legislation. I make no pretence of the fact that the majority of vice-chancellors support the Government's proposals. However, they are the only category of people who have taken that position, and even they are not unanimous. All other organisations, including the Association of University Teachers, the National Association of Teachers, the National Association of Teachers in Further and Higher Education and the National Union of Students, are opposed to the Government's proposals. If all the hon. Gentleman can do is say that about 90 vice-chancellors like the proposal, when 55 million people are opposed to it, bring on the election.

I was going through the important comments that had been brought to the attention of the House by the NUS as a result of its consulting its opposite numbers in other countries, on which the Government have modelled their proposals.

2.45 pm

Mr. Tim Boswell (Daventry) (Con): From the point of view of a vice-chancellor, is there any more plausibility in the Government's assertion about the firmness of their cap of £3,000 on tuition fees than there was about the Labour party's assertion before the last election that it would not introduce top-up fees? If those assertions are equally valid, does my hon. Friend think that the majority of vice-chancellors welcome the breach of the Government's undertaking or are appalled at it?

Mr. Collins: My hon. Friend makes an important point. No doubt we shall consider the Government's minor concessions on the extent to which their word on the £3,000 cap should be taken. The entirety of the Government's concessions amount to this: "It would require primary legislation, taken through both Houses of Parliament, for us to breach our solemn pledge not to raise top-up fees above £3,000." What is this Bill if not primary legislation designed to breach a clear manifesto pledge? I am at a loss to understand why the Government should think that that should impress Labour Back Benchers or anybody else.

Mr. Clappison: In the spirit of the intervention of my hon. Friend the Member for Daventry (Mr. Boswell),

[Mr. Clappison]

does my hon. Friend recollect that, in its manifesto, Labour not only promised not to introduce top-up fees but said that the Labour Government had legislated to prevent them?

Mr. Collins: My hon. Friend is entirely right. The second sentiment of that part of the Labour party manifesto is particularly interesting given the Government's attitude to amendment No. 128. The Government's line is that the amendment would remove the cap and allow universities to charge any top-up fees that they liked. Unfortunately, there is such a thing as the Teaching and Higher Education Act 1998, which was so important that it was mentioned in the 2001 Labour party manifesto. It enabled the Government to say in the manifesto that they had legislated to prevent top-up fees. That legislation, by which they set such store at the last general election, remains on the statute book, and it is therefore an entirely spurious argument that amendment No. 128 would remove the cap and that universities could charge whatever they liked.

I see that the hon. Member for Rochdale (Mrs. Fitzsimons) is in her place. Given her present and former capacities, I am sure that she will be delighted to know that the co-president of the New Zealand University Students Association is named Fleur Fitzsimmons.

Mrs. Fitzsimons: That is a good name.

Mr. Collins: Perhaps it is. Fleur Fitzsimmons points out that the introduction of the scheme in New Zealand, which the Secretary of State says is in part the model for the proposals, has been

"an unmitigated disaster ... Fees act as a significant barrier to participation. The increase in debt has forced a fifth of medical graduates overseas."

We hear similar stories in Canada.

Mrs. Fitzsimons: Will the hon. Gentleman give way?

Mr. Collins: I mentioned the hon. Lady, and I promise that I will give way to her in a moment, once I have finished this point.

We hear that, after 10 years of tuition fees in Canada, fees have jumped by an average of 99 per cent. That reflects precisely the fears expressed by students, the British Medical Association and even some vice-chancellors: once we start on the route of top-up fees, there will be strong, steady and substantial increases. That is justified by the very overseas experience to which Ministers try to turn our attention.

Mrs. Fitzsimons: My name is Fitzsimons, which is different from Fitzsimmons; anybody who could spell would recognise that. I am not surprised that the hon. Gentleman exchanges assertions for facts. Does he accept that, year on year between 1997 and 2000, the participation of students from lower socio-economic backgrounds in New Zealand rose from 18 per cent. to 26 per cent? The number of Maori students—who, typically, are less advantaged and in lower socio-economic groups—rose by 46.1 per cent. between 1994 and 2000. I think that that is pretty impressive, does the hon. Gentleman not think so?

Mr. Collins: I apologise if I was wrong about the hon. Lady's name. I am delighted that she has made it abundantly clear that she regards New Zealand as a model for what the Government are seeking to do, because it has been reported in New Zealand that, after the introduction of precisely the sort of scheme that is proposed for this country, the result was as follows:

"Students from the richest schools are five times more likely to attend university than students from the poorest schools."

It has further been demonstrated that fees have impacted on where students have decided to go to university. New Zealand students therefore continue to oppose top-up fees, and I suspect that, if the hon. Lady was still an NUS office holder in this country—let alone running to become one—she might take the same attitude as all the current NUS office holders take.

Jonathan Shaw: Can the hon. Gentleman tell the House how many universities there are in New Zealand?

Mr. Collins: It was the hon. Member for Rochdale who said that New Zealand is a great model. I take the view that it is sensible to consider what is sensible for the United Kingdom and what UK organisations do. It is not the Opposition who have been saying, "Let's imitate New Zealand"; it is the Government and Labour Back Benchers, so the hon. Gentleman is only undermining his own side. *[Interruption.]*

Mr. Deputy Speaker: Order. The hon. Member for Chatham and Aylesford (Jonathan Shaw) must contain himself. There is little point in asking a question and not listening to the answer that is given.

Mr. Boswell *rose—*

Mr. Collins: I give way to my hon. Friend.

Mr. Boswell: I am afraid that I cannot illuminate the House on the precise number of universities in New Zealand. One of the reasons why I cannot do so is that I cannot recall, when I was the Higher Education Minister in 1994 and the hon. Member for Rochdale (Mrs. Fitzsimons) was the president of the NUS, her ever coming to me, saying, "The New Zealand approach is exemplary and we should follow it."

Mr. Collins: I am grateful to my hon. Friend for that intervention.

I was going through the list of organisations in the education sector that do not support the Government's proposals. Dr. John Brennan, the chief executive of the Association of Colleges, has said:

"After 2010, the Bill as it stands allows universities an essentially unlimited ability to increase tuition fees. We believe this freedom will seriously compromise the chances of young people from working-class backgrounds to attend certain universities."

As I said earlier, 15 vice-chancellors wrote to *The Guardian* yesterday to say that Government's measures would

"disadvantage the majority of students".

So I am afraid that it is simply not the case that the majority of those in the education sector enthusiastically endorse the Bill. On the contrary, the majority of those who work in education and the organisations that represent students are clearly, unequivocally opposed to the Bill and have called on Labour Members to stand by their manifesto pledges.

Peter Bradley *rose—*

Mrs. Fitzsimons *rose—*

Mr. Collins: I shall give way to the hon. Lady, because I have given way to the hon. Gentleman already. *[Interruption.]*

Mrs. Fitzsimons: The hon. Gentleman has mentioned me a tiny bit more than he has mentioned my hon. Friend the Member for The Wrekin (Peter Bradley), but there is time. I thank the hon. Gentleman for giving way again, but he makes assertions about my leadership. It is on record that, when I was president of the NUS, I believed that students would have to pay and that we wanted the money to be end-loaded, so that we could increase the maintenance grant. As for what the hon. Member for Daventry (Mr. Boswell) said about lobbying when I was president of the NUS, we were comparing a loans system introduced by his colleagues under which it would have been cheaper to give students the money than to administer the system, rather than comparing a variable system, which is what we are discussing now

Mr. Collins: It is very interesting that all those former presidents of the NUS believe that they can speak more for the interests of students than the current president of the NUS. I thought that I had made a flippant comment earlier, but Labour Members clearly believe that all those students have come to lobby Parliament today in support of the Government's legislation. I suggest that they go out to listen to them if that is what they believe.

Since the hon. Lady makes an important comparison about the cost efficiency of measures, let us consider the cost efficiency of the Government's proposals. To raise slightly less than £1 billion a year for universities, the taxpayer will have to spend about £1.2 billion. That does not strike most of us as remotely cost-efficient. In fact, it is an extremely inefficient way to proceed. That arithmetical link—the fact that it will cost the taxpayer about £1.25 for every £1 raised for the university—is clearly even more of a problem if, as is widely expected in the education sector, the £3,000 a year cap is only temporary and will be removed shortly. So the taxpayer will have an even worse deal as time goes on.

One of the most important aspects of the whole debate is the Government's assumption, which they have often repeated, that graduates will almost universally end up in a massively strengthened financial position compared with non-graduates. The figure of a £400,000 premium in lifetime earnings has been bandied around. That is simply not borne out by the latest evidence that is coming to light. Many hon. Members will have seen the report in *The Times* this Monday about a forthcoming book by Philip Brown of Cardiff university and Anthony Hesketh of Lancaster university, both of whom are leading political economists. They point out that even three years after completing their studies, 40 per cent. of recent graduates are in jobs that do not require degree-level skills. Their survey indicates that average starting salaries for graduates are falling. They have analysed American data—an example that Labour Members often cite—and they seriously query the Government's assumption that 80 per cent. of all new jobs will require degree-level qualifications. Ministers often cite the United States as an exemplar of graduate participation that we should follow. American data apparently show that just 20 per cent. of American workers—not 80 per cent.—make use of degree-level education.

Mr. Harry Barnes (North-East Derbyshire) (Lab): Very interesting information has been quoted and some of us would want to make use of it, but do the Conservatives therefore now entirely reject the road that they initially went down with the Education (Student Loans) Act 1990, which introduced the principle of student debt, and thus the problems of people being able to continue in education?

Mr. Collins: I am grateful to the hon. Gentleman for those comments. It is, of course, common ground among all the parties represented in the House that student loans remain the best way to provide for maintenance. They are not ideal, but no party proposes to get rid of student loans that underpin maintenance. The hon. Gentleman takes a different view, but he has not managed to persuade his Front-Bench colleagues about the issues. The view of both the Conservative and Liberal Democrat parties on that angle is that student loans should continue. We are talking about the principle of fees to pay for teaching itself. New clause 5 would strike out such fees, and we believe that the House would be very sensible to support that.

Dr. Brian Iddon (Bolton, South-East) (Lab): I have been listening to the hon. Gentleman for a considerable time. The new clause is about abolishing fees altogether. However, as a former university teacher, I should be delighted if he could tell me how the Conservative party would find the money if not by introducing fees. This is an important debate, and it is right that the House is fully informed of the Conservative policy.

Mr. Collins: The hon. Gentleman basically repeats a question that one of his hon. Friends asked earlier, and I will not bore the House by giving the same answer. If it is the same question, it will get the same answer.

It is assumed that the Government's concessions on the Bill would ensure that students from lower-income backgrounds would not suffer adversely. Indeed, it is sometimes said that we can perhaps take a leaf out of the American experience and encourage students to work during their studies, because those who cite the American experience think that that is healthy. *The Guardian* has referred this week to unpublished research by Professor Clare Callender, who has indicated that those students who work for 16 hours a week in term

[Mr. Collins]

time have an increased chance—of between 10 and 60 per cent.—of getting no better than a lower second-class degree or worse. Hon. Members on both sides of the House ought to reflect on that.

By all means, let us talk about the overall spending envelope towards which the Government propose top-up fees should contribute. The Red Book states that the Government

"will maintain per student spending levels in real terms over the 2004 Spending Review period."

Labour Members may not be aware of the fact that per-student spending levels are lower now than they were in 1997; that they are lower than they were before tuition fees were introduced in 1998, and that they have been lower every year of this Labour Government than they were any year of the preceding Conservative Government. So a commitment simply to maintain per-student spending levels is hardly an act of extraordinary political generosity.

3 pm

Mrs. Anne Campbell (Cambridge) (Lab): Is the hon. Gentleman aware that when the Conservative Government left office in 1997, the Government spending plans for the following two years involved a 6 per cent. decrease in university funding, and the Labour Government had to find the money to make up that deficit, having adopted the Conservatives' spending plans?

Mr. Collins: The hon. Lady knows that a large number of vice-chancellors are on record as saying that they felt they were duped—their exact word—by the Government when tuition fees were introduced, because the money was subsequently clawed back by the Treasury through lower than expected levels of public finance. That is why many vice-chancellors are not satisfied that, having done that once before when introducing fees, the Government will not do it again when introducing top-up fees.

Let us consider what the pledge means. The 2004 spending review period expires in 2007, which is just one year after the Government propose that top-up fees should come in. At that point the income from top-up fees will be well below the maximum levels that are usually quoted, because there will be only one year's cohort within the system paying top-up fees, yet at that point the Government's commitment even to maintain the present very low levels of student spending in real terms expires. So there is a very real reason for universities to fear that what the Government are giving with one hand, they may take away with the other—indeed, they may take away more than they give.

Kali Mountford: Given his criticism of the alleged claw-back, how can the hon. Gentleman be sure that there will be finances into the future out of general taxation? Can he be sure that his own Government, should there ever be one, would be able to match spending as the present Government can?

Mr. Collins: As I said earlier, the hon. Lady will have to wait for our proposals. If she has the genuine interests of universities, taxpayers and students at heart, she will have a pleasant surprise when she sees those proposals unveiled. If she merely has her party's interests at heart, I am afraid it will be a very unpleasant surprise indeed. I look forward to seeing her expression when she sees our plans.

Several hon. Members *rose—*

Mr. Collins: I give way to the Chairman of the Select Committee.

Mr. Sheerman: The hon. Gentleman is reluctant to tell us the plans of a future Conservative Government for funding for higher education, but having forensically examined some of the comments of vice-chancellors on our proposals, he has said nothing about what vice-chancellors with any memory at all say about the funding of British universities under Conservative Administrations of the '80s and '90s. Will he enlarge on that?

Mr. Collins: The hon. Gentleman is entitled to say, as I indicated earlier, that the majority of vice-chancellors support the Government's proposals. That is hardly surprising. What is surprising is that there is a significant body of vice-chancellors who do not, so the Government do not have unanimous support for their ideas from any section of the education community. Most other organisations and most other groups in education are unanimously opposed to the Government's proposals. With reference to funding under previous Governments, I am sure vice-chancellors would have liked to have more funding, but the record shows that funding per student under every year of the last Conservative Government was greater than it has been under any year of this Labour Government.

Several hon. Members *rose—*

Mr. Collins: I shall give way one last time, as I am keen to make progress so that others can speak in this important debate.

Jonathan Shaw: The hon. Gentleman makes some interesting comparisons. He said that there was no unanimity in the education field about the proposals from my right hon. Friend the Secretary of State. Can he recall a time when there was unanimity on any proposal to do with education put forward by a Conservative Government?

Mr. Collins: It is rare indeed that the Association of University Teachers, the National Association of Teachers in Further and Higher Education, the National Union of Students and a large bloc of vice-chancellors all strongly in agreement and, as it happens, strongly in agreement that the Government should not proceed with the Bill.

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson) *rose—*

Mr. Collins: I said I would not give way again, but of course I make an exception for the Minister.

Alan Johnson: I am grateful to the hon. Gentleman. He has a former higher education Minister sitting

behind him. Will he confirm that all those forces—the NUS, NATFHE, the AUT and everyone he mentioned—came together in absolute coalition when a previous Tory Government moved from student grants to student loans?

Mr. Collins: The interesting point is that the Secretary of State is not proposing to reverse that, is he? So that argument goes both ways.

Several hon. Members *rose—*

Mr. Collins: I give way to my hon. Friend the Member for Wantage (Mr. Jackson), who I know will make a constructive contribution.

Mr. Robert Jackson (Wantage) (Con): Part of the coalition that opposed us was the Labour party. I remember the speeches in the Standing Committee by the right hon. Gentleman who is now the Foreign Secretary, anticipating many of the speeches that have now been made from the Conservative side in the course of the current debate. With regard to Conservative alternatives, my hon. Friend is a great admirer of Baroness Thatcher, as am I. Does he remember TINA—there is no alternative? There is no alternative to fees.

Mr. Collins: As is well known, my hon. Friend does not agree with our position on that. He is perfectly honourable about that and has set out his reasons cogently. We must beg to disagree on that point. Those on the Conservative Front Bench intend to invite my hon. Friends to stand by the manifesto commitments we made at the last election. I know that my hon. Friend the Member for Wantage feels, for honourable reasons, that he cannot join us in that, but that will not deter the rest of us from continuing to advance what we believe to be the right course for the future of higher education.

Peter Bradley *rose—*

Mr. Collins: I will not give way again. I have given way an almost unprecedented number of times, and Labour Members who have been intervening at such great length will no doubt start complaining that they do not have a chance to make their own speeches, so I am keen to bring my remarks to a close.

However, there are a couple of important aspects that need to be touched on. The first is debt. Why did the Government decide after the 2001 election that they needed to look again at student financing? One of the major factors was the reports reaching them about worries among students about how they would cope with the level of debt that they had. The Government thought carefully about how they could best address the issue of student or graduate debt, and came up with the proposal that the best way of doing that was to triple the tuition fees that students should pay. That seems an extraordinary way of dealing with debt.

However they slice it, the Government's proposals will result in future graduates leaving with unprecedented levels of debt, which will undoubtedly—academic evidence is unequivocal about this—have the effect of deterring some students from going to some universities to study some subjects. We on the Conservative Benches believe that we should have a system of access to university that proceeds on the basis of ability to learn, not ability to pay. That is why we will vote as we will on these matters.

I shall say a word or two about amendment No. 128. Our view is that new clause 5, which strikes out both top-up fees and tuition fees, is a powerful and important change to the Bill. Amendment No. 128 would strike out the five clauses that collectively not only provide for top-up fees, but provide the teeth for OFFA, the university access regulator, which rightly is strongly disliked in the university sector.

The Secretary of State may have a document from Universities UK in which it indicates—reluctantly, I suspect—that it is prepared to live with OFFA, but that briefing note from Universities UK makes it explicitly clear that it believes that admissions policies should be the responsibility of individual institutions of higher education. That is not what the Government have been saying. The higher education Minister has consistently said in Committee and elsewhere that he believes that admissions should be a matter for individual institutions, and admissions policies should be a matter for OFFA. That is not what Universities UK seeks. That is why we invite Members to support amendment No. 128, not least on the grounds that it would defang a very unpleasant piece of social engineering and interventionism.

Peter Bradley: The hon. Gentleman has one last chance to give way.

Mr. Collins: The amendments and new clauses before us are, indeed, the last chance for the House to vote to uphold the promises all of us made at the last general election. They are the last chance for all of us to vote to give this and future generations of students the same opportunity of access based on the ability to learn, not the ability to pay, which many of us enjoyed when we were 18. They are the last chance for the House to vote for fairness for all classes and all students. We must say no to fees, yes to academic freedom, and yes to a better way forward for higher education than this dishonest and discredited Bill.

Dr. Ian Gibson (Norwich, North) (Lab): I wish to speak to amendment No. 128 in my name and those of my hon. Friends, and on which I shall seek to divide the House. It was recommended by the Public Bill Office as the only way to remove the introduction of variable fees from the Bill, and that is the position that I take. We can talk about OFFA in more detail later. It would be a functional organisation and its work with the Higher Education Funding Council for England would be important. If the amendment were agreed to, that would not be eliminated as an arena for discussion where we could ensure that universities had the right access policies.

Variable fees are a really bad idea because—

Mrs. Anne Campbell: Will my hon. Friend give way?

Dr. Gibson: I do not wish to take too many interventions because I wish to give others the chance to speak, but I give way to my hon. Friend.

Mrs. Campbell: Is it not the case that the amendment would remove any incentive whatever for universities to

[Mrs. Campbell]

get their access plans through OFFA, because it will remove OFFA's teeth and make it completely ineffective?

Dr. Gibson: I have much more faith in the university system than my hon. Friend appears to have. The universities try hard and they have new projects, with science ambassadors, and so on, and we are encouraging that. More and more people will be coming in and are coming in because of such projects initiated by the Government.

My concerns are not new; they have been voiced many times during the Bill's anguished course, but they have not yet been satisfactorily dispelled. Variable fees will tie students' choice of degree and career to price. The choice of those with the greatest aversion to debt and those who are likely to feel its burden most—those from lower-income backgrounds—will be affected most. It was pointed out in Committee, whose debate on this matter I have read five times—it was an excellent debate and many of these issues were well and truly discussed—that higher education will be seen as a financial investment and a route to a highly paid job, rather than something to be done for love of learning, and that a variable fee makes the student concentrate more on the marketability of the course that they are about to study. I am sure that my hon. Friend recognises those words, which I wholeheartedly endorse.

It was also pointed out in Committee and by at least 15 vice-chancellors yesterday who wrote to *The Guardian*—I am aware that others have contradicted this—that variable fees will further widen the difference in income between universities. Those with a higher profile and a smaller proportion of students from lower-income backgrounds, namely the Russell group, will be able to charge higher fees and generate much more income while others will be forced to charge less. There will be no redistribution of income among institutions.

Mrs. Fitzsimons: Will my hon. Friend accept from someone who as president of the National Union of Students campaigned for him in the seat that he now represents, that it has been an historical anomaly that those people from the lowest socio-economic background have never achieved more than a maximum of 15 to 20 per cent. representation during the past 40 years in higher education, and that 51 per cent. of students studying in higher education institutions—postgraduate, overseas, mature and part-time students—are subject to variability, and none of the matters that he is addressing and which amendment No. 128 will remove, will address the fact that variability has not done what he claims for the 51 per cent. of people studying in higher education, and will not address the issue of getting better representation in higher education for the people whom he and I came into politics to represent?

Dr. Gibson: I thank my hon. Friend for her creative work in Norwich during that election. She may or may not think it was valuable looking down at me now, but she is absolutely right about this issue in other areas of higher education. I do not particularly endorse that, but I noticed in the Committee proceedings that some Members said that in those areas that my hon. Friend mentioned, there may not be as much variability as one might think. I see much effort being made to try to eliminate that in terms of part-time students, and others, to try to make it easier for them with bursaries, and so on.

3.15 pm

Peter Bradley: Will my hon. Friend give way?

Dr. Gibson: I really do want to allow others time to speak, but I shall give way one last time.

Peter Bradley: My hon. Friend made a point about the differential income of universities that he believes would arise from variable fees, and that was my concern before the Government agreed to take responsibility for the cost of the disbursements in grant that the university would have to make. Because of that adjustment, it now seems likely that some of the modern universities, which are teaching-led, will gain up to a 50 per cent. increase on their current income, whereas universities, such as Oxford and Cambridge, that are basically research-led, will have increases in the order of 10 per cent. or less. Therefore, the statistics show that the modern universities, which we all seek to support because they are doing most to widen access, are the ones that will benefit from the new income regime.

Dr. Gibson: That is a fair point, but if one looks at the whole picture, some universities are enriched, with all the extra money for research from their colleges, and so on, while others do not have such a privileged financial background.

Mr. Sheerman: My hon. Friend chairs the Education and Skills Committee as I do, and we usually work well together, but what does he say to the general criticism that his amendment has been construed as a wrecking amendment, because he is a bad loser, having lost on Second Reading. *[Interruption.]* Is that a fair criticism?

Dr. Gibson: Those are really kind words. *[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. Will hon. Members try to contain themselves when others are on their feet so that we can all hear what is being said? I am afraid that I could not hear most of that intervention.

Dr. Gibson: I shall treat that intervention with the disdain that I and many other hon. Members believe that it merits.

Part of the argument for variability has been that there are real differences between courses, which should be reflected in their fees. I do not know how we will quantify those differences. Do we match some arbitrary notion of quality to a figure, or do we measure courses against their potential financial pay-offs for the student? Do we judge it by reputation of the institution? How do we think that it will work? The market is unpredictable,

and once we further extend the market principle into higher education, we do not know how things will turn out.

Lynne Jones (Birmingham, Selly Oak) (Lab): Is it not already well documented by Universities UK research that young people from the lowest socio-economic groups invariably attend the modern universities and stay at home because that is the cheapest way that they can study? Is it therefore not clear that such students will always attempt to achieve the lowest cost to themselves and the lowest debt on leaving university? That is the iniquity of variable fees. The Russell group universities will charge much higher fees.

Dr. Gibson: I do not particularly subscribe to my hon. Friend's conclusions, but I admit that there is a problem there that needs addressing. I am sure that other Labour Members will be glad to take up that issue. I want to bash on to give others a real chance to speak.

The need to attract students to under-subscribed courses, say in the sciences—others may deal with that—may lead to such courses being offered at a lower price that neither reflects the cost of running the course or what a graduate might earn in the future. If lower fees are to be used as an incentive, can we reasonably argue that higher fees will not act as a disincentive? I welcome the aid packages that have been put in place to reduce the deterrence factor, but I am not convinced that they will be enough.

Mr. Robert Jackson: On a point of order, Madam Deputy Speaker. I quite understand why the hon. Gentleman is addressing his own Benches, but some Opposition Members would like to hear what he has to say.

Dr. Gibson: I explained on Second Reading that I had to watch where I turned my back, and nothing has changed much since then.

I welcome those aid packages, but many students who do not qualify will be basing their decisions primarily on price. Even those who do qualify will still be looking for the so-called best deal—a phrase that has been used often.

One of the more seductive arguments for variability has been that while it allows universities to charge higher fees, it also allows them to charge less. I have already spoken about why universities might charge less. The argument concerns me because I can see it being used in the not-too-distant future in favour of raising the cap. Universities are already arguing that £3,000 is not enough to close the funding gap. I know that it is some way down the line and that there have been attempts to restrict that, but it is not ruled out for ever. Once that door is opened, it will happen. Those words are not mine, but those of esteemed vice-chancellors who have supported the Bill.

The same arguments will no doubt be rehearsed again, although the intensity of the debate will depend on which Government are in power. The cap will rise and divisions between rich and poor institutions and students will widen further. The money from the new legislation will only just have begun to reach the universities when the promised review of the system takes place. By then, it will be both too late and too soon to turn back, and we will, most likely, have no option but to continue down the same path, which we still have a choice about embarking on today. Can we honestly expect that the other funding models that we have not been able to debate openly will be considered if top-up fees do not appear to be working?

Amendment No. 128, which I and colleagues have tabled, has aroused lots of confusion and controversy. I firmly resent the allegation that I have been colluding with the Opposition in an attempt to derail my own Government. I regret that this issue has been turned into a matter of loyalty; it is a matter of principle that strikes at the very core of what Labour Members stand for. The amendment was tabled in good faith by those who wish to keep intact the positive aspects of the Bill, but prevent the introduction of variability as a matter of principle and for the reasons that I have outlined.

The effects of the amendment were checked with the Public Bill Office. If the amendment is passed, section 26 of the Teaching and Higher Education Act 1998 will remain and prevent universities from raising fees. That will be the case unless the Government themselves repeal section 26. It will be open to the Government to introduce amendments in the Lords to change the level of the current fee should they so desire.

Alan Johnson: I am grateful to my hon. Friend for giving way. I accept, because he is an honourable man, his assurance that he has not colluded with the Conservative party and does not consider the amendment as seeking to wreck the Bill. Did he hear the hon. Member for South Suffolk (Mr. Yeo), the Opposition spokesman, say on the "Today" programme of the amendment:

> "I think it was quite rightly described yesterday morning . . . by the Higher Education Minister . . . as a wrecking amendment. It undermines the Government's whole policy."

He said that it takes away the powers that the regulator has to impose any kind of sanction on universities. Does he accept that that is the view of Her Majesty's official Opposition?

Dr. Gibson: I thank my right hon. Friend for that contribution. I am very glad that I am not associated with that particular view. I do not agree with that view at all, as that is not my reason for tabling the amendment.

Clare Short (Birmingham, Ladywood) (Lab): Does my hon. Friend agree that, in Parliament, we are supposed to respond to proposals that come from the Government, and we often find ourselves voting with the Opposition on issues such as peace in Northern Ireland? It also happened on the war in Iraq. The suggestion that those of us who want to adhere to our manifesto commitment and ensure equity in access to higher education are playing games with the Opposition is a dishonourable attack.

Dr. Gibson: I thank my right hon. Friend for that intervention.

I am told that the restoration of student grants and the proposed repayment scheme that will be introduced by secondary legislation—again, this comes from the Public Bill Office—would not be affected by the

[Dr. Gibson]

amendment and should not be dependent on the introduction of variable fees. I am told that the office for fair access would still be able to monitor access. These are progressive measures that only our Government, a Labour Government, could put forward. The already rising amounts of student debt and increased hardship, as well as widening access, all need to be addressed. I feel that introducing variable fees is a heavy price to pay for the measures that counteracts any improvements that can be made.

I am told that the Bill would not have to be withdrawn if the amendment were passed. That would be a travesty because of the positive things that it contains. The issue of variability has been presented as non-negotiable from the start. If any issue needed and was crying out for negotiation, variable fees would be it.

Ultimately, a decision needs to be made on whether variable fees are essential for developing our universities into a truly national system based on excellence where innovation and scholarship flourish. On balance, I believe that the Government would be making less of a compromise if they were to support the amendment, scrap variable fees and prevent a divided and divisive university system.

Mr. Willis: It is a pleasure to follow the hon. Member for Norwich, North (Dr. Gibson).

I wish to speak to a series of amendments. In particular, new clause 8 would remove all fees in exactly the same way as new clause 5, which the hon. Member for Westmorland and Lonsdale (Mr. Collins) tabled. New clause 9 is consequential on new clause 8 and would remove fees in Wales. Amendments Nos. 53 to 58 and 71 to 86 are also consequential on new clause 8 and new clause 9. New clause 10 deals with age discrimination, and new clause 12 relates to public services.

One of the saddest sights in the past few weeks since the conclusion of the Committee stage has been the witch hunt that has been conducted against the hon. Member for Norwich, North because he happens to disagree with those on the Government Front Bench. For any member of the Government party to be called disloyal for supporting his own manifesto seems the most absurd piece of skullduggery from those on the Government Benches that one could imagine.

May I also say to the Secretary of State and the Minister that the disingenuous comments made on yesterday's "Today" programme, which have been repeated today, suggesting that amendment No. 128 would open the floodgates in allowing universities to charge fees in excess of £10,000, are absolute nonsense. In reality, two amendments have been tabled—*[Interruption.]* The Minister will have to contain himself. Amendments Nos. 10 and 12 would restore to the Bill those elements of the Teaching and Higher Education Act 1998 that the Government wish to take out and replace. Nevertheless, the Minister and the Secretary of State should be honest enough—I believe that they are honest gentlemen—to say that there is no evidence to show that, before 1998, any university in the United Kingdom charged either tuition fees or differential fees. They did not do so, because measures in the Education (Schools) Act 1992 and the Education (Student Loans) Act 1990 prevented them from doing so. Of course, the Higher Education Funding Council for England and its predecessor bodies had powers allowing them not to give grant funding to universities that misused their charter. Those powers were put into the 1998 Act primarily as a result of Labour Back Benchers' concerns that there was nothing in the measure to limit the powers top-up fees or further fees. That was the reason for it. I suspect that HEFCE's powers will be exactly the same as those before 1998, and I expect the Minister to address that specific issue when he winds up the debate.

3.30 pm

New clause 10 addresses age discrimination, which was briefly addressed in Committee, and many organisations that work with older people such as Age Concern and the National Institute of Adult Continuing Education support it. The Government have recognised that, for a variety of reasons, people will work longer in the workplace than was assumed 10 or 15 years ago. When I was working in the late 1980s and early 1990s, we all assumed that we would have so much leisure time that we would scramble around and not know what to do with it. In reality, many people will certainly work until the age of 65 and beyond, and to deny them access to the same conditions as under-55s is fundamentally wrong.

In October 2000, the UK Government signed the EU directive on equal treatment for older people, and they are committed to implementing age legislation by 2006, but if the Bill is enacted in its current state, it will directly contradict that intention. The Government have moved on supporting students over 55 years of age, and I hope that they agree to examine that issue in their review of the funding arrangements. Although I will not ask for a separate vote on new clause 10, I trust that the Minister will address that issue in his winding-up speech.

New clause 12 is the right hon. Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown) new clause, and it is the direct response to what he claimed he had achieved when he decided not to support those who oppose top-up fees by voting for the Second Reading of the Bill. On Second Reading, he said:

> "My fear is for the next poorest, particularly those who wish to make a career in the professions and public service and are therefore likely to incur above-average expenses while studying"—[*Official Report*, 27 January 2004; Vol. 417, c. 191.]

In the round of broadcasts conducted by him, it was assumed that he had received a concession from the Secretary of State that there would be legislation, or certainly regulation, to allow those people going into the public sector to have preferential treatment on fees and the interest paid on those fees.

The issue is serious: however income-contingent repayment of debt is presented, we want many of the students who graduate from our universities—the Government anticipate that 75 per cent. of universities will charge the maximum top-up fee—to go into the public services. We want graduates to become policemen, social workers, teachers and health professionals, which is right and proper. As an employer, the Government are right to ask, "What should we put in place to support those people?"

If somebody who works in the public sector moves into the private sector, however, it is not the taxpayer's responsibility to support them by contributing to their fees and associated costs, which private sector employers should support. The Secretary of State was bold to state in the White Paper that he and his colleagues must get to grips with that issue. Whether the Home Office pays the costs of graduate policemen, whether other Departments pay or whether the Secretary of State for Education and Skills pays, is not an issue for this debate, but it must certainly be addressed.

Jonathan Shaw: Does the hon. Gentleman acknowledge that the Government support people who go into public service? For example, teachers engaged in postgraduate training receive £6,000. Indeed, support for the public services in the south-east has been enhanced, and there has been a further announcement on the keyworker initiative, which assists front-line public sector workers with the expensive cost of housing in the south-east—it is all money.

Mr. Willis: Before the hon. Gentleman gets excited, I have always conceded that the Government assist in many of those areas, but that is not the point of my argument. My point is that after the Bill is enacted, top-up fees will result in significant debt from 2006 onwards, which will be a whole new ball game. We should not cherry-pick the way in which we support people who take certain subjects—

Jonathan Shaw: Why not?

Mr. Willis: I will tell the hon. Gentleman why not. The housing costs for a teacher of religious education or music in London are exactly the same as those for somebody teaching mathematics. The idea of giving one of them a £6,000 golden hello—

Jonathan Shaw *rose—*

Mr. Willis: I will not give way to the hon. Gentleman; I am answering his question, for goodness' sake. *[Laughter]*. I am sorry—I sometimes forget that I am not a head teacher any more. [HON. MEMBERS: "You will be."] No, they would not have me.

The new clause would ensure that once someone has become a key public sector professional such as a teacher or a nurse, where a degree is an entry requirement, the 9 per cent. of disposable income payable and the interest on any remaining debt is paid for by the state, and if that person leaves the profession after two years, as they are entitled to, they pick up the costs. I hope that hon. Members will see that as a simple and positive mechanism for supporting public sector workers. I intend to press new clause 12 to a vote.

I turn to new clause 8 and amendment No. 128. We support Conservative Front Benchers' basic principle on the removal of fees, as stated in new clause 5, as well as the removal of top-up fees. We certainly support the amendment tabled by the hon. Member for Norwich, North, and we will vote with him on that.

In his speech, the hon. Member for Norwich, North mentioned the notion of generous grants. That was picked up by the hon. Member for Nottingham, North (Mr. Allen), who accused the Liberal Democrats and the Conservatives of scaremongering. Let us at least understand the basis on which we are having this debate. At the moment, poorer students pay no fees at all. It was a Labour Government who in 1998 introduced up-front fees. Labour Members are now railing against them and saying what a wonderful job they are doing in removing them.

Kali Mountford: The hon. Gentleman has made many points about fees and debt. Does he accept that the fees and costs combined will be repaid at a gentler rate, which equalises the situation between students and makes the whole situation much easier for them all?

Mr. Willis: With the greatest respect to the hon. Lady, I have never denied that. The reality is that the debt will be no smaller as a result of the new proposals; graduates will simply repay it for a lot longer. The hon. Lady fails to understand that. In fact, a person's debt gets bigger if over a number of years their income does not qualify them to pay the 9 per cent. of disposable income, because the interest is added every year after that.

I was responding to the hon. Member for Nottingham, North. At the moment, the poorest students pay no fees and get a maintenance loan of £4,000. They pay nothing up front, and when they have graduated they start to pay it back. I can see that the new system is more generous in terms of paying the money back over a longer period.

In future, poorer students who go to a top university will pay a fee of £3,000, which will be deferred because they get a loan to cover it. They will therefore not have to pay it up front and they will get another £3,500 in grant. At the end of their time at university, they will have not £4,000 of debt but £6,500 for every year. That is £19,500 of debt for the poorest students. I accept that they have had the money as disposable income during their time at university, but they will be worse off and have a bigger debt than current students. If Professor Callender is right and every study that the Government have carried out is right—

Several hon. Members *rose—*

Mr. Willis: My goodness—I should like to make some progress.

If every single item of research is right, the Government will know that debt deters poorer students—the very students whom the hon. Member for Nottingham, North and I want to encourage to go to university.

Mrs. Fitzsimons: Given that the hon. Gentleman is making a great effort to be sincere, will he deal with a genuine point about Liberal Democrat representation on the streets of Rochdale about current provision? It bears no resemblance to his comments. Liberal Democrats in Rochdale claim that all students have to pay up-front fees. Will he disassociate himself from

[Mrs. Fitzsimons]

rank-and-file Liberal Democrats who misrepresent policy? Does he accept that students do not have to pay back the grant? His calculations are simply wrong.

Mr. Willis: The hon. Lady's first comment was unacceptable and I hope that she will withdraw it.

Mrs. Fitzsimons: What about Rochdale?

Mr. Willis: What happens on the streets of Rochdale, God only knows. I have never claimed that the £2,700 plus the £300 bursary has to be repaid. I do not believe that any hon. Member has ever heard me say that. However, students will have to repay the loan of £3,500 plus the tuition fee of £3,000. That makes £6,500 every year. So much for generous grants.

Amendment No. 122 tabled by the hon. Member for Hemsworth (Jon Trickett) hits the nail on the head. When we began the debate, the £3,000 in grant and bursary was roughly equal to the top-up fee of £3,000. However, that sort of balancing equation will not occur in the future. The Minister will correct me if I am wrong, but by 2010, top-up fees may increase to £5,000 or £10,000 but there is no commitment in the Bill to increase grants and bursaries commensurately. The hon. Member for Hemsworth said that he wants a 90 per cent. link. I would be happy with any sort of link to ensure that students get that support in future.

Alan Johnson: The hon. Gentleman is making a case for no fees, whereas my hon. Friend the Member for Hemsworth (Jon Trickett) presents a rational argument in his amendment. As my hon. Friend knows, because I have spoken to him, the only problem that we have with it is inscribing in legislation a percentage that we might want to change more beneficially. If we were to accept the amendment, we would always be stuck with 90 per cent. That is why we prefer to leave percentages out of primary legislation and put them in regulations.

Mr. Willis: I accept that there are difficulties, but will the Minister accept later an amendment to include in the measure an affirmative resolution to cover the £3,000 and any cap on the fee above inflation after 2010? It is right to establish mechanisms to ensure that students at the top universities, which charge the highest fees, get commensurate grants.

3.45 pm

Jon Trickett (Hemsworth) (Lab): I have been listening carefully to the hon. Gentleman's speech, and I hope to speak later if I can catch your eye, Madam Deputy Speaker. The point of my amendment is to probe the Government. By 2010, a higher rate of fees might well have let rip: the upper limit could be £10,000 or even £15,000. What would then happen to the £3,000 grant and bursary? There is no linkage in the Bill, or in anything that Ministers have said so far, to provide for working-class kids and kids from poorer homes to get the £10,000 to £15,000 that might be being charged by then. That is the point of my amendment, but, so far, the Government have given no indication that any such linkage would exist.

Mr. Willis: I am grateful to the hon. Gentleman for that intervention. If he does not get the opportunity to speak, at least he has put that point on record. I hope that my description of his amendment was accurate.

Those Labour Members who intend enthusiastically to support the Bill and oppose the amendments tabled by the hon. Member for Norwich, North (Dr. Gibson) and others must understand that the only way that poorer students will gain any advantage in 2006 will be if they take their £2,700 grant and go to the cheapest university offering the cheapest course. That is the only way in which they will be better off under the Government's proposals, unless they invest the whole £3,000 on the stock market and hope that they make some money.

Jonathan Shaw: Will the hon. Gentleman give way?

Mr. Willis: No, I want to make some progress because I appreciate that a lot of people want to speak.

The hon. Member for Norwich, North rightly said that the Government's proposals would create a market in higher education. We have had many debates on this issue, and I conceded in Committee that there is currently a social market in higher education. Given that students from the lower socio-economic groups make up only 9 per cent. of those who go to Oxford and Cambridge, we should ask whether that is because the lower socio-economic groups are intellectually inferior, as has been suggested.

Jonathan Shaw: Will the hon. Gentleman welcome the £3,000 bursaries—[HON. MEMBERS: " £4,000."] They have gone up already. Will he welcome the £4,000 bursaries that Cambridge will make available to poorer students? That move has come in on the back of this Bill. The Bill is changing the whole atmosphere, and more and more universities are proposing similar schemes.

Mr. Willis: May I suggest that the hon. Gentleman spends a little time in the Library and consider the wealth that many of the Oxford colleges have at their disposal? He should consider the £4,000 bursaries in relation to that wealth. He might then like to consider the wealth of Wolverhampton university, 47 per cent. of whose intake is from the three lowest socio-economic groups, or of the universities in Hull. He would see a totally different picture there. If he is saying that every university in the land, even the least endowed ones, will give all students a £4,000 top-up to their grant, then heaven has arrived here in the House of Commons. The reality, however, as he knows, is that that is arrant nonsense.

Mr. Rendel: Does my hon. Friend recall that the vice-chancellor of Cambridge university recently came to this place and was asked what proportion of Cambridge students come from the lowest socio-economic groups now, and what proportion she expects to come from those groups under the new scheme? She said that the proportion from those groups on which Cambridge is

budgeting in order to be able to give this £4,000 bursary is just 11 per cent., and that if the proportion exceeds that, it will not be able to afford any more bursaries.

Mr. Willis: My hon. Friend makes a most telling point. That is the reality. If a cash-rich university such as Cambridge cannot afford more than a 2 per cent. increase, what chance is there across the piece?

Mr. Robert Jackson: The hon. Gentleman has been comparing endowments. He should consider the matter more broadly, rather than just what happens in this country. If he compares the endowments of Oxford and Cambridge not just with Harvard, Stanford, Princeton or Yale but with American state universities, which have been building up endowments, he will find that they pale into significance, and yet those are the universities with which Oxford, Cambridge and a few other universities in this country must compete.

Mr. Willis: As ever, I am grateful to the hon. Gentleman for his intervention. Harvard and Yale, which are the two best-endowed universities in the world—not just in America—achieve through all their glorious endowments and bursaries 4.7 per cent. of students from the lower socio-economic groups in the United States. If that is the vision for the United Kingdom's higher education system, there is no point any of us being here, because it is a travesty in terms of ambition. I want the students whom I have taught for most of my life, who come from very poor backgrounds, to be able to get into the top universities, rather than choosing their course or university on the basis of how much they can afford.

Fees and top-up fees will create a financial market that will be ruinous to our higher education system. If the Secretary of State were proposing variability that was uncapped, his argument would have real integrity. Some people argue that those who spend £10,000, £20,000 or £30,000 educating their sons and daughters in the sixth form of a private school should not receive tuition for nothing when they go to university. That is not what the Government are proposing, however. They are proposing a cap on variability, which is a contradiction in terms. I said that on Second Reading, and I say it again, because that is the reality. By 2010, that cap, by the Government's admission, will starve universities of the cash that they need now—*[Interruption.]* Labour Members must not believe all the rhetoric that comes out of fairy house down at Millbank—*[Interruption.]* That was a Freudian slip.

In the first year of variable fees, the maximum additional income that universities will get—all our universities, given the Government's figures—is about £300 million—*[Interruption.]* That is so. In that first year, only one year of students will pay top-up fees. It will take three years before three cohorts are in and the universities get the maximum amount of money.

Alan Johnson: The hon. Gentleman's proposal would remove £800 million that the universities currently get from fees. He cannot argue that they will have to wait a few years for an extra £1 billion while proposing that they should immediately lose almost £1 billion in revenue, which they receive at the moment.

Mr. Willis: The Minister has been characteristically honest, but that is not what I am proposing at all. The Liberal Democrat position is clear: we want to raise the higher rate of tax to 50p in the pound. That would apply to incomes of more than £100,000 a year.

Mr. David Chaytor (Bury, North) (Lab) *rose—*

Mr. Willis: I am trying to reply to the Minister. The hon. Gentleman should not get so excited.

According to the Treasury, what we propose would raise £4.7 billion. The £2 billion that we would spend would give universities £1.1 billion immediately, and would replace the fees now paid by students. The Conservative Front Benchers who tabled the new clause would not give universities a penny extra. They would do no more than decimate the number of university entrants, and they would use the additional resources elsewhere. Please let them not accuse the Liberal Democrats of not having a solution.

Several hon. Members *rose—*

Mr. Willis: I want to finish my speech, as many other Members wish to speak.

We support the removal of fees and top-up fees, as an issue not of popular politics but of principle. We opposed the introduction of tuition fees in 1997 and 1998, and we stated in our 1997 manifesto that we opposed both top-up and tuition fees. I have here a copy of the Labour party manifesto, entitled "Ambitions for Britain". It states on page 19:

> "We will not introduce 'top up' fees and have legislated to prevent them."

What is in that document is nothing but a deception of the British public. Page 19, like the rest, needs to be ripped out and torn up.

Mrs. Anne Campbell: I shall speak to new clauses 6 and 7 and the consequential amendments Nos. 32 to 52. I shall also speak to amendments Nos. 129 and 130. I understand that the Government are prepared to accept amendment No.129, and I am happy to allow the Minister to speak to it. I am pleased and grateful that the Government have made such an important concession.

Let me explain what my new clauses are all about and why I cannot support amendment No.128. New clauses 6 and 7 and the consequential amendments would remove the provision for variable fees and replace it with a provision for a fixed fee. To that extent they are similar to amendments that I tabled in Committee that were defeated, although they were supported by the Liberal Democrats.

My new clauses and amendments would strengthen OFFA, the regulator. They would remove the basic fee altogether. In order to charge fees at all, universities would have to draw up credible plans to improve access, which would have to be passed by the regulator. Having negotiated that hurdle, they would be able to charge a fee; but it would be a fixed fee. I have not specified the level of the fee, but I would expect it to be set somewhere

[Mrs. Anne Campbell]

between £2,500 and £3,000. Once fixed, it could be raised only with inflation. I stress that my proposal would leave the Bill intact.

Valerie Davey (Bristol, West) (Lab): I congratulate my hon. Friend on her cohesive new clauses and amendments, which offer a constructive alternative to variable fees. Does she agree that the possible polarisation of universities, which variable fees could allow to develop, is an element that is not addressed in the Bill?

4 pm

Mrs. Campbell: My hon. Friend makes a valid point, about which I have great concern. I represent a city constituency with two universities: Cambridge university and Anglia polytechnic university. I am aware of the wide differences between those universities and I should certainly not want to see them become wider.

I want to emphasise that mine are not wrecking amendments, and if the Government wished to, they would be able to operate within the regime defined in the amendments. In proposing my new clauses and amendments, I believe that I am carrying out the wishes of the majority of my constituents. Although in the constituency survey that I conducted there was considerable support for the student support package in the Bill, many people, particularly students, said that they did not want a variable fee. It is true, of course, that some of those people did not want a fee at all. Most students, when asked, say that they would prefer not to pay fees and for all the funding to come from general taxation. However, that is not the view of the rest of my constituents, and I must also take their views on board. I believe that it is right for students to make a contribution towards the cost of their education, which is the only realistic way of getting the extra money that is so desperately needed into universities.

I do not like variable fees because I do not like the prospect of introducing a market into higher education.

David Taylor (North-West Leicestershire) (Lab/Co-op): Does my hon. Friend believe that there are lessons to be learned from the United States of America, whose marketisation of higher education began in 1979? In that year, four times more undergraduates from the top 25 per cent. by income of the population attended university than their less-well-off compatriots. After 25 years, that ratio has now grown to 10:1. Is that not the real risk of marketisation?

Mrs. Campbell: My hon. Friend makes a valid point, but I do not think that the Government's proposals are as damaging as the provisions in the US. Although marketisation might bring some damaging effects, I do not believe that the damage here will be as great as in the United States.

I am worried, however, that students might choose courses because they are cheap, rather than because they are really suited to those students' aptitudes and abilities. I am also concerned that some universities might decide to charge a lower fee because they cannot attract enough students with a high fee. They will not then have the cash to pay for good quality staff and equipment, and standards will begin to spiral downwards.

I am also concerned that the modern universities take by far the highest proportion of lower-income students, and that their ability to pay generous bursaries is compromised to some extent by sheer numbers.

Peter Bradley: Does my hon. Friend agree that she has just set out the case for why it is highly unlikely that a market will develop in higher education? That is precisely because no university, whether Cambridge, Oxford, Wolverhampton or Huddersfield, can afford to forgo the income that it would secure by charging variable fees—top-up fees or, as they now are, top-down fees, and fixed fees with discounts. Does she have any evidence that a market will develop in higher education?

Mrs. Campbell: That remains to be seen. If my new clauses and amendments are not successful this evening, and if the Bill goes through, there will be a review after a three-year period so that we can examine the situation that has developed. I have set out the fears, however, and my hon. Friend the Member for North-West Leicestershire (David Taylor) has just pointed out the damaging situation that there has been in the US. The worry is that the same situation, to a lesser extent, might develop here, although, as I have said, I do not think that the proposals will be as damaging here as the United States provisions have been.

Tony Wright: Will my hon. Friend consider the fact that the Bill offers a highly regulated market in higher education? The consequence of a highly regulated market model failing is a cutting-loose by those parts of the system that want to create an unregulated market. If that happened, we would get not the status quo, but an unregulated market.

Mrs. Campbell: That is the very thing that my amendment is trying to avoid. I hope that by replacing the variable fee with a higher fixed fee, it will give the universities extra money, which they so badly need, and would at the same time prevent marketisation from developing.

Paul Farrelly: I just want to probe whether my hon. Friend's amendment is a probing amendment or whether she intends to press it to a Division. If she does press it to a Division, and if the amendment is successful, have the Government already given any indication of what would happen to the Bill? Have they, for instance, indicated that they might withdraw the Bill if the amendment is passed?

Mrs. Campbell: I would like to press the amendment to a Division and I have said that already. I believe that the Government have made some indications to other people about what would happen in the event of the amendment being passed, but I am afraid I have not had any indication so far of what would occur. However, I stress that the amendment is not intended to be a wrecking amendment. It is a very carefully constructed amendment, which would leave the Bill intact.

It has already been mentioned that Cambridge university has proposed paying bursaries of £4,000 to students from lower-income backgrounds. That means, of course, that with the £2,700 that is available from the Government, lower-income students in my constituency would have £6,700 per annum available without any need to take out a loan. I believe that that is very generous. However, students who are fortunate enough to get a place at Cambridge are likely to do much better for financial support than those who go to one of the ex-polytechnics.

I should like briefly to discuss my amendment No. 129 and then give my support to amendment No. 130, which was tabled by my hon. Friend the Member for Southampton, Test (Dr. Whitehead). Amendment No. 129 is very important as it changes the powers of the Secretary of State into an obligation. Under both the current legislation and the proposed legislation, the Secretary of State has the power to prevent universities from charging more than the cap, but he does not have a duty to do so. This means that if the legislation passes tonight without the amendment, a Secretary of State who does not wish to enforce the legislation has no need to do so and the House could not compel him to do so. If for instance, Dr. Richard Sykes comes along in a few years' time and says, "I cannot manage with a fee of £3,000 so I am going to charge £5,000", we may have a Secretary of State at that stage who thinks that that is probably correct, but does not wish to go through the burdensome process of either secondary or primary legislation or even the affirmative resolution process. That Secretary of State could say, "I do have the power to stop you, but I am not going to exercise that power, so go ahead." There is nothing at that stage that Parliament could do because we have left it to the discretion of the Secretary of State.

Jonathan Shaw: My hon. Friend is making an excellent speech, as she did in Committee. But is it not the case now that universities can charge as much as they want? Obviously, they would not receive any money from HEFCE, so is there not a real danger that unless universities of the type that my hon. Friend is describing receive a steady income stream now and for the future, some universities might decide to go it alone and charge enormous fees, and the type of access to which we all aspire would simply go out of the window?

Mrs. Campbell: That is the situation that the amendment is intended to address. My amendment would make it very clear that the Secretary of State is obliged to prevent the university from charging the higher fee—not just having the power to do it, but an obligation to do it. I therefore consider this to be an extremely important amendment—without it, the debates that have raged on the cap and on variability and whether to charge fees at all simply fade into insignificance. It is an important amendment and I hope that hon. Members will support it this evening.

I also wish to support amendment No. 130, tabled by my hon. Friend the Member for Southampton, Test and others. It would mean that the cap could not be raised above inflation before 2010 without primary legislation, and beyond that point only by amendable resolution on the Floor of both Houses of Parliament. I tabled similar amendments—Nos. 123 and 124—but I have withdrawn them in favour of amendment No. 130. A new higher education Bill would not be the best way to raise the cap, but that would have been the effect of my amendments. I congratulate my hon. Friends on finding a way that makes the condition much stronger than the secondary legislation would have done, because the resolution would be amendable and would give rise to a debate on the Floor of the House. I strongly urge all hon. Members to support that amendment.

I shall now explain why I cannot support amendment No. 128. As it stands, the amendment would remove clauses 22 to 27, which impose the conditions under which fees can be levied. That would mean, for one thing, that amendment No. 129 would fall, because it relates to clause 22 and the powers and duties of the Secretary of State. I understand that my hon. Friend the Member for Norwich, North (Dr. Gibson) believes that if we passed his amendment we would revert to the current legislation as defined in the 1998 Act. He suggests that the Government would have to introduce further amendments in the House of Lords to raise the fee to a more realistic level. However, given the current state of relations between the two Houses, I do not share his optimism that their Lordships would play ball.

There is a more important objection. Without any further amendments to remove the repeal measures of the 1998 Act, as defined in schedule 6, the effect of my hon. Friend's amendments would be to deregulate fees completely, because that schedule will repeal the parts of the Act that refer to the current fee regime. The Conservative spokesman pointed out that amendments have been tabled that would remove the repeal of the provisions in the 1998 Act, but they were not tabled by my hon. Friend. To my surprise, they were tabled by the hon. Members for South Suffolk (Mr. Yeo) and for Westmorland and Lonsdale (Mr. Collins). Are those amendments really intended to be consequential amendments to amendment No. 128? If so, how come they were tabled by the Conservatives and not by my hon. Friends? I have to ask what is going on there.

Clare Short: The purpose of the amendment tabled by my hon. Friend the Member for Norwich, North (Dr. Gibson), and supported by so many of us who wish to adhere to our manifesto commitment, is to take variability out of the Bill. We would like the Government to accept that principle. If some consequential amendments had to be made in the other place, they would be easily carried, given how the different parties line up there. We are talking about a principle, not the technicalities of amendments. Let us be straightforward with each other.

Mrs. Campbell: I accept what my right hon. Friend says, but those consequential amendments appear on the amendment paper tonight and they were tabled by the Conservatives. I accept that my hon. Friend the Member for Norwich, North has not colluded with the Conservatives, but I find it extraordinary that the consequential amendments have been tabled by them.

Mrs. Fitzsimons: I know that my hon. Friend has many years of experience lobbying the other place on higher education—as have I—and we have discovered that it has its own mind on that subject and peers often

[Mrs. Fitzsimons]

buck the Whip. Therefore, any assurances or blandishments that suggest that the Opposition might co-operate should be viewed with scepticism.

Mrs. Campbell: Given the present mood of the upper House, I find it inconceivable that any measure that was not passed successfully by this House could be moved successfully there.

If any of my hon. Friends are tempted to support amendment No. 128, I hope that they realise that to complete the ends that they are supposedly trying to achieve they will have to vote for amendments tabled in the name of Conservative Members. No Labour Member's name is put to those amendments—there are not even any Liberal Democrat or Plaid Cymru Members' names, only Conservative Members' names. I wonder what local constituency parties would think of that.

4.15 pm

Paul Farrelly: On the point of principle, does my hon. Friend accept that the effect of her amendments would be exactly the same as that of amendment No. 128, because they would remove variability from the Bill? If either were accepted, the effect would be the same—the Bill would be withdrawn.

Mrs. Campbell: I spent a great deal of time carefully constructing amendments that would leave the Bill intact. They would not only leave the Bill intact, but strengthen the role of OFFA, the regulator. I would have thought that many Labour Members would want to achieve that, rather than taking the teeth out of OFFA completely.

Ian Lucas (Wrexham) (Lab): Has my hon. Friend received any indication from the Government of what their attitude to her amendments would be if they were accepted? Have they said that they would withdraw the Bill?

Mrs. Campbell: I answered that question earlier. The Government have not given any indication to me, but I understand that the Whips have been talking to people about the consequences of their support for my amendments, although I do not know what that might be.

A further problem for Labour Members is that the consequential amendments to amendment No. 128 would turn OFFA—the mechanism by which we will increase access for students from non-traditional backgrounds—into a toothless tiger. We would keep OFFA, but there would be no incentive for universities to increase access, so what would be the use of that?

Let us suppose that sufficient Labour Members vote for amendment No. 128 and then the Conservative amendments relating to schedule 6. What would happen next? I know that my right hon. Friend the Secretary of State has threatened to withdraw the Bill if that happens, and I take his threat seriously. However, he probably would have no need to do that. Given that he would have the powers but not the duty, all that he would have to do would be to make it known that he would not exercise his powers to require universities to charge a regulated fee. Universities could thus charge whatever the Secretary of State deemed acceptable—irrespective of what the House thinks. Hon. Members should also remember that OFFA would have no bite and remain totally immobilised, so universities could thus charge huge fees, have no effective access plans and take all their students from the well-off classes so that they would have no need to dispense bursaries. Is that really what my hon. Friend the Member for Norwich, North is trying to achieve?

Mr. Gordon Marsden (Blackpool, South) (Lab): My hon. Friend is outlining a doomsday scenario that she envisages if amendment No. 128 were passed, so it is only fair to ask whether she shares the touching faith that my hon. Friend the Member for Norwich, North (Dr. Gibson) seems to have that certain universities would play ball and go ahead with an access programme, not least given that many in the Russell group take an alternative view.

Mrs. Campbell: I am heartened by the way in which universities have responded to even the mere mention of OFFA by introducing much better access and outreach plans than they have ever had. I know that that applies to my own university as well as many others. Removing the teeth of OFFA would not lead to an immediate withdrawal of such plans, but I believe that they would wither on the vine in time.

Mr. Barnes *rose—*

Annabelle Ewing (Perth) (SNP) *rose—*

Mrs. Campbell: I give way to the hon. Member for Perth (Annabelle Ewing).

Annabelle Ewing: Given what the hon. Lady said earlier this afternoon, if next year's Labour party manifesto contains a commitment or undertaking not to introduce primary legislation to lift the cap on top-ups, does she expect anyone to believe it?

Mrs. Campbell: I understand the Liberal Democrat position—[HON. MEMBERS: "She is not a Liberal Democrat."] I apologise; I meant the Scottish nationalist position. The hon. Lady has to accept that the situation is difficult. Universities are in severe financial straits. In those circumstances, it is necessary to look hard at what we can do to raise finance for them. As someone who has been in opposition, I can say with confidence that it is easy for Opposition parties to say anything and promise everything. She will never be put in the position of delivering on her promises.

Mr. Barnes: Will my hon. Friend give way?

Mrs. Campbell: I am about to finish.

I cannot possibly support amendment No. 128 and I hope that my hon. Friends will not do so either. I hope that amendments Nos. 129 and 130 will receive support, and that if there is a chance to vote on new clause 6 that it, too, will be supported.

Mr. Robert Jackson: I want to explain briefly why I shall vote with the Government to secure the Bill's passage, which in contrast to the hon. Lady and the hon. Member for Norwich, North (Dr. Gibson), I want to succeed.

I do not want to rehearse the arguments, which have become familiar. Instead, I want to address a word or two of explanation to my party—[HON. MEMBERS: "Where are they?"] I am sorry that so few of my hon. Friends are in the Chamber. My interpretation of their absence is that this is a case of bad conscience.

Both as a democrat and a Conservative Member of Parliament, I am delighted by the renewed will to win that we have seen in the Conservative party since the change of leadership. I salute the leadership of my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard). Our two-party system requires both an effective Opposition and a serious alternative Government. However, I am concerned about the collateral damage that will arise from too bald-headed a pursuit of that will to win, which in itself is a good will to have. I am reminded of a remark by Stanley Baldwin about Lloyd George. He said that he was a dynamic force, and a dynamic force is a terrible thing. What I have is a choice between party interest and national interest. It is right, in such a situation, to take the national view.

Let me say a few words about the collateral damage that will arise if the amendments are carried and the Bill collapses. The effect on universities would be the postponement of the issue until after the next general election, which gives us two possible hypotheses. The first is that the Conservative party wins. In the process of trying to score points against the Government, it has got into a position from which it cannot escape making a manifesto commitment to oppose the principle of paying university fees. That would be the basis on which it would have to conduct its policy in government. There could be no question of a Conservative Government introducing fees in the next Parliament, and it is likely that it would not happen in the Parliament after that. So we would have at least 10 years in which university fees would not be possible.

We do not know anything about the alternative policy of the Conservative party. I do not think that there is a serious alternative, for reasons that I set out on Second Reading. What we do know about Conservative policy is what my right hon. Friend the Member for West Dorset (Mr. Letwin), the shadow Chancellor, has said, which is that universities are not a priority. They fall outside the priority for schools and health, and training and universities will be cut. We definitely know that about Conservative policy. I have to ask myself: what will be left of our university system after a further 10 years of starvation during which a Conservative Government forbid what are in law private institutions from charging fees to their customers?

I turn to my second hypothesis, and that is that the Labour party wins the next general election. I think that we can exclude the hypothesis of a Liberal Democrat win. I assume that the Prime Minister will continue to lead the Labour party. I assume also that the present Secretary of State for Education and Skills will be an important contributor to the Labour party manifesto. I think that the Labour party would commit itself at the next election to introduce fees. Incidentally, I think that it was a great mistake not to have been more honest with the public during the last election. But there is a saying in the Bible about the "sinner that repenteth".

If the Government lose today, I think that there would be such a commitment in the Labour party's next manifesto. Listening to the debate within the Labour party, it is clear that there is broad consensus for that. People have heard the arguments and have taken them on board. I think that Labour would probably enact such a reform after the next election, but that would mean either a two or even a three-year delay, and our universities cannot wait for that long. Concessions would probably be involved, which would constrain the future of our universities even more than this Bill would do. I regret those constraints but I accept them as being politically necessary. It would probably also lead to an increase in the cost of concessions and subsidies to students, which I and the Select Committee consider unnecessary. For example, there is the interest rate subsidy, which the Select Committee has said is not justified. I do not think that it is justified even though it was introduced by a Conservative Government.

Clare Short: Will the hon. Gentleman tell us whether he supports the proposal for a cap on raising the top-up fee or whether he supports the Russell group's position of allowing prestige universities to charge what the market will bear?

Mr. Jackson: It is probably necessary that there should be a cap if the Bill is to get through Parliament. I think that in due course that cap should be raised. I believe that that experience will show that it will be possible to raise the cap without any of the adverse consequences that many Labour Members, and even Conservative Members, affect to fear.

My conclusion, based on the hypothesis that Labour wins the next election with a manifesto committing itself to this legislation, is that there would be a delay and there would probably be constraints and concessions that would make the deal for the universities rather less satisfactory than the deal that the Bill offers.

Mr. Gordon Marsden: The hon. Gentleman is even-handedly and fairly describing potential hypotheses. He rightly talks about the need of the universities for funding now. Has he heard Members on either side of the House at any stage advance a coherent and cohesive argument for an alternative form of funding that would ring-fence and guarantee the universities the money that they need over the next two to three years?

Mr. Jackson: This is a problem of any system of co-payment, but we must start facing it because co-payment is part of the future of our public services. Co-payment involves co-operation between the private and public sectors. It can be objected to any system of co-payment, that as private income rises, public income will be cut. But we must find a way of trusting one another to make such systems work. They work perfectly well in many countries throughout the world and there is no reason why they should not be able to work in Britain.

I turn to a second area of collateral damage. I am also concerned—some people may say it is a bit above my pay grade—about collateral damage to the interests of

[Mr. Jackson]

the Conservative party. If the amendment is carried, I think that it will be bad news for my party because it will mean that its behaviour will be noticed. If it is not carried, I rather hope that people will soon forget what we have been doing.

It is generally agreed that the battleground at the next election will relate to public services. Speaking with a certain detachment as someone who does not propose to stand again, I am struck by the enormous convergence of views in these matters that has emerged between the parties in this place. All or most are agreed on the need for reforms in our public services and the way in which they work. All or most are agreed that these reforms should involve decentralisation and that they should, above all, involve more choice and more tailoring of the service to individuals who use the service. There is also a general consensus about levels of taxation, and that we are reaching the limits of the tax burdens that we can put on people. Even the Liberal Democrats now accept that.

The Government's proposals for universities draw the logical conclusions from those facts and this convergence of views. What depresses me is that the Conservative party, which makes all the arguments for reform, decentralisation and tailoring services more to users' needs, flinches from drawing the appropriate conclusion. That will not go unnoticed by serious people.

4.30 pm

We are living in a post-ideological age. The ideological mountain ranges have collapsed. We have a flat political landscape. People are much interested in competence, leadership and consistency. There will be collateral damage to the Conservatives' reputation among many thinking people because of the line that we are taking on this matter, which a lot of people regard as simply disreputable. I salute the animal spirits and the revived will to win in my party. I like to see the Conservative party with its head down and its dander up, rushing at the goal. The trouble is that today it is rushing at its own goal.

Mr. John Grogan (Selby) (Lab): It is a life of ups and downs as a so-called Labour Back-Bench rebel trying to stick to the manifesto. It is important not to become paranoid. When I saw the headline in *The Guardian* this morning—"the Government cracks down on persistent offenders; surveillance will be used"—I was momentarily alarmed and, in preparing my defence, was anxious to say that I have rebelled against the Government on only one other issue. I was then mightily relieved to see that the Home Secretary was planning to crack down on violent criminals, rather than Labour rebels.

There are carrots as well as sticks, and the night before the House previously voted on the Bill, I was invited to dinner by three Cabinet Ministers. That has not happened before. Seriously, I thank my right hon. Friend the Secretary of State for the way that he has conducted this whole debate. I have tried to attend as many of his seminars as possible. I now appreciate a little better how Maoist re-education worked all those years ago, but I thank him for his courtesy throughout this process.

I want to talk briefly about a deal about which the House may be interested. We have heard a lot about deals, but only one deal matters in this process: the deal that we all solemnly made with the electorate at the last election. All three major parties said in their manifestos that they were against variable top-up fees. We said that for very good reasons.

Alan Johnson: As I understand the logic of my hon. Friend's argument, a fixed fee set at a level that we choose—let us say £3,000—would not break the manifesto commitment. Indeed, we would be welcomed with open arms on the streets. However, if we say that less than £3,000 can be charged, it is somehow a great betrayal. I am confused by that argument.

Mr. Grogan: I have never said that I support £3,000 fees. I am glad that my right hon. Friend is thinking about the circumstances if amendment No. 128 is passed, because I always suspected that there is a plan B. He is obviously putting his considerable intellectual powers into considering what will happen if that amendment or those tabled by my hon. Friend the Member for Cambridge (Mrs. Campbell) are passed. I am pleased that, under those circumstances, as a responsible Minister, he will not throw the toys out of the pram and that he will return with proposals on what the fee should be.

Why have we gone back on that pledge? Some interesting arguments have been advanced. On Second Reading, my right hon. Friend the Secretary of State referred to the rapid pace of economic change since the last election. We have heard an awful lot about the increased number of Korean students. None of those are fundamental reasons why we should change our mind on this very important issue.

We have heard a lot about concessions, but let us remember that some concessions have not been made. I well remember my right hon. Friend the Secretary of State saying on television—I think that it was on "Newsnight"—that he would bet his mortgage that fees would not rise above £3,000 for 10 years. We are now told that it is a marvellous concession that fees will not be raised beyond that level until 2009—three years after the system begins. We were told at one point that there would be a universal bursary scheme, which would apply to every university equally. That offer was made to Universities UK, apparently. Throughout this process, Universities UK has made the parliamentary Labour party look like a great democracy. Ivor Crewe and the leaders of Universities UK have suppressed dissent. They did not even put that offer to the rest of the universities.

The grants are welcome. Under the amendments tabled by my hon. Friend the Member for Cambridge (Mrs. Campbell) and amendment No. 128, the grants would remain. Let us not forget that the son or daughter of a postman and a nurse would get no grant or fee remission. Those are the very people whose choices would be distorted if the fee level were raised, as it inevitably would be. All the Russell group of universities are not talking about £3,000 or £4,000. The logic of the system is that fees would rise rapidly to £9,000 or £10,000 by 2009.

Peter Bradley: Does my hon. Friend not accept that the only way the cap can be lifted to any amount—£9,000, £10,000, £6,000 or £7,000—is if he and his colleagues in the House consent that it should be changed? Does he not have any confidence in himself and his colleagues to control the cap?

Mr. Grogan: I have seen how the debate has gone over the past three or four months. I assume that in 2009 we will have an intellectual debate and we will all be able to make up our own mind. There will be no talk of supping with the devil, colluding and so on. We all know what sort of atmosphere the debate would take place in. We have only to listen to the Russell group and Professor Nicholas Barr.

I do not want to take up too much of the time of the House. I end by appealing to my colleagues. We are discussing a matter of principle. If the amendment of my hon. Friend the Member for Cambridge is called, I urge support for it. However, it is unlikely to be put to the vote because of the absence of parliamentary support, so we shall be down to amendment No. 128. It is spurious to argue that because the consequential amendments were signed by a particular person, we should not vote for the main amendment. Either we are colluding or we are not. On a matter of principle, I urge all hon. Members who have spoken so long and so loud from the Labour Benches against top-up fees to take courage and vote with their convictions. Vote for amendment No. 128 if it is put to the House tonight by the Speaker.

Mr. Clappison: I shall speak to the amendments tabled by my right hon. and hon. Friends and on student support in general, particularly the way in which the variable fee structure is being introduced by the Government and the effect that it will have on many families.

I am concerned about the impact on middle and lower-middle income families and those with modest levels of income. Students from those families will be adversely affected by the proposals. I want to take a little time—not too long—to consider the detail of what the Government propose to do to families on a wide range of incomes. In the previous debate, we spent some time discussing how to encourage students from non-traditional backgrounds into higher education. I do not believe that background should determine whether someone goes into higher education; that should depend upon academic ability.

The last thing that I want is for someone from what is described as a non-traditional background with the appropriate level of ability to be deterred from going into higher education by the disincentive of the prospect of a mountain of debt for years to come. Labour Members will have to recognise that many students from non-traditional backgrounds are precisely those students from the levels of income that will be adversely affected by the proposals and find themselves faced with just that dilemma.

For all Labour's intentions with regard to OFFA, and all OFFA's supposed good works and encouragement—much, if not all, of which is already done by the universities themselves—students will be faced with, on the one hand, what they are told by the universities, OFFA and whoever else, and on the other with the prospect of substantial levels of debt for years to come, which they will have to repay over their working lives and during their most productive period of life when they have so many other responsibilities—buying a home, starting a family and so on. I want to speak out on behalf of those students and families today because their voice should be heard. I fail to see just what imposing those debts on those families will do to encourage students into university.

Yes, it is right that under the Government's proposals there will be help for families on lower incomes. There is help now. But to benefit from the help that the Government are offering in future, students must come from families with very modest incomes indeed. There is help for the poor, but it is fair and accurate to say that it is help for the very poorest. Those who come from families with incomes just a little above that level will lose out. I invite Labour Members to pay a little more attention—

Mr. David Lepper (Brighton, Pavilion) (Lab/Co-op): Will the hon. Gentleman give way?

Mr. Clappison: If the hon. Gentleman will just allow me to finish that point, I will happily give way.

I should like Labour Members to pay attention to the thresholds at which help is available for students under the Government's proposals, because it is a material factor in this debate that has not yet been sufficiently addressed. When hon. Members hear the Government talk of help and promises for the future, they must remember—to echo the hon. Member for Harrogate and Knaresborough (Mr. Willis)—that, today, students from families with joint incomes of £20,970 pay nothing at all. All of their fees are remitted. It is only above that level that they start to pay fees. To be fair to the Government, it must also be borne in mind that at present fees are paid up front, but in future they will be paid upon graduation, and I make that distinction. However, taking that into account, it is appropriate to look at the comparison between the help that is available now and the help that will be available in future, and the very much higher costs that students will have to pay as a result of the £3,000 fee.

The Government have talked a lot about the full higher education grant and getting that into the hands of students. It is right that that help will be there, but—I will give way to the Minister if he wishes to confirm this—the threshold for the full higher education grant is £15,970, substantially below the present level at which fees are remitted altogether. Between those two amounts there will be help, but it is on a sliding scale and it will diminish. That means that unless university bursaries fully compensate students, which they are not required to do under the Government's proposals, students from families with joint incomes of between £15,970 and £20,970 will pay for the cost of their education for the first time, unless university bursaries are given to help to bring them up to the full amount.

Even more serious than that, because help is now available below £20,970, in future, beyond a new threshold of £22,270, support for students under the Government's proposals falls off a cliff edge. The

[Mr. Clappison]

support goes down and down and the amount that students have to pay through the tuition fees remains the same. Therefore, a big gap opens up and students are faced with a real prospect of substantial debts way into the future. The Government give a small amount of help now for incomes above £22,270, but expect students to pay an awful lot more on graduation.

To take one example—it is apposite because it comes from the Government's own document on the grant system—under the present system, a student from a family with a joint income of £25,000—which might comprise a manual worker with a wife who works part-time, and they would soon reach that income level—will over three years pay £1,500 for that student's education. That is an up-front figure; it is the current total figure for three years. As soon as the new system of tuition fees is introduced, a student from a family with a £25,000 income will pay—this is the net figure, taking help into account—£6,300 on graduation, which is a more than fourfold increase. *[Interruption.]* It is on graduation, but in comparison with the current £1,500, a payment of £6,300 on graduation is not a very good deal. As the Liberal Democrat spokesman mentioned, anyone putting the money in the bank would have to find a pretty wonderful rate of interest to help them.

4.45 pm

Mrs. Fitzsimons: Will the hon. Gentleman give way?

Mr. Clappison: I shall give way first to the hon. Member for Brighton, Pavilion (Mr. Lepper), as I indicated I would do.

Mr. Lepper: I thank the hon. Gentleman for remembering that I attempted to intervene on him. He suggested that very few people would benefit from the student support system that the Government are introducing. The figures that I have from the Library suggest that 40.86 per cent. of families with youngsters in my constituency will qualify for the full grant, while some 77.67 per cent. will qualify for a full or partial grant. Has he done similar research in respect of his constituency, and does he agree that the figures that I have quoted are by no means negligible?

Mr. Clappison: The hon. Gentleman needs to look at the help that is now available—I hope that I have made this point sufficiently well; I may not have made it clearly enough—as compared with the debts that will be incurred later. The figures that I have given are net figures. I know that a £25,000 joint income in the south of England in a commuter-belt constituency just outside London is modest indeed. Families at that income level are struggling to house themselves and pay for the cost of living. Students from such families are far from coming from well-off backgrounds.

Hugh Bayley (City of York) (Lab): The hon. Gentleman says that he would like more generous repayment terms than the Government are offering in the Bill. May I remind him that the last Conservative manifesto said:

"With us, graduates will not have to pay anything unless and until their income tops £20,000 per year"?

Is that still Conservative party policy? If so, how will it be financed, given the party's commitment to reduce expenditure on higher education?

Mr. Clappison: As I said, the present position is that families on just above £20,000 do not pay anything at all. With all respect to the hon. Gentleman, I do not think that going back over previous manifestos is the strongest suit for the Labour party today.

Dr. Alan Whitehead (Southampton, Test) (Lab): I think that, perhaps slightly unintentionally, the hon. Gentleman misled the House in his claims about what students get at the moment over the course of their student careers. They are remitted £1,125 a year, but under the new arrangements they will receive a maximum of £3,000 up front a year. He rightly said that that still requires the payment of some debt, but has he taken into account the fact that that debt will deteriorate in relative value over a period, whereas the up-front money is valued at current rates? I am sure that he has taken that into account in his calculations, as it makes a 40 per cent. difference in his figures.

Mr. Clappison: My calculations were based on a written answer given to me by the Minister, who told me that, under the present arrangements, there is a fee remission of £656 from the student each year. Aggregating the balance produces a figure of £1,500 over three years. The other figure that I used came from the Government's own document seeking to illustrate the position under its proposals. It said that for a family with a joint income of £25,000, there would be a grant for fees in future of £900. Over three years, that amounts to £2,700, but the cost of the education is £3,000 each year, which amounts to £9,000, so on the Government's own figures provided in written answers, the final total is £6,300. The fee system is there for everybody to see, and it costs more than four times as much as the current system. It is a fair point that that sum will be repaid in the future rather than its being an upfront fee, but I have taken account of that. Any Labour Member who tries to persuade a student that paying £6,300 in three years' time is better than paying £1,500 now has a promising future career on daytime television selling debt consolidation.

Mr. Boswell: Does my hon. Friend agree that the total debt that must eventually be repaid will be inflation-linked? Labour Members may argue that that represents a discount against the commercial rate of interest and is therefore attractive on those grounds, but the real resource cost to the Exchequer of supporting students in the future will rise even more—they cannot have it both ways.

Mr. Clappison: My hon. Friend is absolutely right. Although it has been said that the weekly repayments will be modest, the sum itself is substantial. If the repayments are modest, the debt will extend over years and years, which is a point that students will take into account.

Labour Members must face up to the point made by the hon. Member for Harrogate and Knaresborough that students who go into important lower-paid public service jobs will spend much longer repaying their debts

than those who go into higher-paid employment, which will disincentivise students from taking on socially useful jobs such as teaching on graduation. That depends on students graduating, because facing such debt in future will be a substantial disincentive to students from such families to go to university.

Geraint Davies: Will the hon. Gentleman give way?

Mr. Clappison: No, I will not. The hon. Gentleman has only come into the Chamber recently, and if he had been here a little bit longer he would know that I have been generous in giving way.

The amount of help given by universities is an important point that has been referred to and must be taken into account, and I tabled a written question about it to which the Minister responded. Bursaries will be available to students, and some universities will award bursaries to students from families with an income level greater than that required by the Government, which is £15,970. Universities are not required to pay bursaries to students from families with incomes above that level—the Minister will correct me if I am wrong—but some universities say that they will do so, which is all well and good.

Relative to other UK institutions—I say that for the benefit of my hon. Friend the Member for Wantage (Mr. Jackson)—Cambridge university has put forward the most generous scheme, which accords with the fact that it is an extremely wealthy institution. Looking across the list of other institutions—again, the Minister will correct me if I am wrong—no university other than Cambridge has made a clear commitment to give bursary help to students from families with incomes above the £22,000 threshold. I have not seen any specific commitments in the literature that I have received from the Minister, but even if there were a specific commitment to provide some help, it would have to be substantial help indeed to make up for the huge extra debts.

Alan Johnson: The hon. Gentleman is wrong on the threshold limit. All universities must give at least a £300 bursary to students from families with incomes up to the threshold limit at which we set the £2,700 grant, which is £33,000 a year. Cambridge, Imperial, Exeter and Surrey universities say that they will give bursaries up to that level, and not the £22,000 level that he quoted. I believe, although I am not certain, that Exeter and Imperial universities have gone beyond that, and Surrey is the latest university to announce that it will go down the same route.

Mr. Clappison: I am sure that the Minister is right, but his written answer in February stated that Government proposals do not require a bursary to be given to students from families with incomes of more than £15,970. It is not clear from my correspondence with the Minister or from what has been set out by Universities UK that there will be automatic help for students up to those levels. I will not read out the letters, but no university other than Cambridge has spoken about the threshold going above £22,000. The Minister is nodding. I accept that he has made it clear that help will be available up to the amount of £15,970—in some cases £4,000, or at least the £300 that is required by the Bill.

However, that is not my complaint. My complaint is on behalf of families on lower and middle incomes of between £22,000 and £33,000. In my constituency, or anywhere in the country, £22,000 is a modest joint family income on which people may struggle. Students from those families will be daunted by the prospect of a debt of this order of magnitude—thousands of pounds stretching into the future. In response to the hon. Member for Rochdale (Mrs. Fitzsimons), if we gave students—certainly, students in my constituency—a choice between the new system and the old system, they would not queue up to take the new one. It will cost students an awful lot of money, and it will be a particularly hard blow for middle-income families.

The Government have got it wrong. The introduction of variable fees is oppressive to such families and I am afraid that it will act as disincentive. I do not like discrimination, but I do not like disincentives either. I hope that Labour Members will exercise their consciences over that question. I hope that they will also consider the loss to the country that will result if those students respond to the blandishments that they are receiving from German and American universities to go abroad, where they may receive more generous help or not have to pay any fees at all. The House should seriously consider the fact that this measure will be a substantial blow to a huge wedge of families on middle incomes.

Peter Bradley: Like many other, but not all, Members of this House, I had a privileged education, and I have been privileged ever since in the salaries that I have earned and the jobs that I have done. Having been one of the 6 per cent. of young people who had the opportunity—although many more had the ability—to go to university in the early 1970s, I want my privileges to be other people's rights. That is why I joined my party and why I welcome the Bill, or rather what it has become.

I make no pretence about variability. A free market in higher education would indeed entrench privilege—that is why I originally opposed the concept. My hon. Friend the Member for Norwich, North (Dr. Gibson) is right. Under a free market model the elite universities would get richer at the expense of the poorer universities. If that were still the position, I might be attracted to amendment No. 128, but what is now on offer is a firmly regulated market, if it is a market at all. We are no longer talking about top-up fees, but about top-down fees. We are no longer talking about variability, but about a fixed fee with a discount. In my view, which I believe is shared by others, most, if not all universities, across most, if not all their courses, will charge £3,000. There will be no meaningful market in higher education. The variability, such as it is, is likely to be in hundreds of pounds, not thousands of pounds. It will be an issue for school leavers when they consider which university to attend, but in no way a decisive issue.

5 pm

The manifesto commitment must be taken seriously, but it was written before we went out on the doorstep at the last general election. Perhaps my hon. Friends will contradict me, but I cannot think of an issue that was raised more frequently, especially in middle-class areas

[Peter Bradley]

in my constituency, than the resentment, especially of parents, of having to pay an up-front fee to send their children to university. The up-front contribution makes parents wonder whether they can afford to send their children to university. The Bill abolishes the up-front fee and we should celebrate that. It shows the way in which we have listened and responded to our constituents.

The language of the debate in the past year or so has been misleading, and we are all responsible for that. We should talk not about student debt but investment in the future. A mortgage is a debt; for many people, it is a lifetime debt. The rights and privileges that the previous Government extended to people under the right-to-buy policy gave them an opportunity to contract a debt, which many regretted when boom turned to bust. That problem will not confront graduates, who, if they lose their jobs in future or take a dip in salary, will no longer have to repay their tuition fee contribution. That is in stark contrast to the debt that the Conservative party invited hundreds of thousands of people to enter into. Those people came to regret it when they found themselves in mortgage arrears and their homes were repossessed.

Mr. Barnes: It is certainly a question of investing in the future, but another question is: who should do the investing? Should it be done by society as a whole or individual students?

Peter Bradley: My hon. Friend is right. Society as a whole should make the investment, and that is what we are doing. The taxpayer bears 75 per cent. of the cost of sending a student to university. However, we must choose whether we are content for 6, 10, 20 or 30 per cent. of the young people in our communities who are academically qualified to take up university places to do that. Are we content to cap ambition at 10 per cent. or at 20 per cent.? Should we have a quota, as the Conservatives suggest? Or should we want the best for most of our young people? We should not cap their ambition, because they have a right to university education if they are qualified for it, and our economy needs their skills.

Mr. Boswell: Before the hon. Gentleman abandons the point about mortgages, does he believe that mortgage providers will take an interest in whether the applicant holds a student loan, with its obligations to repay? If they take no interest, will they not be acting irresponsibly in offering money?

Peter Bradley: A leading mortgage association has already confirmed that it has no problem with the proposal. Mortgage providers will take an interest in the earning capacity of those who wish to have a mortgage, and a degree significantly advances that capacity. Data suggest that graduates who enter employment have an immediate advantage of £4,000 a year over those who do so without the benefit of a degree.

My hon. Friend the Member for Norwich, North suggested that variability would discriminate against the modern universities. I challenged him about that in an intervention. The Government have reintroduced maintenance grants, which is a huge step forward, not only for 33 per cent. of students but especially for those from low-income backgrounds. The Government are now taking responsibility for paying those grants and not obliging the universities to do that. That has lifted a difficult burden from the universities with the highest intakes of students from low-income backgrounds and allowed them to keep substantially more of their income from tuition fees than was originally intended. Thus the very universities that contribute most to the widening access agenda will keep most of that new income. The figures that I have seen suggest that, for example, Bournemouth will have a 50 per cent. uplift in its income from student fees, Middlesex will enjoy a 37 per cent. increase, and my nearest university, Wolverhampton, will benefit from a 20 per cent. increase. That is in contrast to the uplift for Cambridge, Oxford and the London School of Economics—which are not known for their contribution to the widening access agenda—which runs at less than 10 per cent.

Chris Grayling *rose—*

Peter Bradley: I shall give way to the hon. Gentleman in a moment, but I want to address a point made by the Liberal Democrat spokesperson about Cambridge being an asset-rich university. The hon. Member for Harrogate and Knaresborough (Mr. Willis) will have heard my right hon. Friend the Minister citing other examples, including Surrey, Exeter and Imperial college, not all of which are cash-rich institutions, and there will be more to follow. They are offering students paying top-up fees a further £4,000, on top of the £3,000 available from the Government. That will give those students an income over three years of £21,000, and a repayment to make on graduation—on an income-contingent basis—of £9,000. That is a pretty good deal. When students and school leavers understand what is on offer in the Bill, they come to very different conclusions from those suggested by the hon. Member for Hertsmere (Mr. Clappison).

Chris Grayling: Does the hon. Gentleman accept that, under the current system, a student from a less well-off background will end up with student loan debts of about £10,000? After the introduction of top-up fees, even taking grants into account, that same student will end up with debts of about £10,000. So, at the end of their university career, their financial position will be no different.

Peter Bradley: We could trade mathematics, but let me tell the hon. Gentleman why the reintroduction of maintenance grants makes such a huge difference. Although the idea of debts, mortgages—whatever we choose to call them—is an issue for everyone, our society is not half so debt averse as we might think from listening to this debate. Most of us have debts, whether through hire purchase agreements, bank overdrafts or credit cards. Debt is an issue, I grant the hon. Gentleman that, but one of the principal reasons why young people with academic qualifications from low-income and working-class backgrounds have not taken up places at university, even when they are available—which, under the Conservatives, they certainly would not be—is that they cannot afford the up-front student

living costs. They have no savings, and their parents have no savings with which to sub them through university.

The return to the maintenance grant is therefore a measure of which all Labour Members should be proud. It is radical, progressive and empowering, and it will allow universities to welcome those students into higher education, provided that the places that we can pay for through the tuition fees are available. It will also enable people to whom the privilege of going to university has been denied for decades to take up the opportunity to enrich their lives, to enhance their earning capacity, and to underpin our economy for generations to come. That is why the return of the student grant is a crucial part of the Bill.

Mr. Rendel: I want to return to the point about whether the new universities or the more privileged ones will gain the most. The hon. Gentleman says that, as a proportion of their income, the new universities will gain more than the richer ones. That is simply because the richer ones currently have a much greater income. Some universities will, by the hon. Gentleman's own admission, charge less per student and therefore bring in less in fees per student. I would suggest that those will tend to be the poorer universities, and because they will bring in less per student, the gap will widen in terms of the amount of money per student that universities have to spend.

Peter Bradley: There is a fundamental misunderstanding on the Liberal Benches. *[Interruption.]* I was just inviting colleagues to imagine what, among many misunderstandings, that could be. On this particular issue, the reason why modern universities will benefit disproportionately from the steps that the Government have taken to relieve them of the responsibility to pay out in grants what they receive in income is that they are undergraduate teaching led, whereas other universities, principally those in the Russell group, if they are not research led, at least have a high proportion of their funding vested in research. Universities that specialise in educating precisely those young people to whom I have been referring should and will benefit, and will be rewarded by their contribution to widening access.

Mr. Gordon Marsden: My hon. Friend has rightly drawn attention to the mainstream universities, which are precisely those that are most likely to attract first-generation students. Does he agree that that is why the Campaign for Mainstream Universities has issued a note today saying that any vote that risks the withdrawal of this Bill will be a vote against widening participation and social inclusion?

Peter Bradley: My hon. Friend is right to draw attention to that important statement. He also gives me an opportunity to use a line that I would have used on the Conservative Front-Bench spokesman if he had allowed me to intervene. He talked about divisions of opinion among vice-chancellors. Of course, he is right: there is no unanimity among vice-chancellors on this issue. Vice-chancellors are unanimous, however, in their contempt for the Conservative party's policy on higher education when it has one, and in their contempt for its opportunism when it has not. That is the unanimity that the Conservative party has managed to engender in the higher education community.

The benefits that I have outlined are those of a Bill that is radically different from the White Paper, which was rightly and roundly criticised until more or less the new year. I want to pay tribute to Ministers and give them credit for the fact that they have not only listened but responded to constructive criticism from colleagues. They recognised the argument that the real disincentive to working-class school leavers is not debt but upfront fees and living costs. The support package of £3,000 is therefore extremely welcome. Colleagues argued about the adverse impacts of modern universities bearing those costs, and the Government are now bearing the cost of those grants. We argued for the conversion of fee remission to grant, and we had an undertaking from Ministers. That was a brave step, as it meant changing a publicly held position. It was the right decision and I am grateful for it, as future generations of undergraduates and their families will be. We argued that elite universities must broaden their student base, and it is OFFA's task to ensure that they do.

The Liberal Democrat spokesman contrasted the £4,000 bursaries that Cambridge and other universities will offer with the situation at Wolverhampton. He said that Wolverhampton university would not be able to afford the bursaries. He is probably right. But Wolverhampton's intake, depending on what statistic one reads, is either 47 per cent. or 75 per cent.—or somewhere between those two figures—lower-income students. It will not be required to pay those bursaries, and it will not need to do so. The need and pressure should be on the Russell group of universities, which year on year have signally failed to embrace the broadening access agenda—the latest figures show a reduction in working-class students with academic qualifications being allowed to study at those institutions.

Mr. Willis: Under the Bill, if Wolverhampton university, 47 per cent. of whose students are from the three lower socio-economic groups, charges the full £3,000 fee, those students will each be eligible for a £2,700 grant from the state, and the university will have to provide £300. Given that it will have to find grants for 47 per cent. of its intake, compared with Oxford, which will have to find grants only for the 9 per cent. of its students who are from those socio-economic groups, how on earth will that benefit Wolverhampton?

5.15 pm

Peter Bradley: The hon. Gentleman makes an important point about the Liberal Democrats' fitness for government. In an ideal world, Wolverhampton would not have to bear the cost of the £300. What the hon. Gentleman does not seem to appreciate is that it now has a very high ratio of income that it can keep, certainly compared with what was originally proposed, which will boost its funding—I gave him the figure of 20 per cent. That is why, despite its reservations about variability, Wolverhampton supports the Bill. It will be good for the university, good for its current intake of students, and good for students who are yet to go there. OFFA's task will be to ensure that universities that are not meeting the objectives perform better and achieve more, which is why I support amendment No. 129.

[Peter Bradley]

We have argued for a three-year review. As the Government have conceded, that is incredibly important. Three years after the new arrangements are introduced, we shall be far better placed to judge whether they have delivered the benefits that we expect them to deliver. If we decide that they have not, it will be up to us to do something about it. I cannot understand why some Members do not have enough confidence in themselves and their colleagues to change, or to endorse, policy if that is the right thing to do. This measure is no different from any other in that regard. Both sides of the House will be whipped, just as they are in the case of other Bills. It is an insult to say that—it would also be unlawful—we will fetter the discretion of a future Parliament because we do not have enough self-confidence to believe that we can either sustain or, if need be, change our own thinking. That is a specious and dangerous argument.

We will have a debate in both Houses, and for that reason I strongly support amendment No. 130. We must be able to take account of the three-year review and all the other information that comes our way. We need a motion that we can debate, amend and vote on.

The amendments that the Government have suggested they will accept, along with the huge gains made on Second Reading, have significantly strengthened the Bill. They have strengthened Parliament's control over the future of tuition fees, they have strengthened the Government's obligation to police those provisions in the "duty and power" amendment tabled by my hon. Friend the Member for Cambridge (Mrs. Campbell), and they have strengthened the regulator's powers to enforce the widening of access not just to universities already subscribing and contributing to that principle, but to all universities, no matter how grand they think they are.

The Bill is not perfect. No one wants to pay the additional taxes proposed by the Liberal Democrats; no one wants to pay the additional charges that we propose. This, however, is not just the best package on the table, or the only package. It is a good package—a radical, progressive set of measures that will help to boost standards in our universities, underpin their competitiveness, and create opportunities for working-class school leavers who never had such opportunities before and, without this package, would not have them in the future. I am not just prepared to vote for the Bill; I shall be proud to do so.

Annabelle Ewing: On behalf of the Scottish Nationalists and Plaid Cymru, I rise to support amendment No. 128, which would delete what I believe to be iniquitous proposals to introduce variable top-up fees. In my view, they are wrong in principle. They will create a two-tier system, and will treat university education as if it were just another commodity in the marketplace. I think that my opinions reflect widespread concern among parents, students and university principals throughout Scotland. Those people have a great fear of the negative impact of the proposals on the university sector in Scotland. That issue was highlighted in the report of the Scottish Parliament's cross-party Enterprise and Culture Committee, which was produced in December 2003. The committee had spent three months taking evidence from all relevant parties and sectors, and the report's conclusion was that the top-up fee proposals in the Bill would have an adverse impact on Scottish higher education.

That conclusion has been echoed by the majority of university principals in Scotland, and has even been admitted, although very late in the day, by Scotland's Labour First Minister. The key issue is that because of the Barnett formula, if more private money is levered into the university sector south of the border, that will create in the longer term a chronic funding gap in Scotland because there will be no Barnett consequentials for the Scottish university sector. That is widely accepted in Scotland and is the view of the majority of university principals there, so I do not know quite why the Minister is shaking his head. Perhaps he has not been in communication with the university principals in Scotland.

The report's conclusion is that there will be a significant and detrimental impact on research in Scotland's universities, which at the moment have an excellent reputation, and deservedly so. There will also, of course, be a significant impact on recruitment. Those facts are incontrovertible. Notwithstanding that, on Second Reading, we saw 46 Scottish Labour MPs troop into the Lobby to support the Government and vote against Scotland's interests. We also saw the solo Scottish Tory MP sit on his hands, although he has managed to vote on some measures that have no impact whatever on Scotland, such as the Mersey Tunnels Bill. The key issue is what the Scottish MPs will do today.

We have heard much in the debate about international examples, and I asked the Prime Minister at about the time of Second Reading why on earth, if a country such as Ireland could use its powers to abolish all tuition fees, as it did in the 1990s, and secure a participation rate of more than 50 per cent., he could not secure such a result in England. In his answer, interestingly, he pointed to the example of New Zealand, but as we have heard today, that was perhaps not a good example to use in seeking to strengthen the Prime Minister's case.

I shall keep my intervention brief, because I appreciate that other Members want to contribute, but the key issue for Scotland today is whether the Scottish Labour MPs will put Scotland's interests and their constituents' interests ahead of the political interests of the UK Prime Minister. Is the solo Scottish Tory MP once again going to sit on his hands and abstain? Vital Scottish interests are at stake, and it is noteworthy that not one Scottish MP has even sought to listen to any part of today's debate, with the notable exception of the Father of the House. The House might not know that he is the only Scottish MP to be a university rector—he is the rector of Edinburgh university, and chairs its court. The Father of the House, well knowing the views of the university sector in Scotland, took the principled position on Second Reading of voting against the Bill.

Given that vital Scottish interests are at stake tonight, I hope that the Scottish MPs who voted with the Government last time will reflect a little further, and will

put Scottish interests ahead of those of the Prime Minister. If they fail to do so, their betrayal will not be forgotten or forgiven in Scotland.

Jonathan Shaw: My hon. Friends have discussed matters of principle relating to manifesto commitments, and we need to reflect on that. We must reflect on the argument about top-up fees put forward at the time of the manifesto, which referred to fees on top of up-front fees. We are in a very different situation now, so I have no problem at all on that. My conscience is clear.

I am sorry to speak against my hon. Friend the Member for Norwich, North (Dr. Gibson), whom I like enormously. He is a fine fellow. He has had a glittering career both politically and academically and, perhaps more importantly, is a football star as well. We have spoken about the principles of widening access, of increasing numbers—that is, Labour and Liberal Democrat Members have, rather than the Conservatives, who do not believe in increasing numbers—and of providing more student support. It is vital that we bear those principles in mind and make choices for individuals, for the institutions and, very importantly, for our country.

We must make those choices for our country. Recent figures from the Institute of Employment Research show that of the 13.5 million jobs that are expected to be filled by 2012, 50 per cent.—6.8 million—will be in occupations likely to demand graduates. If we look across the world, India is churning out 1 million graduates, who at the moment are doing a lot of back-office work, but in future they will be doing development work as well, so yes they will have—

Mr. Patrick Hall: My hon. Friend is making an important point about the future estimated need for people with higher education skills. Does he not agree that those who deny the need for 50 per cent. of people to go to university are actually doing down the economy of this country, never mind those individuals who should go to university who have the ability?

Jonathan Shaw: My hon. Friend is right. So we are talking about the individual, the institution and the country. From the individual's perspective, it is not just a 50 per cent. target; as we have heard, it is a 50 per cent. projection. We are seeing more young people achieve and we know that if a young person gets two or more A-levels they go to university. Show me the queue of parents who will line up and say, "I do not want my young son or daughter to go to university." There will not be one. We all aspire for our sons, for our daughters, and for all the young people. We have continuously increased access in recent years, and that is what we need to continue to do for the individual and for our country. Jobs that require few qualifications will not exist in future. Foundation degrees will be a very important component of the increase to 50 per cent., providing the vital technical skills for our economy.

The issue about debt has naturally been central to our discussions in the Chamber, but we may not have discussed the fact that if a person takes on a debt to purchase a product, they want the product to be of quality. There has been a decrease in investment in our universities, and class sizes have risen. There have also been difficulties in the recruitment and retention of lecturers, whose pay is appalling. By increasing the revenue stream to universities, this measure will allow them to increase lecturers' pay to assist with recruitment and retention. That is vital because if you are graduating from university and want that qualification, you want the course to be a good quality product. We talk about the fear of debt. We know what we are talking about—

David Taylor: If a golden dawn is indeed emerging for those who work in higher education, why is it that Association of University Teachers branches throughout the country are so vigorously opposed to what is proposed in the Bill and the financial arrangements that surround it?

Jonathan Shaw: Perhaps when that dawn, as my hon. Friend describes it, does appear, they will not be so against them. Once people see increases in their salary they will not be quite so against them, but we must take those decisions now, or we stay where we are, or we find finance from somewhere else. If my hon. Friend believes in raising taxes that is fine, but I remind him that we have had issues about our manifesto commitment. We stood on a promise not to raise the top rate of tax, so where would the money come from? After all, we would be asking for a reasonable contribution—a graduate earning £18,000 a year would be asked to pay £5.19 a week. Most of my constituents would think that that was a reasonable starting point.

If we want to invest in our young people and widen access, this is the right proposal for the country, the individuals and the institutions, which need it for their lecturers. It will provide opportunities for so many young people in our constituencies. However, it is not only the proposals on student finance that will achieve that. It will also be achieved through the Sure Start programme, investment in primary schools, and investment and improvements in secondary schools. The Bill is right for the country, the institutions and the individuals, and I hope that the House will support it.

5.30 pm

Mr. Boswell: I shall speak in favour of new clause 5, because it would remove the possibility of charging for tuition fees, which would have an unacceptable impact on students and would be unstable in prospect—as I shall make clear later. My immediate concern is to welcome one aspect of the change in the Labour party. It has begun to take on board some of the principles of a market system. Nor does it wish to put up taxes—as has just been pointed out—at least not by the front door. However, that is not a debate for today.

I find it odd, however, that the Labour party dissociates itself completely from the impact of the price mechanism. The Bill will impose a charge for the tuition of students, and the fact of that charge—however moderated or explained away—will have an impact on students. If a charge is levied for something, it is less attractive as a result.

Mr. Robert Jackson: My hon. Friend, for whom I have great admiration, congratulates the Labour party

[Mr. Robert Jackson]

on its conversion to market principles, but it is a little strange to do so at a time when the Conservative party is abandoning them.

Mr. Boswell: I thank my hon. Friend for his comments and I hope to have the chance to advert briefly to alternative means of finance, although of course this is not a Second Reading speech.

I make the point about price in relation to disadvantaged students and the discussions they have with their parents and siblings. Any imposition of fees is likely to act as a deterrent, at least for some of them. However much the charge is removed from the time of tuition and applied to graduate level, and however much it is attenuated or made more acceptable by maintenance grants—which the present Government abolished, of course—there will be a disincentive effect.

Before Ministers pat themselves too much on the back for their generosity, it should be remembered that some of that generosity will be financed by other students. The Government have improved the Bill, but parts of the package remain to be hammered out, with great difficulty and political angst. It will require the imposition of a charge on the universities that will have to be put back into bursaries, and they will in effect be financed by the less indigent students.

Mr. Barnes: New clause 5 would remove fees for students. Is the hon. Gentleman aware of my amendments, which have not so far been debated? They also try to tackle the student debt problem and are more radical in some respects, in that they would apply to all debt, and less radical in other respects, in that they would not get rid of all the fees in one fell swoop. They would provide for a holiday from debt. What are his feelings about those amendments?

Mr. Boswell: The hon. Gentleman has introduced his argument without having to make a speech to it. The short answer is that I am aware of his ingenious proposals. They deserve consideration, but I do not, on balance, come down in favour of them. However, at least they encourage discussion on the matter.

There will be problems for less privileged students, and I am equally concerned about the problems faced by people whose families are on a moderate income, which were set out eloquently and expertly by my hon. Friend the Member for Hertsmere (Mr. Clappison). There will be an impact on such people's families. Their parents may continue to make a contribution, but if they do not, it will add to the student's debt on graduation.

Angela Watkinson (Upminster) (Con): Does my hon. Friend agree that, when graduates' salaries reach the point at which the repayment of student debt is triggered, they are likely to be taking on other commitments such as marriage, a family and a mortgage? The collective effect of the debts is likely to create a disincentive to enter a college course in the first place.

Mr. Boswell: I strongly endorse what my hon. Friend says. Her point was enshrined in an intervention that I made on the hon. Member for The Wrekin (Peter Bradley) in which I pointed out that mortgage providers must take account of the overall package of debt.

Mr. Lepper: Is the hon. Gentleman aware of a statement made by the Council of Mortgage Lenders? It says that it

"recognises that many graduates will still be paying off their student loans at the time they consider buying their first home. On the basis of the current repayment schedule for student loans, the existence of an outstanding student loan is unlikely to have any negative bearing on the graduate's ability to obtain a mortgage."

Mr. Boswell: I accept that the council does not wish to discourage people from applying for a mortgage, but whether lenders will be prepared to make well-founded offers on that basis is a different matter. The debt will be a debt that must be serviced by somebody.

Mr. Rendel: I do not know whether the hon. Gentleman was in the Chamber when I asked the Prime Minister a question on that matter. I pointed out that one of my constituents who has a debt of a mere £12,000, which is much lower than the likely debts of the future, has been turned down for a mortgage simply on the ground of student debt.

Mr. Boswell: I am grateful to the hon. Gentleman for pointing that out.

I do not think that enough has been said about the Bill's implications for students on long courses, which I am worried about. Not all those people will go on to be in the private sector, and their burdens will be substantial.

Let us consider alternatives. It is a matter of record—I do not want to debate it with my hon. Friend the Member for Wantage (Mr. Jackson), for example—that when we were in government, we ran a system that did not charge fees, but that was open to fees. There was a slight disagreement with the hon. Member for Harrogate and Knaresborough (Mr. Willis) about that, but the issue did not arise except on one brief occasion. At that time, we were still able to expand the higher education sector substantially. That approach would provide for significant access to higher education and I shall defend it on another occasion.

An alternative heroic approach, which is not ruled out by the Bill, would be to go for an all-private system—some universities occasionally talk about that. A university that was prepared to forgo all public funding could go private and rely exclusively on fees or other forms of private income. It could introduce needs-blind support if that could be financed. It is highly questionable, however, whether that would meet the access concerns of the Minister and Conservative Members and whether it could be introduced, because there would undoubtedly be consequences for the student body. However, I emphasise that that approach would not be ruled out by the Bill.

If universities find themselves in difficulties, despite the package, the Minister does not rule out the possibility of them moving towards unregulated parts of the sector—similar to the way in which public utilities buy businesses that are unregulated, if I may put it that way. I am thinking about part-time students—we had a

constructive debate about that in Committee—postgraduates and overseas students. There is nothing to stop a university rebalancing its intake, which some have suggested they might do.

I was sorry not to be in the Chamber to hear the speech of my hon. Friend the Member for Wantage. Some important avenues could be explored in relation to the contribution that future employers and graduates can make to stimulate alumni contributions and endowments more generally.

One of my major concerns about stability is not simply the financial stability of the system and whether it will deliver. I am entitled to be at least slightly sceptical about Labour Members' claims. It is interesting that they inherited a system from us that was delivering a more than one-third participation without fees. They announced that it was necessary to make changes, so they introduced tuition fees and abolished maintenance grants. They came up with a system that was supposed to solve everything, yet six years later they are back to the drawing board with a repeat solution, as if the system was never viable in the first place.

Apart from the financing costs of the system, there will be a heavy regulatory price to pay. The fees regime will come unstuck because of the huge public expenditure cost, which exceeds the value of the fees available to universities. Equally, the regulatory system will not work and will pave the way for further interference in the admissions policies of universities.

My essential concern on the substance of the matter, as enshrined in new clause 5, is that the fees regime will break down and what has been put in by way of public expenditure to sugar the pill exceeds the amount that universities get. More to the point, the ratio will worsen over time as the level of student debt for most students increases and, ipso facto, the level of subsidised loan outstanding for each student, or for the generality of students, itself increases. Eventually, a future Chancellor will conclude that the promised loan subsidies will be unsustainable and the cost will be excessive. At that point, all bets are off.

Another pressure that may develop—the Minister will realise that this has been implicit in the debate—is that most universities will charge the market rate. As the Select Committee explained, if they do that there will not be a free market in any substantial sense of the term. A few fees will be discounted, but universities will be subject to a growing pressure to have a higher rate so that they have a greater level of differentiation.

Dr. Whitehead: Does the hon. Gentleman accept that amendment No. 130 would enable the House to decide, with a debate and by resolution, and with the possibility of amendment, how to deal with a ceiling on the fee charged after 2010? His concerns that the ceiling may well disappear and that we have much higher fees in the near future should be allayed, and I invite him to support that amendment.

Mr. Boswell: I was about to conclude my remarks, and the hon. Gentleman in a sense anticipates my argument. The Government's safeguards up to 2010 are a clause thick. If they were so minded, it would take only a very short Bill to remove the cap, and I think that the pressures to do that would be irresistible. It makes no sense within the Government's own terms to have a cap of such a nature because it neither contributes enough to universities to bail them out of their financial problems nor does it drive the agenda of social justice. It fails on both counts. It would take legislation only a clause or two thick to change things. I accept the Minister's good faith on the matter; he handled the Committee with panache and made an unacceptable brew a little more acceptable. Nevertheless, Ministers' assurances are about as convincing as they were last time we debated this.

The path will be clear irresistibly for future increases in top-up fees, which in a sense are beyond the immediate concern of present students but will form the next tranche of concerns that future students will have. That is the basis, in my view, on which the Bill is founded. If it has any supporters or friends, they are probably to be found among the 100 or so vice-chancellors, not all of whom agree but they are giving the Bill their support, fingers crossed, in the hope that it might do some good and that it will not break down while they happen to be in charge, any more than the Minister is, of this difficult and sensitive sector.

We need to examine higher education funding but we do not need to do so through the means of charging that the Government propose in the Bill.

5.45 pm

Mr. Jon Owen Jones: I am grateful for the chance to speak for a few minutes in a five-hour debate on an England and Wales Bill on the Welsh aspects of the measure, which have not been discussed to date. So far we have had more discussion on higher education policy in New Zealand than we have had on that in Wales.

I intend to support the amendment of my hon. Friend the Member for Norwich, North (Dr. Gibson), who, appropriately for this debate is my former lecturer. I do so because I take the Government at their word. I have been told by many Government sources that if I support the amendment and it is agreed to, it will wreck the Bill. That is why I am supporting it.

Many of my right hon. and hon. Friends will not understand my point of view because there are many good things in the Bill. If they listen, I will tell them why I am doing what I am. If the Bill falls as a result of my vote, I hope that it will be a salutary lesson. The Government and Parliament have abrogated their responsibility to Wales during the passage of the Bill so far.

I oppose the idea of variable fees, in particular because of their effect upon Wales. This is an interesting test case for the limits of devolution. To what extent can we have policies that are different from the context of English policies? There will be different issues from policy to policy. On some issues, because of the effect of the market on a particular issue—this is one such issue—it is not possible to devolve effective powers, which would be implemented differently in Wales from how they would be implemented in England. I shall explain why.

We have an extremely integrated system. About half the students in Wales are English and about half of Welsh students are in English universities. That is because there is a market already, but the Bill will increase the level of marketisation. Students have a right

[Mr. Jon Owen Jones]

to move from whichever constituency they are in and from whatever side of the border. I note already that, because I am speaking about Wales, there has been a loss of interest in the Chamber. If anything, variable fees will increase marketisation, but just as price differentials between universities will influence the choices of students as between universities, price differentials between England and Wales will influence the decisions that students take in England and in Wales.

Wales is extremely vulnerable to distortions that will come about through divergent policies. In the 2006 cohort of students, Welsh universities will be charging a £1,250 up-front tuition fee. English universities will be charging up to—the better ones will mostly be charging—£3,000. That will be a variation of £1,750 per student per year.

If we do the mathematics, the cost to the Welsh Assembly is £48 million a year in total to subsidise its institutions for not charging the variable fee, but they will not be able to charge it for three years, so the cost is £146 million. That money must come from the Welsh block, which is the money for schools and hospitals in Wales. The assumption is that there will be no market distortion, but there clearly will be a market distortion. If Cardiff university—a Russell group university—charges the £1,250 up-front fee, whereas Bristol university charges £3,000, there will be a £5,000 difference over three years. Naturally, Cardiff university will be more attractive to those who need to pay the full amount, so there will be a distortion and English students who have to pay the full amount will move to Wales.

Given the size of the market—690,000 students in England and 40,000 students in Wales—*[Interruption.]* No, sorry, I will make these points because they have not been made so far. I have to disappoint the Whips. There will be a distortion and people will move, but about half the students in Wales are already English. The number will rise, so the Welsh Assembly will be put into the perverse position of subsidising the education of the better-off English students—who would otherwise have to pay the full rates but prefer to go to Welsh universities to avoid doing so—from the money that would otherwise be spent on schools and hospitals in Wales.

What a perverse and ridiculous position to be in, and it could be worse because Welsh universities will not be able to pay the £2,700 bursary grant, which should go to the clever, poor students who can get into university. Poor Welsh students will be unable to find places in Welsh universities because they will suffer increased competition as more English students are tempted into Welsh universities. The Welsh students will have a big incentive to try to get into English universities because that is the only place where they will be paid the grant.

I put it to Parliament that that consideration is worthy of debate and discussion, and that the Ministers would have some comfort for me if they could explain how the Bill, which will devolve the power that causes that to happen, will work in Wales without resulting in the ridiculous position that I have tried to explain in my shortened speech.

Mr. Simon Thomas: Will the hon. Gentleman give way?

Mr. Jones: I will give way once because the hon. Gentleman is another Welsh Member who has not spoken so far is this debate.

Mr. Thomas: I am grateful to the hon. Gentleman for giving way. He is making a cogent argument. Although it is strange for me as a Welsh nationalist to say this, he is not quite correct to suggest that those arguments were not debated in Committee—they were debated. However, he is nevertheless right to make these arguments on the Floor of the House. I hope that the Minister listens carefully to what he is saying, but I wonder whether the hon. Gentleman has factored something into his consideration that he has not yet mentioned. He refers to the market distortion, but there is surely a further distortion, given that the money that, in effect, will be added to the English university block grant will come directly from the fees raised in England. That will not be reflected in the Barnett formula, thus further distorting the situation.

Mr. Jones: That point was made by an SNP Member during the debate, so the hon. Gentleman did not need to make it a second time.

The Bill applies to England and Wales. Every piggyback Bill applying to England and Wales has had the same problem. Ministers and Members believe that it is not their responsibility to discuss Welsh issues. It is their responsibility because the issue is not devolved and Parliament must find a better way to debate such matters.

Alan Johnson: May I intimate at the outset that the Government are prepared to accept amendments Nos. 129 and 130, with the permission of my hon. Friends who have put their names to those amendments? I shall say a little more about that in the course of my remarks.

Mr. Barnes: My right hon. Friend mentioned the amendments that he will accept. Presumably, therefore, he does not accept the other amendments, including those that I tabled. It is important for me to know that, so that I can look for a procedural device whereby I can move one of the three sets of amendments in my name, which call for a student holiday from debt of 15, 10 or five years. I hoped that the Minister might be tempted by the five-year provision. I may now seek to move the amendment specifying 15 years and press it to a Division, but I will need to understand the procedural devices available to me.

Alan Johnson: I cannot help my hon. Friend with that, but as I said that the Government are prepared to accept amendments Nos. 129 and 130, he can assume that we are not willing to accept any of the other amendments. My hon. Friend argued his case on Second Reading. I doubt whether any party in government could accept it. It involves not just fees, but a loan, and calls for a holiday of five, 10 or 15 years before any money comes

back to the Government. The problem with that is that it would cost us £100 million to £200 million—money that we could use elsewhere in a student support package. I do not have time to go into detail, but I assure my hon. Friend that we considered the idea carefully and we are not attracted to that amendment.

New clause 5 is an attempt by the official Opposition—this was not much mentioned when it was moved—to take us back to the period pre-Dearing and pre-1998 when colleges could charge, but when every student had a non-means-tested grant to meet the charge. It is a back-to-the-future proposal. I am amazed at what is going on with the official Opposition. I very much respect their Front-Bench spokesmen. Throughout this debate on the future of higher education, there has been only one Back Bencher on the official Opposition Benches. *[Interruption.]* Well, the hon. Member for Wantage (Mr. Jackson) is facing the right goal in this match.

No one has mentioned Dearing or the national committee of inquiry that the previous Government set up. The Opposition say that we should go back to the period pre-Dearing and that there should be no fees whatever. They support amendment No. 128, as well they might—it was originally their amendment No. 21—but they were not always in favour of the position pre-Dearing. When the Dearing report was published, the Conservative party supported its principles. The right hon. Member for Charnwood (Mr. Dorrell), who was then shadow Secretary of State for Education, said that the Conservative party supported all the principles laid out in the Dearing report.

Some time between that and the 2001 election, that turned into a pathetic statement that the answer to the funding problem in higher education was endowments. The hon. Member for Esher and Walton (Mr. Taylor) pointed out on Second Reading that £30 billion of endowment capital would be needed to raise the amount of money that we are providing for in the Bill.

6 pm

So we move from support for Dearing, whose report the Opposition commissioned when they were in government, to a frankly pathetic policy of endowments to solve the problem, to this debate on the future of higher education. To be fair, the Liberal Democrats have a principled stance, although I do not agree with it. I accept that the Government's stance is mildly controversial, but at least it sets out how we intend to tackle higher education. But Her Majesty's official Opposition tell us that they are in a hiatus, with absolutely no policy whatever. That is poor form, to use words that Opposition Members sometimes use.

If that were not bad enough, we have the five principles that will guide Her Majesty's official Opposition when they do come up with a policy: to increase income for universities; to improve the financial position of students in respect of debt; to increase universities' freedom from central Government; not to increase taxes; and not to increase fees. It is no wonder that it is taking the Opposition a bit of time to come up with a policy when those are their guiding principles.

The hon. Member for Westmorland and Lonsdale (Mr. Collins) asked us to look across the waters at the system in New Zealand, and I am grateful to my university-educated hon. Friends who know that there are six universities in New Zealand. But since this form of university funding was introduced in New Zealand—albeit with a real rate of interest, which we are not introducing, on which it has had to backtrack—participation among those from lower socio-economic backgrounds rose from 18 to 26 per cent. in three years, and participation among Maori students, the poorest of New Zealand's citizens, rose by 46.1 per cent. in six years. There is a clear record that if this policy is introduced properly, with a balanced package, it will not damage widening participation. Indeed, I would argue, as many Labour Members have argued, that it will support widening participation.

Mr. Collins: The Minister will know that in New Zealand there was a 38 per cent. drop in the number of working-class males attending the most expensive courses. But on consistency, which the Minister seemed to be urging on Her Majesty's Opposition, if we unveil a policy that meets each of the five tests specified earlier, will he undertake to support it? Given that he refers to Dearing and to 1997 and 1998, why is one of the centrepieces of his argument in favour of this legislation the proposal to remove the up-front fees that his Government introduced in 1998?

Alan Johnson: I undertake, on the record, to present the hon. Gentleman with a Dan Dare badge if he comes up with such a policy. For ex-Eagle readers, there can be no greater accolade.

While we are considering new clause 5, which goes back to the position pre-1998, let us spend a second discussing the Dearing inquiry. It is easy in a debate such as this to say what the problems are and what is wrong with our proposals if there is no alternative. Dearing looked studiously at the problem. An NUS representative who served on the national committee of inquiry that looked at all the options said that we could not continue to under-fund our universities as we had done in the past and that we must close the funding gap and tackle widening participation. It was Dearing who pointed out that in 40 years of free higher education with generous maintenance grants, the social class gap widened rather than narrowed.

Paul Farrelly: Does my right hon. Friend recognise that the capped variable system in Australia has not really improved access because it has had the common-sense result: higher fees have worked one way while improved grants and maintenance have worked the other? For our policy to be generally progressive, we must take access seriously, and all the access measures that my right hon. Friend has introduced must be at the heart of the legislation, not just an add-on.

Alan Johnson: I agree with my hon. Friend. I would argue that they are at the heart of the Bill, and I shall come to that in a moment.

Dearing said that there were no easy options. He looked at graduate tax and different ways of proceeding. New clauses 8 and 9, tabled by the Liberal Democrats, provide that there would be no fees anywhere in the UK apart from Scotland. That would be the result of those new clauses: there would be no fees apart from in the one place where the Liberal Democrats are in coalition

[Alan Johnson]

government. They say—I love to listen to this, because it is a really good line—"Ah, but that contribution of £2,000 is actually for the grant"—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to interrupt the Minister, but I remind him that he should be addressing the Chair. When he turns to address his side of the House, he is largely cut off from my hearing.

Alan Johnson: I apologise, Mr. Deputy Speaker.

The Liberal Democrats argue that the contribution in Scotland goes towards a grant, not towards teaching. We are giving the grant free and putting the money towards teaching, but graduates still make a contribution. However, Dearing said that the real problem with underfunding in higher education is that relying on the taxpayer alone means that underfunding will always materialise. He said that, as well as the taxpayer putting in the lion's share—let us not forget that we are putting in an extra £3 billion of taxpayers' money, which is a 34 per cent. increase—universities need a substantial stream of funding that should be paid for by those at universities contributing once they have graduated. That is the essence of what Dearing recommended.

Mr. Willis: Does the Minister accept that, after the introduction of the Teaching and Higher Education Act 1998, the Government removed grant funding pound for pound with what students paid in fees? In the United States, which has a similar system to the one that the Government propose, as soon as there is an economic downturn—the latest is in California—the state removes funding and increases fees to compensate.

Alan Johnson: That is wrong. We explained this issue in Committee. When we came into government, Dearing was told that, for the next two years, there would be a further 6.5 per cent. reduction in university funding thanks to the previous Government. Dearing recommended that it should be a 1 per cent. reduction and said that that was all that universities could take. Given that we had the same spending commitments as the previous Government, it was as a result of our using fees that we managed to meet the Dearing recommendation of a 1 per cent. reduction. Since then, in this spending review and the next one, there will be a considerable increase in funding per student.

The other point that I want to address relates to amendment No. 128. My hon. Friend the Member for Norwich, North (Dr. Gibson) said that he believed—I accept that this is his belief—that what the amendment would ensure is in effect a fixed fee, deferred. What he means to ensure, and what he argued for, is that we should have no extra money for universities and that we should put in a huge amount from the taxpayer to defer just £1,000, rather than nought to £3,000, as we propose. There would not be a penny extra for universities and, in a sense, we would stay where we were and remain neutral in terms of the higher education funding gap.

It does not take a Philadelphia lawyer to look at what the amendment would do. It would do what the official Opposition originally intended—take away every aspect of control over fees, as set out in clauses 22 to 27. That would be fine if we were not also repealing under schedule 6 the current rules in the Teaching and Higher Education Act 1998. Her Majesty's official Opposition have tabled two other amendments seeking to retain those provisions, but in the absence of those two amendments, the result of amendment No. 128 would be an unregulated higher education market with top-up fees in their true sense. That is the first crucial point.

The second crucial point is what the result would be if my hon. Friend's amendment were carried with the support of the Conservative party and we also put back the two provisions that we would otherwise repeal from the 1998 Act. The result would be that we could not have the £2,700 maintenance grant that Labour Members, primarily, have convinced us to introduce by rolling up fee remission with grant. Under the 1998 system, fee remission must always equal the fee, which leaves no money for a grant. It would be possible to increase the fee and the fee remission, but extra taxpayers' money would have to be put in—there is a lot of taxpayers' money in there already—otherwise there would be no single, non-repayable maintenance grant of £2,700.

Mr. Win Griffiths (Bridgend) (Lab): Whatever happens to the amendment tabled by my hon. Friend the Member for Norwich, North (Dr. Gibson), he intended to get rid of the principle of variability. I, too, am worried about variability, although I am heartened a little by the New Zealand experience. I worry that access for students from low-income families will be damaged and that students may not take long courses, such as medicine. If the independent review comes up with proposals to change the system to improve access and overcome problems with long courses, will the Minister guarantee that the Government will accept them?

Alan Johnson: We have set up an independent commission reporting directly to Parliament because we want to listen to its recommendations. My hon. Friend does not want me to come out with platitudes, and I cannot say what the Government will do in three years' time or that we will accept any recommendation made by an independent commission. However, I assure my hon. Friends that the commission will make its recommendations to Parliament, and any Government that ignored them would be foolish.

I shall go further: we are setting up an independent commission because we understand some of the concerns expressed by my hon. Friends the Members for Norwich, North, and for Cambridge (Mrs. Campbell) and other Labour Members about variable fees. If variable fees have a negative effect, the review will have happened early enough to change from variable fees to fixed fees.

Geraldine Smith (Morecambe and Lunesdale) (Lab): Will the Minister accept that it is morally wrong for students from identical backgrounds who have equal ability and who study the same subjects at different universities to pay widely varying fees? That cannot be right—it is not fair.

Alan Johnson: New clause 6 was tabled by my hon. Friend the Member for Cambridge, and new clause 7 argues the principle of variability without the technical deficiencies of amendment No. 128. New clause 7 also contains a technical deficiency, however, because it does not outlaw anyone charging less than the fee, which would result in the introduction of variable fees.

Part-time students, who are mainly adults, pay unlimited variable fees, which are not deferred and there is no cap. The majority of part-time students come from working-class backgrounds, and they are looking to get into higher education having not been successful the first time round.

We say that if universities all want to charge £3,000, they can. It is up to them to set their fees between nought and £3,000, rather than the Government insisting that every course at every university must be priced at £3,000, even if universities say, "We cannot run that course because we cannot attract enough students." Universities could introduce variable fees through the back door by giving discounts, so what is wrong with our saying openly that it is down to universities to decide fees?

On the principle of fixed fees against variable fees, I presume that the Liberal Democrats will vote against new clause 6 if it comes to a vote. Their Treasury spokesman said in the *Financial Times* on 22 December, that Professor Giddens, to whom he was replying,

"is absolutely right in his criticism of flat-rate fees. This is the worst of all worlds: a poll tax on students totally unrelated to the quality of higher education provided or the preferences of students."

I presume that that is still the Liberal Democrat position.

Richard Burden (Birmingham, Northfield) (Lab): May I take my right hon. Friend back to his comments about the commission? On Second Reading, he gave an assurance that if the commission came up with a proposal to change the rate of variability after 2010, that would require primary legislation, but I do not see that in the Bill. Will he define what he would see to be such a change to the rate of variability?

6.15 pm

Alan Johnson: I have only three minutes left. I have spoken to my hon. Friend about this before. I still say that if the commission recommended a change to the rate of variability, that would require primary legislation, and I am writing to him to tell him why I believe that to be the case. Other hon. Members have expressed agreement on the issue, but my hon. Friend and I have developed a misunderstanding. I am absolutely convinced that such a recommendation by the independent commission would require primary legislation post-2010, as well as pre-2010.

We are prepared to accept amendments Nos. 129 and 130 because we have listened throughout to the concerns that my hon. Friends have expressed about ensuring that the £3,000 cap has a proper grip. We gave an assurance that it would be changed in the course of the next Parliament, and we have added that to the Bill. We gave an assurance that any change thereafter must be subject to an affirmative resolution in both Houses, but we could not see how to guarantee that it would be taken on the Floor of the House. My hon. Friends provided that by tabling amendment No. 130, which proposes an amendable resolution. We are therefore prepared to accept it.

My hon. Friend the Member for Cambridge is absolutely right on amendment No. 129, which also touches on an important issue in relation to amendment No. 128. Even if that amendment's technical difficulties were resolved, the Bill would still give the Secretary of State a power, but not a duty, to insist that the fee cap is maintained. Amendment No. 129 rightly turns that power into a duty, which is why we are prepared to accept it.

We have had a long argument, and no one can say that we have not listened. We spent 11 hours in Committee on the issue of fixed fees versus variable fees. In three years, the independent commission will specifically consider that. We are introducing the grant, fee deferral, a much more benign system of repayment for students, and—for the first time—help on fee remission and a grant for part-time students. The extra £2 billion that we are providing to universities on top of the £3 billion that we are making available from the taxpayer will fund not only expansion and extra investment, but, at the centre of our proposals, the ability, through the regulator, genuinely to close the obscene social class gap in our higher education system. I urge hon. Members on both sides of the House to support the Bill.

Mr. Collins: The Minister gave the game away when he said, "I cannot say what the Government will do in three years' time", because indeed he cannot. He is trying to persuade his Back Benchers that the commission that he promised them on Second Reading will make all the difference. He cannot promise to abide by its conclusions. He cannot promise a level of Government support at the end of the comprehensive spending review, although the Government will spend less per student in every year throughout that period than the last Conservative Government spent in any year. He cannot guarantee that the £3,000 cap on top-up fees will stay for long; indeed, most vice-chancellors expect it rapidly to become not £3,000 a year, but £6,000, £9,000 or even £15,000 a year. New clause 5 is the only mechanism, alongside amendment No. 128, whereby all the Members of this House who stood on the manifesto pledge,

"We will not introduce 'top-up' fees"

can keep their word of honour to the electorate.

It is no good any of us complaining of public cynicism about politicians if Labour Members vote cynically to break in the most outrageous way a clear manifesto pledge.

The Government's proposals do not have the support of students, university teachers or further and higher education lecturers. They do not even have the support of all vice-chancellors. They are bad proposals that rightly divide the House. They are in clear breach of open and honest pledges to the House of Commons and the electorate. We commend new clause 5 as the way to restore trust in public life.

Question put, That the clause be read a Second time:—

The House divided: Ayes 227, Noes 378.

Division No. 122] **[6:20 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Evans, Nigel
Ewing, Annabelle
Fabricant, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Mates, Michael
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paisley, Rev. Ian
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Gregory Barker and
Mr. Peter Atkinson

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Betts, Clive
Blackman, Liz
Blair, rh Tony
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin

Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Shipley, Ms Debra
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry

Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(CIwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Gillian Merron and
Vernon Coaker

Question accordingly negatived.

MR. SPEAKER *then proceeded to put the Questions necessary to dispose of the business to be concluded at that hour, pursuant to Order [this day].*

Amendment proposed: No. 128, in page 8, line 37, leave out Clauses 22 to 27.—*[Mr. Grogan.]*

Question put, That the amendment be made:—

The House divided: Ayes 288, Noes 316.

Division No. 123] **[6:34 pm**

AYES

Abbott, Ms Diane
Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Barnes, Harry
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Berry, Roger
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burgon, Colin
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Caton, Martin
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clapham, Michael
Clappison, James
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Colman, Tony
Conway, Derek
Corbyn, Jeremy
Cotter, Brian
Cran, James *(Beverley)*
Crausby, David
Cruddas, Jon
Curry, rh David
Dalyell, Tam
Davey, Edward *(Kingston)*
Davidson, Ian
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Dismore, Andrew
Djanogly, Jonathan
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Dunwoody, Mrs Gwyneth
Ennis, Jeff *(Barnsley E)*
Evans, Nigel
Ewing, Annabelle
Fabricant, Michael
Field, Mark *(Cities of London & Westminster)*
Fisher, Mark
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Galloway, George
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gibson, Dr. Ian
Gidley, Sandra
Gillan, Mrs Cheryl
Godsiff, Roger
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Grogan, John
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hoey, Kate *(Vauxhall)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hoyle, Lindsay
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Illsley, Eric
Jack, rh Michael
Jackson, Glenda *(Hampstead & Highgate)*
Jenkin, Bernard
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Lynne *(Selly Oak)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kilfoyle, Peter
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Lewis, Terry *(Worsley)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McCafferty, Chris
McDonnell, John
McGrady, Eddie
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
McNamara, Kevin
Mahon, Mrs Alice
Malins, Humfrey
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Mates, Michael
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Morgan, Julie
Moss, Malcolm
Mudie, George
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Owen, Albert
Page, Richard
Paice, James
Paisley, Rev. Ian
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prentice, Gordon *(Pendle)*
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*

Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Sedgemore, Brian
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Short, rh Clare
Simmonds, Mark
Simpson, Alan *(Nottingham S)*
Simpson, Keith *(M-Norfolk)*
Skinner, Dennis
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Steinberg, Gerry
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, David *(NW Leics)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Trend, Michael
Trickett, Jon
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Wareing, Robert N.
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Wood, Mike *(Batley)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Geraldine Smith and Mr. Kelvin Hopkins

NOES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Banks, Tony
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Betts, Clive
Blackman, Liz
Blair, rh Tony
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & , Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Coleman, Iain
Cook, Frank *(Stockton N)*
Cooper, Yvette
Corston, Jean
Cranston, Ross
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Darling, rh Alistair
David, Wayne
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Field, rh Frank *(Birkenhead)*
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hodge, Margaret
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hutton, rh John
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jackson, Robert *(Wantage)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Kevan *(N Durham)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Martlew, Eric
Michael, rh Alun
Milburn, rh Alan
Miliband, David

Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Primarolo, Dr. Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Shipley, Ms Debra
Simon, Siôn *(B'ham Erdington)*
Singh, Marsha
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Jacqui *(Redditch)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Turner, Dennis *(Wolverh'ton SE)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Gillian Merron and Vernon Coaker

Question accordingly negatived.

Clause 28

MEANING OF "THE RELEVANT AUTHORITY"

Amendment proposed: No. 71, in page 13, line 37, leave out

'Director (as defined by section 29(1)'

and insert

'funding body (as defined in section 22(2))'.—*[Mr. Willis.]*

Question put, That the amendment be made:—

The House proceeded to a Division.

Mr. Speaker: I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 63, Noes 369.

Division No. 124] **[6:50 pm**

AYES

Allan, Richard
Baker, Norman
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Brake, Tom *(Carshalton)*
Breed, Colin
Brooke, Mrs Annette L.
Bruce, Malcolm
Burnett, John
Burnside, David
Burstow, Paul
Cable, Dr. Vincent
Calton, Mrs Patsy
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Chidgey, David
Cotter, Brian
Davey, Edward *(Kingston)*
Dodds, Nigel
Donaldson, Jeffrey M.
Doughty, Sue
Foster, Don *(Bath)*
George, Andrew *(St. Ives)*
Gidley, Sandra
Green, Matthew *(Ludlow)*
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Heath, David
Hermon, Lady
Holmes, Paul
Hughes, Simon *(Southwark N)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Kirkwood, Sir Archy
Lamb, Norman
Laws, David *(Yeovil)*
Marsden, Paul *(Shrewsbury & Atcham)*
Moore, Michael
Oaten, Mark *(Winchester)*
Öpik, Lembit
Paisley, Rev. Ian
Pugh, Dr. John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Sanders, Adrian
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Stunell, Andrew
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Thurso, John
Tonge, Dr. Jenny
Trimble, rh David
Tyler, Paul *(N Cornwall)*
Webb, Steve *(Northavon)*
Williams, Roger *(Brecon)*
Willis, Phil

Tellers for the Ayes:
Bob Russell and Richard Younger-Ross

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin

Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Meacher, rh Michael
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Mike *(N Warks)*
Olner, Bill
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Shipley, Ms Debra
Simon, Siôn *(B'ham Erdington)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry

Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Thomas, Simon *(Ceredigion)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Hywel *(Caernarfon)*
Wills, Michael
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Gillian Merron and
Vernon Coaker

Question accordingly negatived.

Clause 22

POWER OF SECRETARY OF STATE TO IMPOSE CONDITION AS TO STUDENT FEES, ETC.

Amendment made: No. 129, in page 8, line 38, leave out from beginning to 'a' in line 40 and insert

'The Secretary of State must, when making any grant to a funding body under section 68 of the 1992 Act or section 7 of the 1994 Act, impose under subsection (1) of the section concerned'.—*[Alan Johnson.]*

Clause 24

REGULATIONS UNDER SECTION 23(6) RELATING TO BASIC OR HIGHER AMOUNT

Amendment made: No. 130, in page 11, leave out lines 19 to 21 and insert—

'(ii) each House of Parliament has at any time after 1st January 2010 passed a resolution that, with effect from a date specified in the resolution, the higher amount should be increased to an amount specified in the resolution, and the increase is an increase to the specified amount with effect from the specified date.'.—*[Alan Johnson.]*

Order for Third Reading Read.—[Queen's Consent, on behalf of the Crown, signified.]

7.9 pm

Mr. Charles Clarke: I beg to move, That the Bill be now read the Third time.

This is an important moment for the future of higher education in this country. I believe that the decisions that the House has taken in considering this important Bill secure the future of our universities and enable them to make the economic and social contributions that our society needs. They prepare the country for the future in a way that, to be fair, I believe hon. Members on both sides of the House want to see. As the Bill goes to the other place, we are producing a measure for its consideration that guarantees more resources for universities, that will open and strengthen access to universities and that will ensure that people from the poorest communities in the country get a fair crack in our society.

Many people deserve thanks, and I should like to take a moment to thank colleagues for what they have done. First, I thank the Minister for Lifelong Learning, Further and Higher Education and our colleagues in the ministerial team, the Parliamentary Private Secretaries and in the Whips Office for what has been an outstanding performance. I know that no one will mind if I particularly thank my right hon. Friend for the tremendous leadership that he has shown throughout the consideration of the Bill.

Secondly, I thank my official team, the Bill team led by Lesley Longstone, and her colleagues who have given outstanding support, as I hope that colleagues on both sides of the House would agree, to all those hon. Members who have wanted to make points. Thirdly, I want to thank political colleagues on both sides of the House. There have been substantial and difficult debates, with real tension, as everyone has been aware, but throughout people of different opinions have been ready to engage in serious dialogue in a way that I appreciate and that shows the strength of the House as a place where political consideration can properly take place. It would be invidious to name individuals, but I repeat that a number of hon. Members on both sides of the House have been ready to engage in serious dialogue about the important issues that we have discussed. I emphasise that the way in which they have done so is important for the reputation of the House and Parliament and for the future of our universities.

Finally, I thank you, Mr. Speaker, the Clerks and, indeed, those in the wider university sector for their engagement in the debate on the Bill, which I have the honour to present on Third Reading this evening.

Mr. Bob Blizzard (Waveney) (Lab): Does my right hon. Friend accept that a good number of hon. Members will vote for the Bill with less than full enthusiasm, but they do so because he has responded to some of the deep concerns that people had by introducing a much larger student grant, by putting variability in a cage for a long time and by being willing to review the arrangements? As he will know, I am particularly interested in next year's review—the Langlands review. Will he briefly tell the House how he will deal with the Langlands review when it reports?

Mr. Clarke: I appreciate that intervention, as it provides a good opportunity to say that we have tried throughout to have a serious debate about the kind of concerns that my hon. Friend and other hon. Members have raised with seriousness. I asked Alan Langlands, the former chief executive of the NHS and vice-chancellor of Dundee university, to conduct a report that we have coded, "Gateway to the professions", as a means of ensuring that people from all backgrounds can get the professional education and training that they need, particularly those who are not from the very poorest families, but over a wider range. When the Bill receives Royal Assent, we will immediately ask him to commence his work, take evidence from people and report as rapidly as he can. That is an example of the kind of work that is very important.

Mr. Allen: In the context of Royal Assent, will the Secretary of State also ensure that the Department is

ready and willing to move very quickly to inform all secondary head teachers and the youngsters at those schools about the advantages that a £3,000 a year grant will give to those who qualify for it—those on incomes of less than £16,000?

Mr. Clarke: I am happy to give that assurance. One of the sadnesses about the debate in the country is that many people have been worried about the Bill's implications, but not all of them understand in detail the precise meaning for them in their individual circumstances. When we are free to do so—that is, after Royal Assent—there will be a significant programme to explain in the most effective way, certainly to families and particularly to young people, precisely how the system will operate.

I am glad to give that assurance.

Mr. Quentin Davies (Grantham and Stamford) (Con): Will the Secretary of State give way?

Mr. Clarke: I will not, I regret. Under the agreement that we have made with the Opposition about timing, I must finish in a moment.

Today's vote was not only for the future of higher education, but for the public sector reform agenda that is so critical for the country. To conclude on a partisan point, the official Opposition, as was brilliantly exposed by the hon. Member for Wantage (Mr. Jackson), were shown to have failed utterly to live up to the challenges of the time. We accept the challenge. I commend the Bill to the House for its Third Reading.

7.15 pm

Mr. Tim Yeo (South Suffolk) (Con): I am grateful to the Secretary of State for allowing me this brief opportunity to take part in the Third Reading debate, although I utterly deplore the fact that the Government did not protect the time for the debate. It is ludicrous to allow only 12 minutes for the Third Reading of such a controversial measure. It is not hard to guess why they have done that. The Government lost the argument about the policy comprehensively on Second Reading. They lost it again comprehensively in Committee, and they lost it yet again comprehensively during the debate on the last group of amendments, when my hon. Friend the Member for Westmorland and Lonsdale (Mr. Collins) demolished their case in a particularly effective analysis of the consequences of the Bill.

The Bill is bad for students, bad for universities, bad for the taxpayer and bad for democracy. It is bad for students because it imposes on them such a heavy burden of debt that some will find it hard to get a mortgage, others may have to delay starting a family, and all of them will find it costly to repay the loans that the Government have forced on them. The repayment process for those who do not achieve above-average salaries quickly may continue right through their 30s and until the age of 40.

Equally important—a point that was made in the previous debate—the prospect of the high loans that students will have to take out, which will be up to £30,000 for a student studying at a university in London, will deter many potential students from applying to university in the first place. Sadly, the evidence shows that it is students from the poorest backgrounds who are most likely to be debt-averse, so the effect of the Government's policy of introducing top-up fees will be to discourage the very group of students about whom they claim to be most concerned.

Mr. Allen: Will the hon. Gentleman give way?

Mr. Yeo: No, I am sorry. I have only five minutes.

The Bill is bad for universities because it attacks their independence in a way that no Government in the whole of our history have ever attempted to do. The access regulator will dictate to universities whom they can admit and whom they should exclude. The regulator will do so not on the basis of academic achievement or the potential of applicants to benefit from university study, but in pursuit of goals that have nothing whatever to do with enhancing the status of any university, and which will actively harm universities that aspire to world class.

The Bill is bad for universities for a further reason. It does nothing to guarantee that their long-term funding needs will be met. Under the Labour Government, funding per student has been lower at all times than it was throughout the 18 years of Conservative government. Funding from the Department per student has fallen dramatically since 1997. Although Labour introduced tuition fees over five years ago, the Treasury clawed back all the extra income that universities might have hoped those fees would give them. Nothing that the Chancellor of the Exchequer or the Secretary of State has said in the past three months indicates that the same process of clawback will not be repeated.

The Bill is bad for taxpayers as well, because although initially it may give the universities some extra money—there is no certainty about that—the amount it gives them will be far outweighed by the extra bill that taxpayers have to pay.

Worst of all, the Bill is bad for democracy, because less than three years ago, Labour candidates campaigned for election on the basis of one of clearest and most unequivocal election promises that I can ever remember—that a Labour Government would not introduce top-up fees and had legislated to prevent them. The cynical and unprincipled way in which that promise is now being broken will further damage the faith of voters in politicians and in the whole political process, a faith that has already been sorely tested under the present Government. If Labour Ministers really wanted to undergo a change of heart about top-up fees, they should have included a pledge in their next election manifesto and campaigned honestly on that.

The Government might just have got their Bill through the House today, but they have a long way to go before they win the argument in the country. I and my Conservative colleagues are delighted to have this chance to show that when we give a pledge to a voters, our word can be relied on, and I urge hon. Members on both sides of the House to join us in opposing Third Reading tonight.

7.20 pm

Mr. Willis: When Government Back Benchers go back to their constituencies, let them realise that tonight they have voted through a Thatcherite Bill. They have changed the face of higher education in the face of a

[Mr. Willis]

Conservative Opposition who have opposed them root and branch. I am deeply disappointed that we have reached a point where we will have a two-tier higher education system, based on ability—

It being six hours after the commencement of proceedings, MR. SPEAKER *put forthwith the Question, pursuant to Order [this day].*

The House divided: Ayes 309, Noes 248.

Division No. 125] **[7:21 pm**

AYES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Banks, Tony
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Joe *(Bootle)*
Betts, Clive
Blackman, Liz
Blair, rh Tony
Blears, Ms Hazel
Blunkett, rh David
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Coleman, Iain
Cook, Frank *(Stockton N)*
Cooper, Yvette
Corston, Jean
Cranston, Ross
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Darling, rh Alistair
David, Wayne
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Etherington, Bill
Field, rh Frank *(Birkenhead)*
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Harris, Tom *(Glasgow Cathcart)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hodge, Margaret
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Kevan *(N Durham)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
McAvoy, Thomas
McCabe, Stephen
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Martlew, Eric
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Mike *(N Warks)*
Olner, Bill
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Shipley, Ms Debra

Simon, Siôn *(B'ham Erdington)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Starkey, Dr Phyllis
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Turner, Dennis *(Wolverh'ton SE)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Betty *(Conwy)*
Wills, Michael
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Gillian Merron and Vernon Coaker

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Colman, Tony
Conway, Derek
Corbyn, Jeremy
Cotter, Brian
Cousins, Jim
Curry, rh David
Davey, Edward *(Kingston)*
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Drew, David *(Stroud)*
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Evans, Nigel
Ewing, Annabelle
Fabricant, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Grogan, John
Gummer, rh John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hesford, Stephen
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jackson, Glenda *(Hampstead & Highgate)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
Lyons, John *(Strathkelvin)*
McDonnell, John
McGrady, Eddie
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Mahon, Mrs Alice
Malins, Humfrey
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paisley, Rev. Ian
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prentice, Gordon *(Pendle)*
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Steinberg, Gerry
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Trend, Michael
Trimble, rh David

Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Wareing, Robert N.
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willetts, David
Williams, rh Alan *(Swansea W)*
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Hugo Swire and Gregory Barker

Question accordingly agreed to.

Bill read the Third time, and passed.

DELEGATED LEGISLATION

Mr. Speaker: If it is convenient for the House, I propose to take motions 4 and 5 together.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6)(Standing Committees on Delegated Legislation),

REPRESENTATION OF THE PEOPLE

That the draft European Parliament (Disqualification) (United Kingdom and Gibraltar) Order 2004, which was laid before this House on 11th March, be approved.

That the draft European Parliament (Number of MEPs) (United Kingdom and Gibraltar) Order 2004, which was laid before this House on 11th March, be approved.—*[Paul Clark.]*

Question agreed to.

SITTINGS OF THE HOUSE

Motion made,

That, at the sitting on Thursday 1st April, the Speaker shall not adjourn the House until any Lords Messages have been received or until any Committee to draw up Reasons which has been appointed at this sitting has reported or until he has reported the Royal Assent to any Act agreed upon by both Houses.—*[Paul Clark.]*

Hon. Members: Object.

PETITIONS

Mobile Phone Masts

7.34 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): This is the petition of Sandra Cole, Councillor Tony Hunter and 1,632 other residents of Royston, Hertfordshire in my constituency.

The petition states:

To the House of Commons

The Petition of Sandra Evelyn Cole, James Richard Cole, Dennis Stephen Geraghty, Anthony Hunter and other residents of Royston, Hertfordshire

Declares that residents of Royston, Hertfordshire are dismayed by the decision of NTL to site a mobile phone mast in Stamford Avenue, Royston close to a school and people's homes. They seek greater controls over the siting of mobile phone and other masts and are concerned about the impact of these on the health and well being of local residents, particularly children, including those attending the school, and on the street scene.

The petitioners therefore request that the House of Commons shall urge the Government to give more control over mobile phone masts and other such antennae to local communities through local planning procedures and local councillors, and particularly that councillors should be able to take account of the proximity of schools and the health fears of local residents.

And the petitioners remain, etc.

To lie upon the Table.

Morning-after Pill

7.35 pm

Mr. Kevin McNamara (Hull, North) (Lab): I beg leave to present a petition on behalf of the Society for the Protection of Unborn Children against morning-after pills in schools. The hon. Member for Bournemouth, East (Mr. Atkinson), who will follow me, will present a similar petition. I think that I am the last Member of this House to have voted against the pernicious Abortion Act 1967. I therefore completely support SPUC's campaign against the morning-after pill.

The petition reads:

The petition of citizens of the United Kingdom

Declares that the supplying to school children of abortifacient birth control drugs and devices is ethically and socially unacceptable and that such supply without the knowledge or consent of parents consfitutes a serious assault on parental responsibility.

The petitioners therefore request that the House of Commons do urge Her Majesty's Government to:

(1) repeal or revoke any legislation allowing the supply of abortifacient birth control drugs and devices to school children, in particular the Prescription Only Medicines (Human Use) Amendment Order 2000 (SI 2000/1917) and section 63 of the Health and Social Care Act 2001; and

(2) lay the aforementioned legislation again before the House of Commons, re-drafted so as to prohibit the supplying of abortifacient birth control drugs and devices to school children.

And the petitioners remain, etc.

To lie upon the Table.

7.37 pm

Mr. David Atkinson (Bournemouth, East) (Con): Following the hon. Member for Hull, North (Mr. McNamara), I, too, beg leave to present a substantial petition on behalf of the Society for the Protection of Unborn Children against the morning-after pill in schools. I have been proud to work with that organisation during my 27 years in Parliament, and I fully support its campaign against the morning-after pill.

The petition reads:

The petition of citizens of the United Kingdom

Declares that the supplying to school children of abortifacient birth control drugs and devices is ethically and socially unacceptable and that such supply without the knowledge or consent of parents constitutes a serious assault on parental responsibility.

The petitioners therefore request that the House of Commons do urge Her Majesty's Government to:

(1) repeal or revoke any legislation allowing the supply of abortifacient birth control drugs and devices to school children, in particular the Prescription Only Medicines (Human Use) Amendment Order 2000 (SI 2000/1917) and section 63 of the Health and Social Care Act 2001; and

(2) lay the aforementioned legislation again before the House of Commons, re-drafted so as to prohibit the supplying of abortifacient birth control drugs and devices to school children.

And the petitioners remain, etc.

To lie upon the Table.

Wansfell College

Motion made, and Question proposed, That this House do now adjourn.—*[Paul Clark.]*

7.38 pm

Mrs. Eleanor Laing (Epping Forest) (Con): I am most grateful for the opportunity this evening to present the important subject of the proposed closure of Wansfell college, which is in my constituency and lies on the edge of Epping Forest. The way in which a society deals with education funding is a mark of its civilisation. Indeed, we have spent most of today debating that subject—what exciting debates and votes they were. I am grateful to the Under-Secretary for staying on after a long and arduous day of debating higher education. He and I served on the Standing Committee together for many hours. Although that business has not quite concluded, I am glad that he has time to devote to education business, that, although rather more local and particular, is nevertheless as important to all the people who are involved with Wansfell college as the large and nationally important measure that we debated earlier.

I begin by paying tribute to Marilyn Taylor, the principal of Wansfell college, who, for the past 11 years, has worked night and day and weekends, along with her dedicated staff, to build Wansfell college into a popular and successful institution. I also pay tribute to the governors and friends of the college who work in their free time, out of love and respect for the place, to keep the grounds, gardens and building so beautifully. They also raise money to ensure the maintenance of the fabric of the college to which they are dedicated. It is especially well maintained, not only for the benefit of the people who visit from time to time but as an important asset to the village of Theydon Bois in which it is situated.

It is sad that we have to face the imminent closure of such an excellent institution. The issue of the future of Wansfell is a classic case of the buck being passed from one authority or Government body to another, of responsibility being denied by all concerned, and of the merits of the case being lost in a pile of official paperwork and financial statistics. That is why it is so important to bring the matter directly to the Under-Secretary's attention on the Floor of the House.

Wansfell college provides residential adult and community education. I could spend some interesting moments explaining exactly what the college does, but I do not need to do so because that is well documented and I expect that the Under-Secretary is well aware of it. I draw hon. Members' attention to the publication by City and Guilds called "Time to Learn", which lists many courses and which are popular and taken up by a wide spectrum of people in colleges that are similar to, but not exactly like, Wansfell college.

City and Guilds would not produce such a booklet and Wansfell college would not feature in it if the courses were not popular, there was not a demand for them and a considerable benefit did not derive from them. I commend the booklet to hon. Members. I do not imagine that many people who serve here will have much time for extra learning, but I assure hon. Members that many hundreds of people do.

Wansfell college is extremely popular, as is shown by the enormous number of letters that I have received from people who live in my constituency and from far

[Mrs. Eleanor Laing]

and wide. They protest most strongly against the proposed closure. Again, I could read excellent quotations from some letters, which are well argued by people who present their arguments well. Not one argument can be rebutted. There is an enormous range of reasons why Wansfell college should remain open, and why so many people have protested so strongly against its proposed closure.

Many other Members have received similar letters in support of the work of the college, and I suspect that the Minister knows that because he has replied to a large number of hon. Members who have passed their constituents' letters to him. I know, therefore, that he has been aware of this issue for some weeks. I fully expect him to try to answer my points simply by stating, as he did in his replies to other hon. Members, that Wansfell college is the responsibility of Essex county council and the Learning and Skills Council, and that it has nothing to do with the Government or with him. Thus he can try to pass the buck and to escape criticism, but that is simply not good enough. It is the Government who have made promises about lifelong learning, and they have a duty and a responsibility to keep their promises.The buck has been passed here, there and everywhere on this issue, and when it comes to the House of Commons and to the Minister for Lifelong Learning, Further and Higher Education, the buck must stop here.

The director of skills and lifelong learning at the Learning and Skills Council has said:

"The Learning and Skills Council does not directly fund Wansfell College, which is owned and managed by Essex County Council. It is ECC's decision on how and where funding is spent."

In other words, "It's not us, guv. It's nothing to do with the Learning and Skills Council." Well, I challenge that. What is the point of having a Learning and Skills Council if it does not take positive action to provide learning and skills? By that, I mean learning and skills right across the board, not just the specific qualifications needed by certain people to undertake certain jobs. That is, of course, an important part of the LSC's work—indeed, it probably represents 90 per cent. of that work—but that does not mean that this other part of the council's work is irrelevant.

Passing the buck is not a reasonable response to such a serious matter as the loss of this unique facility. Wansfell college is unique and it deserves to be treated as such. It has been ignored by everyone concerned: the Government, the Learning and Skills Council and Essex county council. The fact that it is the only adult residential college of its kind in an enormous area of south-east England has been ignored. There is no alternative; there will be nowhere else for people to go if Wansfell college closes.

The Minister has tried, in his letters, to pass the buck to Essex county council. That is not surprising, as it is the usual ministerial response, but I want to tell him why this case is different. Passing the buck in that way is nothing more than a dereliction of duty. Essex county council is in a difficult position. It has a problem because its funding from the Government was severely cut last year and the year before that. The Minister might argue that it was not cut this year, but finance has to be looked at as an ongoing matter. The world does not stop and start at the beginning and end of each financial year. The Minister looks puzzled; perhaps I should put that in a different way. There is no point in looking at the funding statistics for one year and saying that they have gone up by a certain percentage if, in the previous two years, they went down by a much larger percentage. If we look at the overall position, the facts are undeniable: over a three or four-year period, the Government have drastically reduced their financial support for Essex county council. That has put the council in an extremely difficult position and forced it to consider ways of cutting its budget and maximising its resources, or of massively increasing council tax.

Essex county council has been a responsible local authority, and it is rightly trying to keep council tax down. Therefore, Essex has had to examine its policy on the provision of adult learning, among other matters, directly because of the Government's financial decisions. I could go over all the arguments about finance and funding for Essex county council, but I will not do so because I accept that that is not the Minister's responsibility, and I will not make unreasonable requests of him this evening. I do not expect him to answer for Essex county council—*[Interruption.]* I am glad that his Parliamentary Private Secretary agrees.

I want to use the time available to focus on the issues that the Minister can address. I am sure that if he is well briefed on this subject, he will have seen the decision from Essex county council, the reasons prepared for the executive and audit scrutiny committee, and the way in which the matter was looked at on 23 March and subsequently voted on. I will not rehearse the arguments on that.

However, in a letter to my right hon. Friend the Member for Saffron Walden (Sir Alan Haselhurst), dated 16 February this year, the chief executive of Essex county council rightly said:

"A target of £90 million"—

£90 million—

"to be raised through the sale of property over this and the following two years, has been set by elected Members. The money is to be used in funding service provision, to supplement the Capital Programme and to contain Council Tax increases . . . The county council is therefore reviewing its remit for residential Adult Learning to determine its value in meeting the learning needs of Essex residents".

He goes on to make two arguments in favour of closure, one of which is valid and one of which is not—that is the crux of the matter.

First, the chief executive argues that Wansfell college has had a deficit over the past three years. That is technically true if we just look at the figures. The Minister appears incredulous—I do not deny that we must look at the figures, but we must also look at what lies behind those figures and how such a deficit has occurred. The answer is that the deficit occurred because of a sudden and dramatic cut in funding, which came without warning, over the last few years.

Were the Minister to examine the figures looking forward to the extrapolation of future funding, as well as looking backwards, it would become obvious that the deficit has been made up and that it will be further made up. Wansfell college is a viable going concern. It is a thriving business that makes money. It could be self-

funding in its running costs. The argument that Wansfell college must be closed because its running costs must be subsidised is therefore simply not true.

Anyone who examines financial statistics, in any walk of life, knows that one can prove almost anything by figures. Certainly, one can prove that Wansfell college has been in financial difficulties. One can also prove, however, that because it is so popular it has no difficulty attracting people to its courses. People are willing and happy to pay the prices of those courses, and especially the residential costs—which are very reasonable and cover the costs of residential provision at the college. Because it is not difficult for the college to attract customers, it is not difficult for the college to make money. It will not be difficult in coming years for the college to attract people to pay the fees that it charges to build up even more of a profitable going concern. That argument is therefore simply not valid.

There is another problem, however, which is increasingly affecting adversely almost every aspect of life in the Epping Forest area and other similar areas in the south-east of England. I refer to land and property prices. One of Wansfell college's great attractions is its location, on the very edge of our beautiful, ancient Epping Forest. I am not biased when I say that Epping Forest is clearly one of the most beautiful areas in the country. That means that the land on which the college stands would be very valuable if it were sold for housing development, for example. If we go in the direction in which we are currently going, there will be an unsustainable balance in our environment. There will be far too many houses and no other facilities, because there is such a drive to sell land for housing development in our area. There will be no schools, hospitals, transport facilities, doctors, corner shops or any other kind of public or, indeed, private service provision. The Government seem to make finance, and nothing else, their criterion for environmental and social planning.

The Essex county council argument that is valid concerns the significant proportion of people who attend the college and come from outside Essex. I should say, to be fair to the council, that it is not its responsibility to provide education for people from all over the country; that is the Government's duty. By passing the buck to Essex county council, they are avoiding that duty.

It is no surprise, when it comes to issues such as this, that the Government say one thing and do another. Chapter 1 of the skills strategy White Paper—the Minister sighs, but the White Paper constitutes the Government's promise of what they will do for learning and skills councils and lifelong learning—gave a commitment. It said that the Government would

> "safeguard the provision in each local area of a wide range of learning for adults, for culture, leisure, community and personal fulfilment purposes."

It does not just say, "We will provide training for jobs for 20-year-olds, or 19-year-olds, or 25-year-olds." The commitment that it gives sounds good, and it is good, but the Government do not follow it through. If Wansfell college closes, that will prove that they say one thing and do another.

As usual, the Government are blowing their own trumpet. In that same White Paper, they say:

> "During the course of the past six years, significant process has been made in our quest to make high quality lifelong learning a reality from the cradle to the grave."

They are taking credit for the progress that has been made, while at the same time halting progress at Wansfell college. If they stand by and let the college disappear for ever—if it closes now it will never be resurrected in any form—they will cut off an educational opportunity for a significant section of the population.

We must ask ourselves why the Government will not take steps to save Wansfell college. Why will they not direct the Learning and Skills Council, help Essex county council, or take over responsibility for a college that is an asset not just to Epping Forest and to Essex, but to the whole country? Is it because so many of those who attend the college are over 60? If there were discrimination on the grounds of race, sex or ethnic origin, that would be politically incorrect and not allowed, but discrimination on the ground of age does not matter. That will be proved if the Minister does nothing.

Are the Government failing to act because of location? Is that because Wansfell is not in the inner city and the Government want to put all their education provision into the inner cities, pouring money into certain parts of the country and ignoring other parts, notably Essex and Epping Forest? If the Minister thinks that Wansfell serves only what he might consider the leafy suburbs and the countryside of Essex, he is quite wrong. A large proportion of the people who attend Wansfell college come from inner London.

It is no coincidence that such an institution is on the edge of Epping Forest, because Epping Forest itself was one of the first facilities provided for the people of the inner cities. Queen Victoria gave Epping Forest to the Corporation of the City of London in 1882, and in the speech that she made in Epping Forest when she did so she said:

> "It gives me the greatest satisfaction to dedicate this beautiful Forest to the enjoyment of my people for ever."

Queen Victoria spoke those words specifically to encourage people to come out of the dirty city and enjoy the fresh air of Essex. Wansfell college is part of that historic, ongoing provision. It is a great asset, which is about to be lost.

I am not asking much of the Minister this evening because I know that he does not have the power simply to say, "All right, we'll keep it open." Although he cannot say that, however, I ask him for two things. The first is a delay in the closure of Epping Forest—

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Ivan Lewis): Of Epping Forest?

Mrs. Laing: I am sorry, a delay in the closure of Wansfell college. Epping Forest college is another matter—it is doing perfectly well.

I ask the Minister for a delay in the closure of Wansfell college so that it is not lost for ever this autumn. Secondly, I ask him to look at other ways of providing funding for institutions such as Wansfell

[Mrs. Laing]

college, which serve not just a local area but the community and the country as a whole. Will he consider ways of keeping open this valuable asset? If he does not do so, he is reneging on the Government's promises.

8.2 pm

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Ivan Lewis): I congratulate the hon. Lady on securing this Adjournment debate, although I do not congratulate her on leaving me only a short time—five minutes—to respond. There are few Conservative Members with whom I would like to spend such an historic evening, but she probably comes quite high up my list.

Where we agree is on the fact that Wansfell college has, over a number of years, provided extremely important learning opportunities to a wide range of people. I pay tribute to the leaders of that college, the governing body and the staff for their work to provide learning opportunities for many people, some of whom might otherwise have been denied them. My right hon. Friend the Secretary of State has mentioned a pleasant few days that he spent there some years ago, tutoring a maths course. He also told me about some of the excitement that he had, singing "Danny Boy" in the early hours and so on; he certainly has fond memories of Wansfell college.

There is significant consensus that Wansfell is a good college, with good provision, which plays its part in ensuring that we deliver high quality lifelong learning to people in that area and in our country. However, I must part company with the hon. Lady over her attempt to pass the buck and to deflect attention and responsibility for this matter from Essex county council, which has made this decision. I do not make a judgment on whether that decision is right or wrong, but it has been made by Conservative-controlled Essex county council, which the hon. Lady should surely have more influence over as the local Member of Parliament.

I will expand in a minute on the additional resources specifically being invested by the Government in lifelong learning. I would make the point to the hon. Lady, and through her to her constituents, that when the shadow Chancellor recently committed the Conservative party to future spending plans, he said that it would attempt to match the present Government on schools and the national health service. The consequences for post-16 education, for Sure Start, and for anything that is not schools within the education and skills budget, based on that commitment, would be horrendous—there would be no hope for colleges like Wansfell. Hon. Members should not come here and try to mislead their constituents by pretending that this closure is somehow the consequence of the Government's policy; the hon. Lady's Conservative colleagues on Essex county council have failed dismally to reflect the views that she expressed in this debate.

The hon. Lady says that the county council has had financial difficulties not just this year, when the amount that it has been awarded has increased, but in the preceding two years, but that does not stack up in terms of the history. In 2000–01, the college deficit was £50,000. By the following year, it had risen to £64,000. In 2002–03, apparently a difficult year, the college was given further additional funding of £37,000 by the county council to help reduce the deficit. It also paid the salary for a year of a full-time co-ordinator to help move the college forward in a year when, as the hon. Lady says, it was having difficulties. In 2003-04, the college has received a total of £93,500 in addition to its core funding of £103,000. The total shortfall carried toward from 2001–02 and 2002–03 was wiped out, apparently by the county council, at the end of the 2002–03 financial year, and in 2003–04 the college moved to the same funding formula as adult community colleges, which actually resulted in a 7 per cent. increase in funding.

The hon. Lady cannot come here and try to deflect attention. I quote her Conservative colleague, the cabinet member for lifelong learning on Essex county council, Bonnie Hart, who said:

"I have serious concerns about continuing to fund a residential college which isn't wholly benefiting Essex people. My remit is for Essex as a whole."

The Conservative council maintains that it is closing Wansfell primarily because of its deficit, but it also cites problems with limited disabled access, the state of repair of the attractive Victorian building, the fact that the college is full only at weekends and the fact that 59 per cent. of learners who use the college come from outside Essex. The county council has considered the case for Wansfell college very objectively, in a very detailed way, and has made a choice at a local level to close this college. What is dishonourable is for the hon. Lady to come here and imply—

The motion having been made after Seven o'clock, and the debate having continued for half an hour, MADAM DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at eight minutes past Eight o'clock.

House of Commons

Thursday 1 April 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

CORY COLLUSION INQUIRY

Resolved,

"That an humble Address be presented to Her Majesty, That she will be graciously pleased to give directions that there be laid before this House a Return of the Cory Collusion Inquiry Reports on Patrick Finucane, Robert Hamill, Billy Wright and Rosemary Nelson.—*[Mr. Paul Murphy.]*

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Civil Service

1. **Mr. Tim Boswell** (Daventry) (Con): What recent discussions he has held with civil service unions about securing cost savings in the public service. [164980]

The Chancellor of the Exchequer (Mr. Gordon Brown): Ministers have met all the relevant trade unions. Yesterday I met the TUC General Council, when I explained the necessity for the 54,000 job reductions. I can now give more details of the specifics at the Inland Revenue and Customs and Excise.

Of the 14,000 job reductions by 2007–08, 8,000 will be made by the Inland Revenue, 3,000 by HM Customs and Excise and 3,000 will result directly from the merger.

Following the Lyons review, of the 27,000 public sector jobs to be moved out of London and the south-east, 7,000 will not be replaced. Those changes make possible the release of more resources to the front line to benefit pupils, parents, patients and the general public.

Mr. Boswell: Although I share the Chancellor's view about the importance of efficiency, does not he feel, on reflection, that the matter could have been handled better, given the TUC's concerns about the likely collapse of morale and the possibility of knock-on failures in delivering front-line services? Why does the Chancellor go around like some sort of ruthless Victorian landlord, making eye-catching statements, apparently in an effort to distract the nation from failing public finances?

Mr. Brown: All the consultative procedures involved in the 54,000 reductions are being gone through, and that will continue. I do not believe that the general public or trade unionists in the civil service will listen keenly to the hon. Gentleman, whose party proposes real-terms reductions in every Department apart from Health and Education. That means that thousands of jobs in front-line services would go.

Mr. Brian H. Donohoe (Cunninghame, South) (Lab): Will my right hon. Friend assure me that none of the job losses will be in law and order, the defence industry or economic development?

Mr. Brown: I assure my hon. Friend that we do not propose real-terms reductions in the budgets for the Home Office or for defence, especially given the troubled, difficult and insecure nature of the times. Conservative Members may wish to reflect on the fact that cutting the defence budget and the Home Office budget at this time would put our armed forces, security services and police at risk. We will not cut the science or skills budgets, either.

Mr. Oliver Letwin (West Dorset) (Con): I am genuinely puzzled about the civil service plan—and I suspect that that may apply to the Chancellor, too. Between 1997 and 1999, he reduced numbers in the civil service by 15,000. Between 1999 and 2005, he increased them by 52,000. Now he says that he will reduce numbers again by some number—today we heard the figure of 54,000—in the next four years. However, at the same time he is hiring an extra 500 civil servants a week. What, in his view, is the right number of civil servants? What does the stop-go policy aim to achieve?

Mr. Brown: The last time the right hon. Gentleman was puzzled, he disappeared for approximately three weeks before returning to his constituency wearing a toga. He has not disappeared on this occasion, but perhaps his hon. Friends would wish him to disappear after his huge mistakes in his proposed Budget.

Civil service numbers will be fewer in 2007–08 than in 1997.

Mr. Letwin: By how much?

Mr. Brown: The latest figures show that they will be at least 40,000 fewer.

Mr. Letwin: In that case, why is the Chancellor currently hiring about 500 civil servants a week?

Mr. Brown: The right hon. Gentleman's figures are wrong. We have just announced 54,000 job reductions. They start almost immediately. Let me alert the shadow Chancellor to the table for the costs of civil servants and of administration. In the Conservative years, especially when he was an economic adviser to the Government, the costs of administration as a proportion of total managed expenditure rose to 5.7 per cent. Under this Government, they have fallen below 5 per cent. to 4.7 per cent. and 4.4 per cent., and they will fall to 3.7 per cent. by 2007–08. The right hon. Gentleman should

apologise to the country, because his Government ran up enormous waste, especially the £2.5 billion cost of the poll tax.

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): While I welcome my right hon. Friend's comments, does he agree that efficiency savings are also important to the users of services? Does he also agree that, if it is possible to devolve decisions locally, we get the benefit of local knowledge, local awareness of problems and a general improvement of the service, which Labour Members clearly support?

Mr. Brown: I am grateful to my right hon. Friend. Public services must and will be run efficiently as a result of the changes that we are making. The 2.5 per cent. efficiency savings that will happen every year, the reduction in the numbers of civil servants and the freezing of the cash budgets for administration will allow more resources to go to the front line. The dividing line between us and our opponents is that we want the resources to go to the front line and they want to cut public spending even in defence, law and order, science and skills after all the administrative savings are made.

Dr. Vincent Cable (Twickenham) (LD): Is the Chancellor aware of last week's Populus public opinion survey, which suggested that 57 per cent. of the public do not believe that there is any prospect of significantly reduced waste or increased civil service efficiency under this Government or under the Conservatives? How does he think that this mood of deep public cynicism will be affected by the Treasury's own response to the Lyons report, in which Sir Michael says that the

"Treasury has been considering the opportunities for relocation as part of a rationalisation of support services"—

and that it has come up with 18 jobs to be relocated to the provinces out of an establishment of 1,152? Is that not a splendid example of doing not as we do, but as we say?

Mr. Brown: The hon. Gentleman really should do his homework. The Treasury is responsible for the Inland Revenue and for Customs and Excise and, as far as I remember, a major part of the job relocation will take place within those two sectors. So, far from making a lesser contribution to the relocation of civil servants, the Treasury is making a greater one. The hon. Gentleman should think again before he puts a question in the way that he has done. The 101 spending commitments of the Liberal party will not convince people that the Liberals could make better use of public money than anyone else. He should take seriously the advice of his party chairman, who, after all, used to be the shadow spokesman on economic affairs, who told the party that it would not be treated seriously if it made public spending commitment after public spending commitment without having the means to pay for them.

International Finance Facility

2. **Mr. Russell Brown** (Dumfries) (Lab): What assessment he has made of how an international finance facility would contribute to tackling poverty in developing countries. [164981]

4. **Mr. Mark Hendrick** (Preston) (Lab/Co-op): How an international finance facility would contribute to tackling poverty in developing countries. [164984]

The Chancellor of the Exchequer (Mr. Gordon Brown): With permission, Mr. Speaker, I would like to answer question 2 together with question 5.

Our proposal for an international finance facility would deliver the additional $50 billion a year needed to meet the millennium development goals. The proposal will be discussed in detail next week during the 8 April ministerial forum on finance for development in Paris, which I will co-chair with the new French Finance Minister.

Mr. Speaker: Order. I believe that the Chancellor will be linking this question with question 4, not question 5.

Mr. Russell Brown: It is not like the Chancellor to get his figures wrong in any shape or form. Like him, I am aware that the global health fund for poor countries has now received pledges to the value of $5 billion. That will assist poor countries to stem the spread of HIV and AIDS and to deal with the many millions of deaths from tuberculosis and malaria. Will he seize the opportunity, when he is in Paris next week, and at his forthcoming meeting in Washington, further to enhance and enlarge the fund?

Mr. Gordon Brown: I am grateful to my hon. Friend, both for his initial remarks and for his general point. In my defence, the figure that I got wrong did not affect money.

On the international finance facility, I can tell my hon. Friend that 50 countries will be represented at our conference in Paris next week. The three key areas in which we can make progress are debt relief, health—as he mentioned—and education. It is generally recognised that at least $10 billion a year is needed if we are to get every child into primary school in the countries in which primary education is not universally available. It is also recognised that, to tackle AIDS, TB and malaria, we would need an additional $20 billion a year. We also need to meet our commitments on debt relief. Therefore, the proposal for the international finance facility, which, I am grateful to say, commands the support of all parties in this House, is one that we shall pursue diligently with all our neighbouring countries. When we meet at the IMF and World Bank meetings later this month, I hope to gain support from countries outside Europe as well.

Mr. Hendrick: Each year, 7 million people die from avoidable diseases, and 115 million children do not get an education. More than 1 billion people live on less than a dollar a day. Given that we are unlikely to meet the millennium development targets for 2015, will my right hon. Friend tell the House how we will help those who most need it?

Mr. Brown: I know that when my hon. Friend was in the European Parliament, before he came here, he took

a great interest in these matters. His figure of 7 million is absolutely right. Two million people a year die from tuberculosis, which, as everyone knows, is a preventable and avoidable disease if the proper inoculations and treatment are available. Two million die from malaria each year, and that, too, would be avoidable through a very small investment in mosquito nets, for example. Many people also die because anti-retroviral drugs are not available to deal with HIV/AIDS. I believe that we can make substantial progress between now and 2015. Aid is increasing, but it must be increased at a higher level, and it must be seen as investment in the future. That is why our proposal for the international finance facility, which makes it a condition of more aid that changes take place in the developing countries, but which is prepared through borrowing on international capital markets to raise the amount of development money available, is right. If we implemented it during the next period, we could meet the millennium development targets.

Rev. Martin Smyth (Belfast, South) (UUP): One welcomes anything to help developing countries, but are we not in danger of setting targets that we cannot reach? The Chancellor will be aware that some people are concerned that the United Kingdom is among those countries that have not yet reached the 0.7 per cent. target for development aid. When is that likely to be achieved?

Mr. Brown: The development aid budget is increasing from 0.26 per cent. of GDP, which is the figure that we inherited in 1997, to 0.4 per cent. That is a big increase. If, however, we are to meet the millennium development targets, it will have to be through a co-ordinated effort by all the countries together. For us alone to raise our amounts of money would provide only several hundred million dollars extra, whereas to reach the additional $50 billion that we are talking about demands a co-ordinated effort. That is why we believe that for countries to come together and front-load development aid through an international borrowing facility is the best way forward. I hope that when the hon. Gentleman looks at the detail of our proposals—I know that he takes an interest in these matters—he will think that the right way forward, if we are going to make the speed of progress that is necessary, is to persuade other countries to join us in the proposed international finance facility.

Richard Ottaway (Croydon, South) (Con): Although we can all agree with and congratulate the Chancellor on his efforts to reduce international debt, does he agree that progress is slow? Can he confirm that only eight of the 36 countries expected to qualify for relief under the heavily indebted poor countries initiative had reached their completion point by last September? Under the circumstances, will he renew his efforts and try harder to achieve some results, rather than just talking about them?

Mr. Brown: That is grossly unfair. Of course we want to move faster, but the fact is that when we came into government in 1997, not one country—not one—was receiving debt relief under the HIPC initiative. There are now 27 countries receiving debt relief. Some are at completion point, and some—this will be covered by the next question—are just going through the process. Those countries got debt relief only because of the changes made in the process after 1997. I have always congratulated the previous Government on being involved in the first stage of HIPC, but the truth is that there are 27 countries getting debt relief now only because of the second stage of the process. The reason that there are not 37, as originally planned, is that seven of those countries, if I remember rightly, are in conflict, and three have governance issues. We should not give debt relief to a country where there is corruption until that has been sorted out, and the hon. Gentleman would not suggest otherwise.

The hon. Gentleman should take a more optimistic view both of the process and of what has been achieved by co-operative effort. He should ask his Front-Bench colleagues to reconsider their policy, which is to cut international development aid when it is needed most.

Chris Bryant (Rhondda) (Lab): The Chancellor will know that only 38 per cent. of European Union aid goes to the poorest countries in the world, with much of it going to other countries for all sorts of historical reasons. If we are to meet our millennium goals, will we not need to persuade more of our European comrades that they must direct aid to the poorest countries in the world?

Mr. Brown: My hon. Friend is absolutely right; he takes a keen interest in these European matters. It is essential that there is reform of the European overseas aid budget. We have been pressing for that for some time, and Finance Ministers in Europe are looking at the matter. It must be in everybody's interest that money goes to the poorest countries and the poorest people. I had hoped that we could get common ground in the House on the increase in the international development aid budget so that we could take our case to Europe and to the rest of the international institutions. Indeed, the shadow International Development Secretary said:

> "If we are to be taken seriously as a party of government . . . there has to be a public spending commitment".

Perhaps the shadow Chancellor will reflect on his party's policy to cut international aid.

Mr. Howard Flight (Arundel and South Downs) (Con): First, may I stress our support for the Chancellor's continuation of the last Conservative Government's debt relief initiatives?

I am sure that the Chancellor will agree with me on the importance to developing countries of securing the best possible terms in what are often difficult and rule-based international trade negotiations, and will bear in mind that the Geneva centre assists only in the event of trade disputes. Why, therefore, has he not supported our proposals for an advocacy fund to finance professional advisers of its choosing to help developing economies to secure better trade terms?

Mr. Brown: The issue is how that can be promoted—through a new fund or through existing institutions. I have already told the Leader of the Opposition that we are promoting it through existing institutions. I think it is difficult for the shadow Chief Secretary to propose an advocacy fund now. Until a few months ago, the Conservatives supported an increase in the international

development budget, which would have financed either an advocacy fund or new measures to help with advocacy. It is difficult for the hon. Gentleman to suggest more spending now, when his party is committed to less spending.

The hon. Gentleman has just written to his friends in the City, stating explicitly—thus contradicting the shadow Chancellor, who is trying to say that there will be no defence, law and order or international development cuts, of necessity—

"It calls for real reductions in areas other than Health, Education, Pensions and Welfare over the next five years".

When the hon. Gentleman next asks me a question, will he correct the position of the party that now wants to cut overseas development?

Debt Relief

3. **Julia Drown** (South Swindon) (Lab): What steps for further debt relief he will be pressing for at the spring meetings of the International Monetary Fund and the World Bank. [164983]

The Chancellor of the Exchequer (Mr. Gordon Brown): Twenty-seven countries have already received debt relief under the highly indebted poor countries initiative, worth over $70 billion. In recent months, two more countries, Nicaragua and Guyana, have reached completion point, and more are expected to complete the process in the coming months. We have persuaded other donors to provide top-up assistance for Niger, and at the spring meetings of the International Monetary Fund and the World Bank I proposed that we extend it to Ethiopia and other countries so that they do not exit the HIPC initiative with unsustainable debt levels.

Ms Drown: I welcome my right hon. Friend's response, but does he agree that if sustainable debt relief is to be provided for the poorest countries, the attitude and ability of the IMF's new managing director will be important? My right hon. Friend will know of fears that the managing director will be appointed through horsetrading, behind closed doors. Does he agree that a key appointment of this kind should be made in a fair and transparent way, and that applicants from developing countries should be encouraged?

Mr. Brown: As my hon. Friend knows, I have taken some interest in the appointment of the managing director, purely in my capacity as chairman of the advisory committee—the International Monetary Fund Committee. She is absolutely right. After the appointment of the last managing director, who has resigned to become President of Germany, it was agreed that a number of procedures would be followed that would make for a more transparent process.

In my capacity as chairman of the IMFC, I am contacting all the countries and regions affected by this decision. We are sounding them out and asking them how they think we should proceed. I stress, however, that under the IMF's constitution the decision is made not by Finance Ministers but by the executive board of the IMF, which will itself decide when to trigger the process. We are trying, and will continue to try, to ensure that it involves more transparency.

Tony Baldry (Banbury) (Con): Those of us who are fortunate enough to visit countries that have benefited from debt relief can see the transformation that it is already bringing about. However, we must find ways of communicating better to colleagues in Congress and other Parliaments in Europe our enthusiasm for these initiatives, and initiatives such as the international finance facility, otherwise there is a danger that we will merely talk and agree among ourselves. Does the Chancellor agree that we must somehow work out, as a Parliament, how to enlist the support of other parliamentarians throughout the world?

Mr. Brown: I know that, as Chairman of the International Development Committee, the hon. Gentleman has taken a huge interest in these matters, and has been responsible for the sending of a message around the world about the importance attributed by all of us in this country—Churches and non-governmental organisations as well as politicians in all parts of the House—to getting debt relief to work properly, and ensuring that international aid is well spent. I hope he will agree that organising a conference in Paris next week, to which 73 countries have been invited—we think that 50 will attend—is a step forward. I have spoken to the Commonwealth Parliamentary Association, of which some of us are members, about how it might convey the message to parliamentarians throughout the world. I shall be happy to meet members of the International Development Committee, or the hon. Gentleman personally, to discuss how we can make further progress. Let me again applaud the Committee's efforts to get the message across.

Mr. Harry Barnes (North-East Derbyshire) (Lab): Will my right hon. Friend answer the question that he himself asked at a conference on 16 February in talking about the Tobin tax and special drawing rights, which relate to debt issues? He asked whether there was sufficient will in the richest countries to agree to these profound changes. Presumably there is sufficient will in this country. What responses do we get from elsewhere?

Mr. Brown: I raised the Tobin tax and special drawing rights—the proposal of George Soros—and asked whether other mechanisms such as an arms tax or energy tax might make it possible to increase the amount of development aid. I concluded at the conference that the proposal with the best chance of success was our proposal for an international finance facility.

In each case, as my hon. Friend says, it depends on political will. For the first time in 20 years, international aid is rising rather than falling; that has been as a result of pressures from all over the world. Debt relief is now happening and there is a recognition that we have a duty and a responsibility to help with the health and education problems of the poorest countries. Progress is being made but, as a result of the Monterrey conference and the breakdown at Cancun on trade, people will be looking for another signal from the richest countries that they are prepared to do more. He is right that that is the signal that the conference next week—and other meetings, such as those of the IMF—must now give.

Sir Nicholas Winterton (Macclesfield) (Con): I was immensely encouraged a few moments ago when the Chancellor mentioned the role that the Commonwealth Parliamentary Association might play in this area. The chairman of the UK branch, myself and our secretaries met the Chancellor recently. How does he believe that that organisation, representing more than 50 countries—some very wealthy, some very deprived—can help to contribute to a reduction in world poverty and to debt relief?

Mr. Brown: I applaud the work of the hon. Gentleman with the CPA, which involves 50 countries. Of the 110 million children who are not going to school every day, more than 70 million are in Commonwealth countries. Therefore, we have a special responsibility to enhance resources for education and to deal with the problems that prevent money from being spent on education, health and economic development. Following the Commonwealth Finance Ministers conference—my right hon. Friend the Chief Secretary has taken a keen interest in the Commonwealth Finance Ministers group—we can do more to get our message across to parliamentarians in the Commonwealth. I should like to work with the hon. Gentleman and his colleagues to do so. It is also true that we formed the Commonwealth education fund to celebrate the Queen's jubilee, through which money is going to education as a result of Government and private sector sponsorship under the chairmanship of the former Governor of the Bank of England, Sir Eddie George. There are many things that we can do and we are ready to work with the hon. Gentleman to achieve those goals.

New Deal for Skills

5. **Mr. Barry Gardiner** (Brent, North) (Lab): Pursuant to his announcement in the Budget on the extension of the new deal for skills, if he will assess the benefits of developing short-term loans for those on low incomes seeking to move into better jobs. [164985]

The Economic Secretary to the Treasury (John Healey): Alongside schemes such as our employer training pilots, adult learning grants, the new deal programmes and free training to gain a first level 2 qualification, the Government already operate a career development loan. We are looking at ways in which this can be developed through a new deal for skills so that we can help people into work and then get on in work.

Mr. Gardiner: My hon. Friend appreciates that the transition from waged to salaried employment can mean that people have a three-week gap in their income. Does he accept that this disincentive to move into a better job also has a detrimental impact in ossifying the lower end of the labour market? Will he look at making specific grants available—as they are for people who go into work—to people going from waged jobs into salaried appointments?

John Healey: My right hon. Friend the Paymaster General, my colleagues in the Department for Work and Pensions and I know how consistent my hon. Friend is in pursuing this point. He will know that existing survey data do not tell us conclusively that there is a disincentive. He will know also that more families and working households are benefiting from in-work support through the working families tax credit and the child tax credit. These are improving the incomes of low and moderate earners and increasing their ability to save and to cope with just the sort of transition about which my hon. Friend is rightly concerned.

Mr. Henry Bellingham (North-West Norfolk) (Con): Does the Minister share my surprise that economic activity is at its current levels, compared with 1997? I have an interest to declare, because my electorate made me economically inactive in 1997. Could that level be connected with the fact that roughly 1 million people are claiming some form of sickness or incapacity benefit because they are unfit for work? What will this new scheme do to help those people back into work?

John Healey: No, I do not agree. The fact is that more people are employed than ever before. Unemployment has not been at these levels since the 1970s, and in a modern society, job security and career prospects for individuals increasingly depend on their having the skills that employers need. We simply will not scrap the new deal, which has helped more than 1 million people into work. We will build on its success, and offer the new deal for work and skills in the future. This is precisely the time to be investing in the skills base for the future. It is precisely the wrong time, for the future economic strength and prosperity of this country, to cut apprenticeships, cut university places, cut further education courses and cut workplace training, which is precisely what the shadow Chancellor plans to do in his public spending plans.

Miss Anne Begg (Aberdeen, South) (Lab): The Government have been extremely successful in getting people off unemployment benefit and incapacity benefit and into work, very often into entry-level jobs. If there is to be an answer to the question that the hon. Member for North-West Norfolk (Mr. Bellingham) asked, we have to make sure that those in entry-level jobs move up the jobs ladder so that those who are still on benefits can move into work and take advantage of the new deals. Will the Government put the same amount of energy into ensuring that people move up the jobs ladder into better jobs, which will then create entry-level jobs for those who are still out of work, who can fill the gaps? That is the only way in which we can get more people, including those who are more difficult to place, into work.

John Healey: My hon. Friend makes an important point. Our concern as regards the new deal for work and skills is precisely that which she raises. We are concerned about the 7 million adults in this country who do not have a level 2 qualification. We are concerned to help those who are unemployed into work and then to help them to get on in work. We are concerned to help those who are employed to get advice on the skills and training that might be available to them, to improve their career prospects. That is precisely the sort of challenge that my hon. Friend sets us. She will know from the unemployment rates in her area in Aberdeen that, as a

result of the economic measures that have been put in place since 1997, we are now closer than we have been for a generation to full employment in this country.

Mr. Andrew Love (Edmonton) (Lab/Co-op): I strongly welcome the new deal for skills, and I welcome my hon. Friend the Economic Secretary's statement about the need for training, not only for the benefit of the economy but for improved productivity. Does he agree that to achieve that, we need a greater commitment from employers to the upskilling of their work force?

John Healey: Employers have a critical role to play, and it is the Government's role to try to provide the support and incentives that will help them. I mentioned the employer training pilots that we have rolled out this year to more than a third of England. The first-year evaluation of those shows that 70 per cent. of the firms involved have fewer than 50 employees—precisely the sort of employer that it has proved most difficult to help in the past. Some 40 per cent. of those employers have never had any contact before with a Government agency. Most importantly, three quarters of the learners now taking up training opportunities under the employer training pilots left school at or before the age of 16. That is part of the way ahead, and it is part of the future new deal for work and skills.

Child Care

6. **Ms Oona King** (Bethnal Green and Bow) (Lab): How much extra money he is making available for child care in the next spending review period. [164986]

The Paymaster General (Dawn Primarolo): The Government announced the 2004 spending review settlement for the Sure Start unit, which includes child care, in the Budget on 17 March. It allocated an additional £669 million in funding by 2007–08, compared with 2004–05. That is spending that the Opposition will cut.

Ms King: I thank my right hon. Friend for that reply. May I tell her, the Chancellor and the rest of the Treasury team that at a recent big conversation event on child care that I held in my constituency, the top priority that emerged was the need to encourage employers to provide more flexibility and family-friendly working? I know that the House of Commons will be unable to do that until the 23rd century or so, but if we could achieve it for the rest of the country in the next spending review, that would be fantastic. Will she also consider the fact that families eligible for tax credits lose eligibility for free school meals, which is a big symbolic problem for many in my constituency?

Dawn Primarolo: I am sure that the whole House will agree that more needs to be done to make sure that child care places are available through nursery education providers and employers. As my hon. Friend will know, the Government have announced the introduction from 2005 of a £50 a week voucher, which employers will be able to give to their employees, and a number of employers engaging in the debate acknowledge that that will help them with training and retention. I encourage all Members to publicise the development to their employers and in their constituencies.

My hon. Friend will also be interested to know that child care through tax credits is now worth £700 million a year. The idea of extending eligibility through registration schemes, so that more child care can be paid for through tax credits, is being developed by right hon. Friend the Minister for Children. We will discuss my hon. Friend's point about free school meals with the Secretary of State.

Mr. George Osborne (Tatton) (Con): The availability of affordable, high-quality child care is very important, not least to working mothers trying to balance the many pressures in their lives. Has the Paymaster General read the National Audit Office report that was published in February, which pointed out that half those mothers said that their ideal type of child care was a playgroup or a pre-school? Will she explain why, despite all the extra money that she has just talked about, the number of playgroup and pre-school places has fallen by 22 per cent. since Labour took office?

Dawn Primarolo: The hon. Gentleman has a bit of cheek raising questions about child care at the Dispatch Box, given that the Conservatives propose to spend less on it. I remind him that more than 920,000 new places have been created since 1997 as a direct result of this Government's policy, and there will be a further 300,000 places and 1,700 children's centres by 2008. He may be aware of the announcement by the Minister for Children that the Government have introduced free part-time early-years education for every three-year-old, six months in advance of our target. All those things have been achieved through this Government's policies, which Conservative Members tried to frustrate at every opportunity.

Ms Sally Keeble (Northampton, North) (Lab): I assure my right hon. Friend of the enormous support in my constituency for the progress that this Government have made in financing child care. Does she recognise, however, that more money is needed for the children's fund, which ran into difficulties this year, and that it is extremely important that funding be provided for contact centres? Will she consider providing extra funds for centres such as that at Headlands primary school in my constituency, where people can get before-school, after-school, pre-school and holiday care? People sign up for those centres when they are thinking of having a family. Women need such secure, high-quality child care schemes if they are to have real choices in life.

Dawn Primarolo: I congratulate my hon. Friend on her pursuit of the development of child care policies during her time in the House. I can reassure her in that, as I said, 1,700 children's centres are planned for 2008. In partnership with the extended schools initiative that my right hon. Friend the Minister for Children is developing, each centre will be a single place for five key services: early-years education, child care, health, family support and help into employment for parents. The intention is to provide a comprehensive service, not only developing the child's educational needs, but ensuring that parents are able to develop their potential, particularly to return to work.

Exports

7. **Mr. Nigel Beard** (Bexleyheath and Crayford) (Lab): What assessment he has made of the impact on United Kingdom exporters of the value of the pound against the dollar and levels of growth in the eurozone. [164987]

The Financial Secretary to the Treasury (Ruth Kelly): Export growth is expected to pick up significantly throughout 2004 and 2005. The lagged effects of sterling's weakening against the euro since 2002 and the expected pick up in euro area GDP growth are likely to boost UK exports to EU countries over the period ahead. UK exports are also being boosted by strong demand from the United States, albeit dampened by the recent weakness of the dollar.

Mr. Beard: I thank my hon. Friend for her reply. Does she agree that it is desirable for the UK to reduce its persistent deficit in traded goods? Does she view increased exports to China, India and south-east Asia as a means of augmenting our capacity to do so?

Ruth Kelly: My hon. Friend is right to point to the recent strong and rapid growth in far eastern countries, but the primary effect on export growth in the coming years is likely to be as a result of strengthening growth in the euro area and strong demand from the US economy. If he consults the Red Book, he will see that the Treasury has predicted that exports will pick up and grow from 5.25 to 5.5 per cent. this year to 6.75 to 7.25 per cent. next year.

Sir Peter Tapsell (Louth and Horncastle) (Con): Does the Chancellor have an exchange rate policy of his own, or is he happy for it to be decided by the Monetary Policy Committee?

Ruth Kelly: The hon. Gentleman should know that the best way to deliver a stable and competitive exchange rate over the medium term is to have a strong macro-economy, which is exactly what the Government have delivered.

Mr. Stephen McCabe (Birmingham, Hall Green) (Lab): What would be the effect on exporters of any recession engineered by reckless public spending cuts? Is that not exactly what the west midlands experienced in the early '80s?

Ruth Kelly: My hon. Friend might also like to consider what happened during the recession in the early 1990s. Clearly, the way to deliver a stable exchange rate is to deliver the lowest interest rates for 50 years, the lowest sustained level of inflation for 40 years and the highest level of employment that this country has seen since the 1970s.

Mortgage Regulation

8. **Mr. David Kidney** (Stafford) (Lab): What arrangements he has made for the transfer of responsibility for the regulation of mortgages from the Mortgage Code Compliance Board to the Financial Services Authority. [164988]

The Financial Secretary to the Treasury (Ruth Kelly): The Treasury, the Financial Services Authority and the Mortgage Code Compliance Board have worked closely together to achieve a seamless transition from the mortgage industry's voluntary arrangements to the new statutory regime.

Mr. Kidney: While others argued about whether and how there should be statutory regulation of mortgages, the industry got on with establishing voluntary regulation through the Mortgage Code Compliance Board, which had the good sense to locate its offices in Stafford. Does my hon. Friend agree that it is to the board's great credit that, in just three years, it has brought 67,000 mortgage professionals up to fully qualified status? Does she agree, as it prepares to pass the baton to the Financial Services Authority later this year, that the FSA's job will have been made so much easier as a result of the board's great work?

Ruth Kelly: My hon. Friend makes an excellent point. As he knows, FSA mortgage regulation will benefit millions of consumers by ensuring that they receive clear and comparable information and appropriate advice about mortgages. He points to the record of the Mortgage Code Compliance Board in raising standards, and it is right to pay tribute to its work in that regard. I believe that the board also managed to improve the reputation of the industry, as a result of which the FSA has said that it can grant due credit to the firms that have been in good standing with the MCCB.

Mr. Mark Field (Cities of London and Westminster) (Con): We all accept that there has been a certain level of regulation in respect of mortgages and other matters. The Financial Services Authority investigates a range of matters affecting the industry, and it is important to restore full consumer confidence in it. We have heard about the 67,000 people who have fully fledged qualifications to deal with mortgages, but does the Minister believe that the principle of caveat emptor has been ignored for too long and needs to be re-established more firmly in her negotiations with the FSA—on mortgages and, indeed, on other financial products?

Ruth Kelly: We are practically in a unique position on mortgage regulation. It was called for not merely by the Treasury and the FSA but by consumer associations and, indeed, the industry itself. I think that everyone agrees that mortgage regulation will benefit millions of consumers. The FSA has approached the matter in line with its statutory objectives, on the basis of a cost-benefit analysis, to introduce a process that will benefit everyone.

Mr. James Plaskitt (Warwick and Leamington) (Lab): My hon. Friend will know that the Treasury Committee has been looking into endowment mortgages and the mis-selling in the 1980s and 1990s that was unchecked by any appropriate regulation. We concluded that, despite FSA regulation,

"buying any with-profits policy remains an 'act of faith' for consumers".

Will she continue discussions with the FSA on improving regulation to protect consumers of those and similar products?

Ruth Kelly: We welcome the Treasury Committee's report on endowment mortgages. Mortgage regulation is an important component in restoring trust in the industry. Looking more broadly at endowment mortgages and other aspects of the financial services industry, people can have confidence that the FSA is one of the leading regulators in the field and that, as firms move to the realistic accounting regime this year and next year, they will become soundly capitalised. We can look forward to a future in which people really have trust and confidence in the financial services industry.

Mr. John McFall (Dumbarton) (Lab/Co-op): The regulation of the mortgage industry from October is a welcome step, but the Financial Secretary knows that the home reversion or equity release scheme is wholly unregulated. I am aware that the Treasury is holding a consultation exercise on that, but may I gently remind my hon. Friend to get a move on? There is an impending crisis in that field, and elderly people will be the most vulnerable in a market crying out for regulation. Will she take one step ahead of the game and ensure that such regulation is introduced timeously to tie in with the mortgage regulation starting in October?

Ruth Kelly: I congratulate my hon. Friend on his continued and sustained interest in an issue that I have discussed with him on several occasions. As he is aware, mortgage-based equity schemes can be, and are, regulated by the FSA. However, home reversion plans, which are not mortgage-based products, do not fall into the same category. When we first considered the issue, in November last year, we asked the industry for evidence of consumer detriment and it did not have sufficient to hand; so, aware of the risks involved in the selling of those products, we launched a formal consultation process to gather evidence. The consultation closed on 13 February, by which time more than 50 responses had been received. I am aware of the intense interest in the subject and I hope shortly to announce a decision on regulation in that field.

Whisky Strip Stamps

9. **Annabelle Ewing** (Perth) (SNP): What representations he has received from the First Minister on whisky strip stamps. [164989]

The Economic Secretary to the Treasury (John Healey): I recognise the strength of feeling about tax stamps, especially in Scotland and, both before and after the Budget, I discussed their introduction with the Scottish Deputy Minister for Enterprise and Lifelong Learning. Following the Chancellor's announcement in the pre-Budget report, I and Treasury officials have held almost 50 separate meetings with the industry and other interested parties, including the Scottish Executive and Members on both sides of the House.

Annabelle Ewing: I thank the Minister for his answer, but he will be aware that, last week, Scotland's First Minister expressed his disappointment at the Chancellor's decision to impose strip stamps on the whisky industry. He may also be aware that the Scottish Parliament carried a motion yesterday expressing its disappointment. The motion was carried overwhelmingly and had the support of all Labour MSPs. In the light of that, is the UK Treasury really prepared to ride roughshod over the voice of Scotland's Parliament, or will it now listen to the all-party consensus in Scotland and abandon the measures, which threaten vital Scottish jobs?

John Healey: There is not all-party consensus in Scotland; after the full debate yesterday, the Scottish Parliament did not pass the motion that had been tabled by the hon. Lady's colleagues. Let me read from that motion, as it is quite clear that the Scottish National party is looking to turn the legitimate concerns of the Scottish spirits industry into a campaign for tax independence. The motion said—

Annabelle Ewing: It was an all-party motion.

Mr. Speaker: Order. The hon. Lady must let the Minister reply.

John Healey: Thank you, Mr. Speaker.

The Scottish National party's motion yesterday said that

"the Scottish Parliament should be responsible for the setting of all national taxation within Scotland."

That is in contrast to the views of my right hon. and hon. Friends; in contrast to those of the Scottish Executive; and in contrast to those of the Scotch Whisky Association, which recognises that we have looked hard for three years at all the alternatives to tax stamps. We must—and will—act to reduce fraud by using tax stamps. The interests of the Scotch whisky industry are best served by detailed work between the industry and the Government on the way that we design and implement the new system, following the Budget. That is what the industry and the Government are doing, and it is the right thing to be doing.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley) (Lab/Co-op): Does the Minister agree that the matter is principally for Members of this United Kingdom Parliament? However, as one of the Members who represent—as you know, Mr. Speaker—Grant's at Girvan and Glen Catrine bonded distillery, may I tell my hon. Friend that there is still some disquiet about the introduction of the stamps? The Scottish Affairs Committee is undertaking an inquiry. Will he give an undertaking that he will hold off any implementation of the proposal until the Scottish Affairs Committee has made its report, particularly in relation to the operation of similar schemes in other countries?

John Healey: The Scottish Executive and people in Scotland who have a very active interest in the issue, such as my right hon. Friend, recognise and understand that they have no responsibility to protect public revenues and no duty to act to stamp out fraud—that is a matter for the UK Government. Faced with fraud on such a scale, it is our duty to act, and we will act. We will legislate in the Finance Bill, as my right hon. Friend the Chancellor has said, but let me be clear that the interests of the industry are best served by helping us to design and implement the scheme in a way that minimises the cost to the industry. I recognise the continuing concerns,

particularly north of the border, but it is in the industry's interests to help us to work out how we can best minimise its costs through the measures that we have promised to implement.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): In responding to the right hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes), the Minister did not make it clear whether he was willing to wait for the Scottish Affairs Committee to produce its comparative study of the impact on other countries. Although he is right to say that we should tackle fraud, if the method that he proposes does not work, he will have put an unnecessary burden on a vital industry in Scotland. Does he recognise that the burden is not just about new equipment or cash flow as a result of having to buy the stamps; there is real concern, especially among the smaller manufacturers, about the ongoing costs of slowing down production lines and the fact that their businesses will become less efficient? There is no point in making businesses less efficient if the method does not achieve the goal. Will he therefore wait for the report from the Scottish Affairs Committee?

John Healey: I am well aware of the Scottish Affairs Committee's interest in the systems in other countries. Indeed, I followed with interest the programme of fact-finding visits that it has undertaken to the US, Ireland and the isle of Islay. I also look forward to spending at least a couple of hours with members of the Select Committee this afternoon, when they will have a chance to grill me to their hearts' content and at length.

We have considered the alternatives with the industry for nearly three years now. We will legislate in the Finance Bill to introduce a system of tax stamps, but the hon. Gentleman will be aware that we will also legislate in the Finance Bill to freeze the duty on spirits for the rest of this Parliament, thus effectively cutting the duty on a bottle by 36p over the next two years. On any calculation that the industry has produced, that will more than cover the compliance costs per bottle, about which he is concerned.

Poverty (Ogmore)

10. **Huw Irranca-Davies** (Ogmore) (Lab): If he will make a statement on the effects of poverty in Ogmore of (a) the measures introduced by his Department since 1997 and (b) the measures announced in the recent Budget. [164990]

The Chief Secretary to the Treasury (Mr. Paul Boateng): Ogmore, like the rest of Wales and the United Kingdom, has benefited from a range of measures in this and previous Budgets to reduce unemployment and make work pay and to raise the incomes of the poorest pensioners and families with children.

Huw Irranca-Davies: My right hon. Friend will know that, sometimes, when faced with controversial votes, hon. Members will say, "I am voting with the angels." Does he think that those archangels of the socialist movement, Keir Hardie and Nye Bevan, will be smiling down on those who voted for the minimum wage, the new deal, Sure Start and other policies aimed at achieving full employment? Does he think that they would see any sign of redemption among Conservative Members who voted against those policies and who cling to outdated dogma about tax on the poorest?

Mr. Boateng: My hon. Friend makes an important point. Smile they certainly would, but try as they might I do not think that they would be able to find much scope for redemption.

Employment

11. **Mr. Iain Luke** (Dundee, East) (Lab): If he will make a statement on his aim to achieve full employment. [164991]

The Chancellor of the Exchequer (Mr. Gordon Brown): The claimant count is now 2.9 per cent—the lowest for 30 years. There are more people in work in Britain today than ever in our history. Our new deal for skills seeks to move us further and faster towards full employment.

I inform the House that today the Treasury is announcing appointments to the court of the Bank of England. Sir John Parker, chairman of National Grid Transco, has been appointed to the court. He will take over from Sir David Cooksey as its non-executive member early next year. I can also announce the reappointment of Kate Barker as a member of the Monetary Policy Committee.

Mr. Luke: I share my right hon. Friend's vision of full employment. Does he agree that a return to short-term policies of boom and bust would inevitably lead towards revisiting the horrific unemployment that we experienced in the 1980s and early 1990s?

Mr. Brown: I entirely agree with my hon. Friend. The challenge is to move towards full employment, and that means that every region and nation can benefit from employment opportunities for all. That is why, even at this stage, I hope that Members of all parties will support the new deal and the new deal for skills that we announced in the Budget. Those on the Conservative Front Bench should look at the success of the new deal. In the constituency of the shadow Chancellor, the right hon. Member for West Dorset (Mr. Letwin), only eight young people are unemployed, and only 10 are long-term unemployed.

Miss Anne McIntosh (Vale of York) (Con): I appreciate that the Chancellor is deeply wedded to the new deal. Will he look favourably at extending the new deal to 50-year-olds who lose their jobs within six months, when their confidence and morale is at its lowest? They cannot apply under the new deal for those six months.

Mr. Brown: I am grateful to the hon. Lady for proposing that we extend the new deal to make it more accessible to the over-50s. I agree with her that we need to do more to help the over-50s, as we have by making it easy for them to get back to work. The issue that the hon. Lady has lies with the shadow Chancellor, who wishes to abolish the new deal. Perhaps he might listen

to her and to the previous shadow Chancellor, who believes that the new deal has done a great deal of good, should be continued and should be extended.

Ms Meg Munn (Sheffield, Heeley) (Lab/Co-op): Unemployment in my constituency, where many people run small businesses, is down significantly, but there are not as many entrepreneurs in Yorkshire generally as there are in the south of England. What is my right hon. Friend doing to encourage more people to start their own businesses?

Mr. Brown: In fact, there are over 100,000 more small businesses than in 1997. More people are starting businesses and there is more help for those who do so. The Small Business Service has been devolved to the regions, and that should enable people to get more help to start businesses. I agree with my hon. Friend that creating more entrepreneurs and making it possible for people to start a business will help enterprise and the move towards full employment. She will note the importance of the new deal in helping people to get jobs or to start businesses. Surely it is time that there was consensus in the House on keeping and expanding the new deal instead of abolishing it.

Pensioners (Warrington, North)

13. **Helen Jones** (Warrington, North) (Lab): How many pensioners in Warrington, North will benefit from the £100 allowance announced in the Budget; and if he will make a statement. [164993]

The Chief Secretary to the Treasury (Mr. Paul Boateng): The number of pensioner households with at least one occupant aged 70 or over in Warrington, North who will benefit from the £100 payment this year is around 7,000.

Helen Jones: I am grateful to my right hon. Friend for that reply. The announcement in the Budget was welcome to pensioners in my constituency. What steps are the Government taking to ensure that all pensioners who should receive the extra allowance are aware of it and know when it will be paid, so that they can be reassured?

Mr. Boateng: My right hon. Friend the Secretary of State for Work and Pensions will certainly be taking measures to ensure that all pensioners are aware of that to which they are entitled. I commend my hon. Friend for all the work that she does in Warrington to ensure that pensioners are fully aware of their entitlement. I know that she will include in that the recent reforms to council tax benefit, which will mean that more than half of all pensioner households could be eligible.

Mr. David Laws (Yeovil) (LD): Does the Chief Secretary accept the TUC's criticism of the policy—that it is badly targeted not only because it will help wealthier pensioners, but because it will do nothing for people on low pay who have been hit by the increase in council tax? Is not the only answer to a bad council tax policy to scrap it and replace it with a fairer tax?

Mr. Boateng: No. The average council tax per dwelling in 2004–05 for Labour councils is £870. Let us compare that with £971 for Liberal Democrat councils and £1,072 for Conservative councils. So, we will take no lessons from Opposition Members in that regard.

Personal Statement

12.30 pm

Beverley Hughes (Stretford and Urmston) (Lab): With permission, Mr. Speaker, I should like to make a personal statement to the House.

Over the past four weeks I have faced sustained parliamentary and media criticism over our system of immigration controls. I understand why people feel so strongly about these issues—they touch on some of our deepest concerns about the security and identity of our country. I have done my best to answer honestly and directly whatever questions and allegations I have faced, and to ensure that we look hard at the issues raised to see where we might need to take further action.

I am confident that at all times I have acted properly and in the best interests of the people of this country, and I am proud of what I have achieved over the past two years. None the less, it has become clear to me that, however unwittingly, I may have given a misleading impression in my interviews on Monday night about whether any of the concerns expressed about the operation of clearance controls from Romania and Bulgaria had crossed my desk at any stage in the past two years.

On Tuesday, in order to prepare for the next phase of the Sutton inquiry, I asked for all the relevant files and paperwork to be reviewed in order to ensure that everything was correctly disclosed. During this process it was discovered that my hon. Friend the Member for Coventry, North-East (Mr. Ainsworth) had written to me a year ago drawing my attention to pro forma business plans submitted by UK solicitors in Romanian and Bulgarian cases. I did, in fact, take action at that time on advice from officials to address those concerns. I realised that that was what my hon. Friend was referring to when he mentioned that correspondence to me briefly in the Lobby recently.

On Wednesday, having re-read the interviews that I gave on Monday, I realised that what I said then was not fully consistent with that correspondence. Once the full picture was clear to me, I asked to see both the Prime Minister and the Home Secretary to explain that I had decided that I could not continue. I have always said that in my political and my personal life nothing is more important than my integrity, and although I did not intentionally mislead anyone I have decided that I cannot in conscience continue to serve as immigration Minister.

I believe strongly that on an issue as sensitive as immigration—one so open to misunderstanding—there is a special obligation on me as Minister to set the highest standards, not only in my personal integrity, but in the policies that we pursue. I am proud of what we have done in turning round the asylum system, which has had huge problems over many years. I know that there is more to do in immigration. I know it will be done, but I do hope that in doing it we can strike a balance between the necessary rules and order and recognition of the contribution that many generations of migrants have made and will continue to make to this country.

I am enormously grateful for the opportunity to serve as a Minister during the past five years in the most successful Labour Government in our party's history. I am proud to have played a part in our achievements, and I look forward to continuing to work for our party from the Back Benches.

Last, but not least, I want to thank my family and friends, local party members and constituents, the Prime Minister and ministerial colleagues, and all my right hon. and hon. Friends in the parliamentary Labour party for their strong support, especially during recent weeks. I owe a particular debt of gratitude to the Home Secretary for his personal support and friendship over many years and the opportunity to work with him in government.

Thank you, Mr. Speaker.

Cory Collusion Inquiry

12.35 pm

The Secretary of State for Northern Ireland (Mr. Paul Murphy): I am sure that the House will have been impressed by the dignity of the statement made by my right hon. Friend the Member for Stretford and Urmston (Beverley Hughes).

At Weston Park in the summer of 2001, the British and Irish Governments announced their intention to appoint a judge of international standing to look at six cases—the murders of Chief Superintendent Harry Breen and Superintendent Bob Buchanan, Pat Finucane, Lord Justice and Lady Gibson, Robert Hamill, Rosemary Nelson and Billy Wright. Both Governments acknowledged that these were the source of grave public concern. The two Governments are determined that where there are allegations of collusion the truth should emerge. These murders were horrific events, causing pain to the families that still continues today.

In May 2002, the two Governments announced the appointment of the Honourable Justice Peter Cory, a retired member of the Canadian Supreme Court, to conduct the investigation. Justice Cory presented separate reports to the British and Irish Governments on 7 October.

I am grateful to Justice Cory and his team for their hard work and commitment. In undertaking this important task he has laboured long hours at significant personal cost. I am grateful to the families who spoke to him and to all those who made submissions to him.

In presenting his reports to the Governments, Justice Cory expressed the hope that his investigation would contribute to the very difficult task of achieving peace and reconciliation in Northern Ireland, and I share that wish.

I want to make clear at the outset the Government's unequivocal view that, without the professional and steadfast work of the police, Army, Prison Service and many others in the wider public service over many years, we would not have achieved the progress that we have made towards securing a permanent peace and an enduring reconciliation. That is, I believe, both a justified and necessary acknowledgement, which I warmly give to the House.

I am today publishing the four reports that were presented to the British Government—those relating to Pat Finucane, Robert Hamill, Rosemary Nelson and Billy Wright. In line with Justice Cory's terms of reference, the only redactions that have been made are those that were necessary to ensure that the privacy and right to life of individuals is protected, and that the Government's obligations in relation to ensuring justice and protecting national security are maintained. Redactions are clearly shown in the text of those reports. As agreed with the judge, redacted text will be placed in secret sealed appendices.

Justice Cory presented his reports on 7 October. They are extensive and in total are around 500 pages long. Since we received the judge's reports we have had to consider most carefully a number of important issues, as we said we would in the judge's terms of reference: national security, the protection of life, the criminal justice process and fairness to those named in the reports. In two of the four cases, police investigations or prosecutions continue, and in a third prosecutions were pending until very recently. We have kept in touch with Justice Cory throughout that process, and I talked to him yesterday.

We have considered carefully our obligation to ensure fairness to individuals. At our request, Justice Cory has added a foreword to the reports, which makes it clear that it was not his task to make final determinations of fact or attributions of responsibility, and his findings are necessarily provisional. I would, of course, have liked to publish the reports sooner, but the Government have a duty to ensure that they meet all their obligations, including fairness not only to the families, but to those who could be identified in the reports.

Justice Cory's approach has been to adopt a very wide definition of collusion that covers both inaction as well as action, and patterns of behaviour as well as individual acts of collusion. On that basis, the judge has decided that there are instances in each case where it could be provisionally found that there was collusion. In each case, he recommends that those questions should be examined and tested further in the course of inquiries. For that reason, the Government have not taken a view on Justice Cory's provisional findings, which he has reached as a result of his wide definition of collusion, but his reports raise matters that will cause serious concern. I agree wholeheartedly with Justice Cory's view that the public must have confidence in public institutions.

The Government stand by the commitment that we made at Weston Park. In the Wright case, there are no outstanding investigations or prosecutions, and the inquiry will start work as soon as possible; it will be established under the Prison Act (Northern Ireland) 1953.

In the Finucane case, an individual is currently being prosecuted for the murder, and the police investigation by Sir John Stevens and his team continues. It is not possible to say whether further prosecutions will follow, and the conclusion of the criminal justice process in that case is thus some way in the future. For that reason, we will set out the way ahead at the conclusion of prosecutions.

In the Hamill case, there are now no outstanding investigations or prosecutions, and the public inquiry will be set up as soon as possible under the Police (Northern Ireland) Act.

The police investigation in the Nelson case continues, but it is expected to end in the next few months. The Chief Constable has advised me that the establishment of a public inquiry would not prejudice the investigation, and the inquiry will therefore begin work as soon as possible. It will also take place under the 1998 Act, and it will examine the actions of the police and the Northern Ireland Office.

I recognise that the requirement in the Finucane case to wait until criminal proceedings are complete will disappoint some, but public interest demands that prosecutions should be pursued to their conclusion and that wrongdoers should be punished. As Justice Cory says:

"Society must be assured that those who commit a crime will be prosecuted and if found guilty punished."

The inquiries will have the full powers of the High Court to compel witnesses and papers. The powers are the same as those granted to inquiries set up under the

Tribunals of Inquiry (Evidence) Act 1921, under which the Bloody Sunday inquiry operates. In addition, the police and prisons Acts enable me, as Secretary of State, to make provision for certain matters—for example, costs and expenses.

I know that concern has been expressed in this House and elsewhere about the length and cost of some public inquiries. In particular, there are concerns about the cost of the Bloody Sunday inquiry—£129.9 million to date, with a predicted final cost of £155 million. I understand that unhappiness, but setting up that inquiry was the right thing to do, and I commend the work of Lord Saville and his team. Having been established, the inquiry must run its course if it is to be fair to individuals and if the truth is to emerge.

We will, of course, take all reasonable steps to control costs in the inquiries that I have announced today, including capping legal costs where appropriate. We will ensure that the inquiries have the maximum powers, as well as aiming for better, quicker inquiries. Even so, these inquiries will inevitably mean the commitment of significant resources. The Government recognise people's desire to see public funds spent on delivering better public services and effective policing. I recognise public concern about further expenditure on inquiries into the past.

This Government have shown repeatedly that the state is open to scrutiny for its actions. We established the Bloody Sunday inquiry. The investigation by Sir John Stevens continues and has yielded prosecutions. We appointed Justice Cory, with the Irish Government. Wrongdoers will be brought to justice. I firmly believe that the only way we can put the past behind us in Northern Ireland is by seeking to establish the truth; but that must be the truth about the actions of all those who have been involved in the tragedy of the past 30 years.

I started this statement with a warm tribute to the police, the Army, the Prison Service and public servants in general, and I underline that. Too many of those people have lost their lives to terrorism, and their sacrifice is not forgotten. However, Justice Cory's reports raise serious questions that it is right to address further.

I am under no illusions about the fact that confronting the past is a difficult and painful process. The Government and their agencies are ready to play their part. We need to find a way of remembering the past, while not allowing it to hinder progress in future. Northern Ireland needs greater reconciliation between the communities; that is where all our attention needs to be directed. We should ensure that we do not concentrate on divisive issues from the past at the expense of securing the future.

Mr. David Lidington (Aylesbury) (Con): I thank the Secretary of State for his customary courtesy in letting me have a couple of hours advance sight of his statement and the reports from Justice Cory.

The allegations that gave rise to the right hon. Gentleman's statement are of the utmost gravity. The duty of our security forces is to uphold the rule of law. In performing that duty, they must be subject to the rule of law. I want to make it clear that Conservative Members do not, and never will, excuse or condone deliberate illegal acts by members of the security forces or others in the service of Government.

I have met bereaved relatives from both sides of the community divide in Northern Ireland. I know that their agony is real and that their grief and sense of loss is enduring. My fear is that the Government's actions announced today will not provide justice and will not help to build the reconciliation that the Secretary of State rightly seeks.

As the right hon. Gentleman said, three years ago the Government agreed to commission these reports and to establish public inquiries if that were the recommendation of the judge appointed, but the Weston Park agreement also talked of the need to decommission weapons and for all parties to support the police. Those things have not happened, yet today the Government press ahead with the implementation of what must be counted a foolish pledge to hold public inquiries into four selected cases of murder.

I have several questions for the right hon. Gentleman. First, on the report itself, will he confirm that Justice Cory looked only at documentary evidence; that he spoke to none of the people who are identified in his report; and that Judge Cory gave no individual the chance to comment on the criticisms that were made of him? Does the Minister agree that the judge has chosen a very broad definition of collusion that might cover poor management and error, as well as deliberate acts? Does he agree, too, that although the judge has not published the names of the people responsible for alleged collusion, he has given and published descriptions that will make it very easy for those people to be identified? Have the Government considered whether those individuals are likely to need some kind of protection?

Secondly, does the Secretary of State agree that it will be practically impossible for anyone who is the subject of the public inquiries to get a fair trial? Does not his decision, in effect, rule out the prospect of criminal prosecutions in the Nelson, Hamill and Wright cases? In the Finucane case, of course, a man has been charged and is awaiting trial, but, irrespective of whether that trial results in a conviction or an acquittal, how can it be possible or just to hold a public inquiry to examine an individual's conduct after a court of law has made its decision?

Thirdly, on the costs of the public inquiries, how does the Secretary of State propose to avoid the inquiries dragging on for years, like Saville, and costing millions of pounds that could otherwise be spent on policing Northern Ireland? Is he not in a cleft stick? If he puts a cap on either the time or the money, it will surely lead to allegations of a Government cover-up or injustice, and is likely only to add to bitterness rather than to heal it.

Fourthly, is the Secretary of State not uneasy about the selective nature of the inquiries that the Government have announced today? There are about 1,800 other unsolved murders from during the troubles in Northern Ireland. In 1989 alone, the year in which Mr. Finucane was murdered, there were 81 deaths, including the murder of no fewer than 35 members of the security forces. Their families still grieve and feel that justice has not been done. What hope and comfort do the Government feel able to offer the hundreds of families whose cases have not been covered by today's statement or the forthcoming inquiries?

Finally, would it not be the greatest travesty of justice if we let the alleged actions of a few denigrate and besmirch the collective reputations of the Royal Ulster

[Mr. David Lidington]

Constabulary and the armed forces? Surely those are people who for 30 years performed their duties to the highest standards of professionalism, courage and even-handedness against wicked and evil terrorists who were prepared to maim and murder at random in their effort to destroy the rule of law. They are the people who often paid the ultimate sacrifice in defending democracy for all the people of these islands. Are not members of the police, Prison Service and armed forces the very people to whom we and the huge majority of decent law-abiding people in Northern Ireland continue to owe the greatest debt of all?

Mr. Murphy: I agree that we must pay tribute to the collective reputation of the RUC, the armed forces and others who kept Northern Ireland afloat over the past 30 years and were able to ensure that some sort of normal life continued. I mentioned that at both the beginning and end of my statement, and I repeat it because it is important to emphasise the fact. I also agree that we cannot forget those who perished in Northern Ireland over three decades—the hon. Gentleman mentioned 1,800 people—and whose murders are unsolved. I know, too, that there is a strong feeling among people and bodies such as the Police Federation about the need to do what we can to find out what happened to the people in the RUC who died. It is by no means a one-sided affair.

The hon. Gentleman will be aware that the Government made a pledge at Weston Park. It is important to honour the pledge and we stand by our commitment. Justice Cory held an independent international inquiry, so it is for him to comment on the nature of it. Those who have the opportunity to read his reports will get some ideas about how he carried it out. The hon. Gentleman mentioned the broad definition of collusion. The definition is indeed broad, and when people read the reports, they will understand what is meant by it.

On people who are referred to by letter rather than by name in the reports, there is a duty of care on behalf of the Government, agencies and the police to ensure that those who work for the Government in some form or another are protected. If and when inquiries are concluded regarding people who would have been found culpable of collusion, it is also the Government's duty to ensure that they are charged if they have committed any crime. The Attorney-General assures me that the only issue that carried a difficulty with regard to a trial was the one regarding the case of Mr. Finucane, although I take the hon. Gentleman's point about that.

I share the view of all hon. Members that we do not want hundreds of millions of pounds to be spent on the inquiries if that is unnecessary. We have chosen the vehicle of the police and prisons Acts to ensure that I have some control over costs and expenses so that that situation does not arise. However, we must of course have proper inquiries, and proper inquiries they will be.

Lembit Öpik (Montgomeryshire) (LD): I thank the Secretary of State for his customary courtesy in providing me with early sight of his statement. Liberal Democrats welcome the publication of the report, which has been a long time coming. The prospect of collusion is serious and destabilising in Northern Ireland, especially at a time when we are trying to create a unified cross-community security service that enjoys the trust of everyone there.

I am more than a little surprised by the Conservative party's position. It is clear that a Conservative Government would not regard Cory's findings as sufficient grounds for inquiries, but that is a serious error of judgment. Liberal Democrats would take the opposite view and say that the grounds are there for inquiries to take place.

I have three short questions. Is there any prospect of intelligence personnel or other witnesses being granted anonymity or immunity from prosecution, as was the case in the Saville inquiry? Secondly, what plans do the Government have to ensure that there is closure for others who have suffered similar losses and still feel that their grievances have remained unaddressed? In fairness, the hon. Member for Aylesbury (Mr. Lidington) said that hundreds of people feel that way.

Thirdly, and finally, the Secretary of State said that the Saville inquiry is set to cost £155 million. He talks about capping legal costs, so will he assure us specifically that that means that he will put a financial ceiling on the expenditure for the inquiries, and, if so, what is that limit?

Mr. Murphy: I have not yet gone into the detail, but if I find that the costs are becoming unreasonable I would not hesitate to do such a thing. However, we must always ensure that we have proper inquiries and tribunals.

I am grateful to the hon. Gentleman for welcoming the reports. I repeat that the powers of the inquiries will be exactly the same as those of the Saville inquiry regarding people who work in the intelligence services and so on. I take his point about the unsolved murders across the board in Northern Ireland. I know that the Chief Constable is well aware of that and that he has a review team in his headquarters to examine unsolved murders. As always, of course, there is a problem with resources. The hon. Gentleman will be aware that the Policing Board has indicated concern that it needs the money that it currently has to engage in current prosecutions and investigations. It is obviously a potent issue in Northern Ireland. Although I share the hon. Gentleman's view about costs, we must ensure that we have proper inquiries.

Mr. Eddie McGrady (South Down) (SDLP): I welcome the Secretary of State's statement as an important contribution to sustaining the peace process in Northern Ireland and furthering the community's emerging confidence in the judicial and security position. The statement is vital from that perspective.

The Secretary of State said that collusion between the state and paramilitaries was outrageous. The six cases—the four that he announced and the other two, into the murders of Superintendents Buchanan and Breen and Lord Justice and Lady Gibson, which are within the jurisdiction of the Republic of Ireland—epitomise in the Northern Ireland psyche the alleged collusion between state and paramilitaries. That is why they are so important. That is not to diminish the pain, suffering, grief, trauma and continuing hurt that all the families in

both our communities in Northern Ireland have endured in the past 30 years. The suffering continues. However, surely it is correct that cases that involve a belief that substantive collusion in murder has taken place between the state and paramilitaries are exceptional, and it is important that they are resolved as far as possible. As the Secretary of State said, the Government have made their decision in pursuit of the truth, not vengeance.

In establishing the inquiries, the Secretary of State appears to make a distinction between three cases and the Finucane case. We in the Social Democratic and Labour party fought hard and long at Weston Park for inquiries into the six cases to be established immediately. Will he undertake that, when the conditions are fulfilled for the Finucane case—that must be fairly soon—a similar inquiry will be put in train, as agreed at Weston Park?

Mr. Murphy: I am grateful to my hon. Friend. It is important for hon. Members to realise that, without the constant work of my hon. Friend and his colleagues in the SDLP, I would not be announcing the inquiries into the cases of Hamill, Wright and Nelson today. As I have already explained, the Finucane case is different because of the approaching prosecution. It might be useful to quote the Weston Park commitment, to which I referred earlier. It states:

"If the appointed judge considers that in any case this has not provided a sufficient basis on which to establish the facts, he or she can report to this effect with recommendations as to what further action should be taken. In the event that a public inquiry is recommended in any case, the relevant Government will implement that recommendation."

Mr. Peter Robinson (Belfast, East) (DUP): I note that the Secretary of State said in his statement that the three inquiries with which he is proceeding will be conducted under two separate measures: the Prison Act (Northern Ireland) 1953 and the Police (Northern Ireland) Act 1998. Is there any difference in style or power between the inquiries that will be held under the two measures? Will both sorts of inquiry fulfil the basic requirements that Cory set down on page 93 of the Wright report, which lists several criteria for a public inquiry?

If the Secretary of State has the power to cap, does that mean that the money will come from the Northern Ireland block and thus be taken from front-line services, rather than from the Exchequer? Will he accept the suggestion that it is better to set a ceiling now than cap later, when it may well be put to him that he is doing so because he is unhappy about the inquiries progress?

The right hon. Gentleman suggests that the Saville inquiry was right and necessary to get to the truth. Does he have any misgivings when some of those who called for it refused to answer questions at the inquiry, and indicated that they had a higher code—the code of the IRA?

Mr. Murphy: The hon. Gentleman is right to ask about the nature of the inquiries and whether they are the same in what they can do. The answer is, of course, yes. Like the Bloody Sunday inquiry, they will have exactly the same powers under the Tribunals of Inquiry (Evidence) Act 1921. They will have the powers of the High Court to compel witnesses to appear and papers to be produced. There is no difference in that respect.

I have not yet reached a decision about costs because we are only now announcing the inquiries. I shall take advice on the matter in the next few weeks and I shall take the hon. Gentleman's words into account. He is right to point to the difficulties that the Northern Ireland block could face in the effect on hospitals, schools, roads, transport and so on. I assure him that the money for the inquiries will not come from the Northern Ireland block, but it will come from the Exchequer and the Northern Ireland Office. Although that might not affect the services that the Assembly will provide when it is up and running again, it will nevertheless affect services to the people of Northern Ireland.

Mr. Kevin McNamara (Hull, North) (Lab): I welcome my right hon. Friend's statement and join him in congratulating Mr. Justice Cory on his work in the past few months.

Does my right hon. Friend accept that the deaths are linked by the belief of the families and their wider communities that the failure of the police to investigate effectively can be explained only by collusion and the involvement of state agents in the deaths, and that that was determined by the need to maintain and protect informants?

Does my right hon. Friend also agree that, by those means, some elements of the security forces under successive Governments have contributed to undermining the rule of law, and that the process that we have created in the Good Friday agreement requires us to face up to our responsibilities? If we rightly expect paramilitary organisations to take responsibility and admit their actions, there is an even greater burden on a democratically elected Government, who are committed to the rule of law, to do the same.

What steps has my right hon. Friend taken to ensure the full compliance of all the military and intelligence services in the inquiries, given the examples of a lack of effective and willing co-operation in the Saville inquiry? What steps has he taken to win the support and involvement of the Finucane family? Barrett was arrested and confessed to Finucane's death in 1991. He was then recruited into special service and the tape of his confession was lost. What steps—

Mr. Speaker: Order. May I gently say to the hon. Gentleman that he has put several supplementary questions to the Secretary of State? In fairness to other hon. Members, I must now ask the Secretary of State to reply.

Mr. McNamara: I beg your pardon, Mr. Speaker.

Mr. Murphy: My hon. Friend is right to outline the importance of the families in all the inquiries. I mentioned in my statement that we recognise the grief and the pain that they have suffered.

As I said earlier, the Government are determined to find the truth about allegations of collusion. That is why we established the Bloody Sunday inquiry and the inquiries that we are considering. It is also why the ongoing Stevens inquiry was set up. I hope that there will be co-operation from other Departments and agencies to make the inquiries meaningful. I am sure that that will happen.

Mr. David Trimble (Upper Bann) (UUP): I thank the Secretary of State for giving me advance sight of his statement. I have also seen the Finucane report but not the others. Looking at the report, I find it most unfortunate that Justice Cory seems to have failed to understand the circumstances and background of the situation with which he was dealing. I refer the Secretary of State to paragraph 1.183, which contains a slur—I hope an unintentional one—by Cory on Catholic members of the Royal Ulster Constabulary. His failure to understand that there were a significant number of such officers in high positions is most unfortunate.

I also refer the Secretary of State to paragraph 1.304, which refers to:

"The Good Friday Accord and the Weston Park Agreement, which set out the selected cases as an integral part of the Accord".

That is quite wrong. There is a clear difference, in terms of the agreement. These cases were not in the Belfast agreement. They were not part of any agreement in that sense. Indeed, the Secretary of State will recall that there was a clear consensus in the agreement that the need in Northern Ireland was for a process of reconciliation. Yes, the past has to be dealt with, but in a way that does not add to the bitterness. That was clearly what was then intended. Unfortunately, however, the Government departed from that approach by agreeing to establish this inquiry process.

The references in paragraphs 1.256 and 1.259 to Finucane's background display astonishing naiveté by Justice Cory. His comments about Finucane ignore facts that were known to everyone in Northern Ireland. What steps were taken to give Justice Cory information about the nature of the situation in Northern Ireland, about how the police and the Army operated there, about how people such as Mr. Finucane operated and about the nature of his associations and contacts? Was anything done to try to explain such things to Justice Cory? That is an important point.

It is particularly unfortunate, in view of the very broad definition of "collusion" that Cory has adopted, that he should spread assertions—in fact, accusations—about such a range of people. The report contains a couple of paragraphs in which he attacks the former Chief Constable, Sir Ronald Flanagan. He does not mention him by name, but it is perfectly obvious to whom he is referring. He then makes negative comments about the special branch and the force research unit, and some sweeping comments about the Army and the RUC as a whole. As has emerged from the comments by the hon. Member for Aylesbury (Mr. Lidington), no opportunity was given to any of those bodies to reply to the accusations that were made. Cory seems simply to have got a document in his hand and proceeded to give his interpretation of it, without knowing anything about the surrounding circumstances or the other considerations involved.

This is not a terribly good basis for governmental decisions, and I fear that the Government have got themselves trapped into proceeding in the way that they are now doing. I know that they have tried to mitigate the effect of Cory by getting him to insert a foreword into the report, and I hope that all right hon. and hon. Members will read that foreword, which contains a general withdrawal of specific accusations which, if they read the report by itself, would lead them in another direction.

I opposed the concept of having inquiries of this nature. They are contrary to the spirit of the Belfast agreement. Indeed, I personally warned the Prime Minister that arranging the Saville inquiry into Bloody Sunday would be a mistake, and so it has proved. It is a pity that that mistake has been reinforced, but if, as a result of this, the truth about Finucane and Nelson comes incontrovertibly into the public domain, there will be some side effects. I mention those two cases particularly because a lot of Wright's background and terrorist activities are in the public domain, and I leave out Hamill because there is no reason whatever to link him with others who have a clear terrorist connection. That does not come out—

Mr. Speaker: Order. May I say to the right hon. Gentleman that we cannot explore the full details of this matter today? This is a statement, and supplementary questions can be put to the Secretary of State, but we cannot have a full-blown debate. Perhaps another time.

Mr. Murphy: The right hon. Gentleman managed to make a fair number of points while he was on his feet. I very much welcome his comments about the foreword to the report, because it puts the matters into context. I am glad that he emphasised that to the House. In terms of the contents of the report, this was obviously a completely independent investigation and a completely independently produced report. It is therefore for Justice Cory to make his own comments on the matters that the right hon. Gentleman has raised. I emphasise that it is Justice Cory's report, not the Government's.

I accept the general thrust of the right hon. Gentleman's point about reconciliation being at the heart of the Belfast agreement. I know that, when the right hon. Gentleman has asked me what we should do about dealing with the past in Northern Ireland, I take the issue extremely seriously because more than 30 years of troubles, misery and death in Northern Ireland have produced some terrible things, right across the board, and it is very important that we move forward. However, we also have to ensure that we uncover the truth.

Mr. Andrew Mackay (Bracknell) (Con): Looking back on my four years as shadow Secretary of State during the last Parliament, my greatest regret is that I supported the setting up of the Saville inquiry into Bloody Sunday. Does the Secretary of State accept that no good will come of that inquiry and that it is simply a huge waste of taxpayers' money? Because of that, and in the light of what my hon. Friend the Member for Aylesbury (Mr. Lidington) has said today, most hon. Members will have the gravest reservations about these new inquiries and about where they might lead.

Mr. Murphy: As the right hon. Gentleman knows, these inquiries resulted from an undertaking given at Weston Park, and the Government have decided to implement them. So far as the inquiry into Bloody Sunday is concerned, it was and still is the Government's view that the issue was so important that an inquiry had to be held. However, I have taken on board the points

made across the House that there is a need to examine the costs and the time involved in these inquiries, and the right hon. Gentleman can rest assured that we shall do both.

Mr. Nigel Dodds (Belfast, North) (DUP): In relation to the inquiries that the Secretary of State has announced, will he accept that, first and foremost, they must be aimed at getting at the truth rather than at the furthering of any narrow political advantage? On costs, will he accept that the inquiries must in no circumstances be turned into long-drawn-out Saville inquiry-type sagas, with all the associated horrendous costs? Bearing in mind the thousands of victims in Northern Ireland, none of whom should be forgotten and who have already been referred to by hon. Members on this side of the House today, does he also accept that many people believe that there should be an inquiry into the role and conduct of those who aspire to government, like Martin McGuinness, for instance, and Gerry Adams, who are part and parcel of the IRA-Sinn Fein organisation, who are responsible for many of the unsolved murders and other murders in Northern Ireland? Let us take the Hegarty case and the La Mon bombing. Both those gentlemen are associated with both those incidents. Will the Secretary of State indicate what proposals he has in relation to those cases, and, for instance, in relation to the collusion of the Dublin Government at the time of the formation of the IRA in the late 1960s? When are we going to have those issues addressed, and what does the Secretary of State have to say about them today?

Mr. Murphy: There were a number of issues there, too. I agree with the hon. Gentleman that, at the end of the day, the establishment of the truth matters above all else. I hope that these inquiries will do precisely that. I have already touched on the question of costs a number of times, and I share his view on that. Everyone in the House agrees that victims are not confined to one side or the other. I know that the Under-Secretary of State for Northern Ireland, my hon. Friend the Member for Basildon (Angela Smith), who deals with these matters, does a tremendous job in trying to deal with victims right across the different traditions in Northern Ireland. I accept the hon. Gentleman's point with regard to those issues.

Several hon. Members *rose—*

Mr. Speaker: Order. I must inform the House that I am going to impose a ration of one supplementary question per hon. Member, as should be the case at all times except for right hon. and hon. Members on the Front Benches.

Mr. Stephen Pound (Ealing, North) (Lab): As ever, Mr. Speaker, I shall be extremely brief.

Like all people of good will, I welcome the report and hope that it will continue to build on the successes of the Good Friday agreement; I hope that the boil will finally be lanced. In view of the fact that many right hon. and hon. Members have mentioned so many other cases, does the Secretary of State agree that this might be the time for us to consider establishing some form of truth and reconciliation commission, finally to resolve these problems?

Mr. Murphy: That may be the case. My hon. Friend is absolutely right that we must look to the future, and not look to the past all the time. There comes a stage at which it is counter-productive to keep looking at the past, bearing it in mind that blame can go right across the board. There is a case for considering a truth and remembrance or truth and reconciliation commission—call it what one will—but any decisions on those matters would have to have the confidence of everybody in Northern Ireland to be successful.

David Burnside (South Antrim) (UUP): With as much humility as I can bring to bear on this subject—

Mr. Pound: This will be good.

David Burnside: It will be good. With humility, on behalf of the families of 1,007 members of the Royal Ulster Constabulary, the Regular Army, the Ulster Defence Regiment and the Royal Irish Regiment, may I ask the Secretary of State why is there not a truth commission in Northern Ireland? Does he agree that the main problem with having a truth commission, which, I hope, will bring to an end the conflict, is the inability of the Provisional IRA, Gerry "I've never been in the IRA" Adams and Martin McGuiness to tell the truth rather than deal in lies? Is that not the major difficulty in relation to setting up a truth commission to deal with the problems and bereavement of the families of those 1,007 members of our security forces?

Mr. Murphy: The hon. Gentleman is right to point out to the House that more than 1,000 families are affected, whose members were in the police, the Army or other public service. They suffer, too, and there are no public inquiries into their deaths. Obviously, it is important to try to find out who committed the murders, but we must not in any sense undervalue the significance of the grief and pain that those families have undergone. I agree entirely with the hon. Gentleman on that. As far as the truth—or whatever one wants to call it—commission is concerned, it is right that all parties in Northern Ireland should consider what their attitude to such a commission should be. I am sure that that would apply to all the political parties that currently have representation in the Northern Ireland Assembly.

Mr. Edward Garnier (Harborough) (Con): The Secretary of State says in paragraph 8 of his statement that the Government have considered carefully their obligation to ensure fairness to individuals. Where is the fairness in the Government making public allegations of suspected criminal collusion against identified or identifiable individuals who were not given an opportunity by the Cory inquiry to deal with those allegations?

Mr. Murphy: The Government, of course, are making no allegations. We will decide what to do when the inquiries have been completed. I am sure that the hon. and learned Gentleman listened to what the right hon. Member for Upper Bann (Mr. Trimble) said about the

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foreword in the report, which makes it clear that those are not allegations in the sense to which he has just referred. It is important that people understand that. Even though people are not named in that respect in the report, they are referred to by letter, and clearly we had to ensure that that foreword was included to provide those safeguards.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): The Weston Park talks to which the Secretary of State referred also brought forward a proposal for an amnesty for on-the-run terrorists belonging to the Provisional IRA. Does he understand the deep sense of hurt felt by many victims in Northern Ireland at the apparent hierarchy of victimhood? One the one hand, we have inquiries into some who have lost their lives during the troubles, and on the other, under the Government's proposal, we will allow terrorists who have committed some of the worst atrocities in Northern Ireland, including the Enniskillen bombing—the poppy day massacre when people lost their lives during an act of remembrance—to be granted an amnesty. When will the Government treat victims with fairness and impartiality, because it seems that that is not happening?

Mr. Murphy: The hon. Gentleman is aware, of course, that the decision regarding on-the-runs would have to be taken in the context of acts of completion, to which the joint declaration referred. The Government would not do it in any other context. As far as his other general point is concerned, I agree in the sense that victims are not on one side or the other. In the case of most victims in Northern Ireland, their names would not be known outside their families or friends, but they were victims nevertheless. We must remember them on such an occasion, in the same way that we remember others.

Mr. Andrew Robathan (Blaby) (Con): It is all very well the Secretary of State praising the armed forces, police and Prison Service, who are public servants doing a very difficult job under dangerous circumstances. It is all very well him saying in his statement that the Government seek to establish the truth about the actions of all those involved in the troubles. But the perception is different, as we have heard from the Unionist Benches and elsewhere. The perception is of a Government bending over backwards to accommodate Sinn Fein and the IRA. If we are to have inquiries, and if we are to seek the truth, will the Government take up the cudgels on behalf of public servants, to whom they owe a duty of care, and who were murdered in the course of their duties protecting this country, and have an inquiry into the collusion and activities of Adams and McGuiness and other IRA people who may have murdered British public servants, and perhaps an inquiry into Warren Point and other unexplained and unresolved massacres?

Mr. Murphy: As the hon. Gentleman knows, the inquiries are about establishing the truth about collusion, and the state has a deep responsibility to try to find out the truth in that respect, whoever did it. He is right to point out that not only those people with whom we are dealing today but many thousands of others have died in the troubles in Northern Ireland, across the board and across the political divide. Everybody in the Chamber will have heard what he said, and a number of Members have already indicated that they agree with the points that he made.

Hugh Robertson (Faversham and Mid-Kent) (Con): I am sure that no one on either side of the House would condone a policy of extra-judicial killings. Will the Secretary of State bear in mind, however, that many of those who served in the security forces in Northern Ireland in the late 1980s and early 1990s did so in the belief that they were fighting a war, and that they were doing so against a terrorist organisation that was extraordinarily well financed and armed, that had the ability to fade back into the civilian population at will, and was widely regarded as the most successful and brutal terrorist organisation in western Europe at that time? Will he ensure that this inquiry is conducted against that backdrop, remembering that, rather than judging by the standards of today?

Mr. Murphy: Obviously, the way in which the inquiry is conducted will be a matter for the tribunal. The people who chair these tribunals must, first, have the confidence of people right across the political divisions in Northern Ireland—otherwise, it would be pointless—as well as a keen understanding of what the hon. Gentleman rightly refers to. Over three decades, some terrible things happened in Northern Ireland. More than 3,500 people perished in Northern Ireland in 30 years, and there are some terrible tales to tell. I am sure that the people engaged in these tribunals will be very much aware of the point that he rightly makes.

Mr. Gregory Campbell (East Londonderry) (DUP): Can the Secretary of State be more precise about the attempt by the Government to put a cap on the cost of the inquiries? He alluded to the cost of the Saville inquiry and will be aware that allusion was made this week in the national press to the fact that, arising from the Bank of Credit and Commerce International collapse, additional tens of millions of pounds may be expended on the Saville inquiry.

Mr. Murphy: No, I cannot, because I have not yet considered the detail of it. One of the reasons why we have decided to use these particular Acts of Parliament is that they provide me with the opportunity to cap and to look carefully at costs and expenses. There must always be a balance in terms of ensuring that the tribunal has a proper opportunity to discover the truth and is working properly, and at the same time ensuring that the public purse is not forgotten because, as other Members have said, if we take money from one part of our budget, less will be spent on other aspects of public services. That is an important factor. We will be looking in detail at the matter.

FCO Travel Advice

1.29 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): With permission, Mr. Speaker, I shall make a statement about the review of the Foreign and Commonwealth Office's travel advice, which I am publishing today as a Command Paper.

Given the constant rise in international travel and in the face of the threat from global terrorism, FCO travel advice is used more and more and is rightly under more scrutiny than ever before. It must be timely and consistent, and must carry public confidence. Much has been done in recent years to improve the quality of the advice, but I believe that we can do more. I therefore announced a review of it to the House in a written statement on 10 December last year. In summary, its terms of reference were to review how FCO advice could best help British travellers to make informed, responsible decisions about possible risks overseas, particularly from terrorism; to assess the proper balance between information, warning and advice, and assess how they could best be presented; and to assess the wider implications of travel advice—in particular how, in responding to a terrorist attack, we can ensure that prudent precaution does not become overreaction, which risks playing into the hands of the terrorists.

The review process included wide consultation with those who have a stake in the travel advice, including parliamentarians, the travel and insurance industries, users of the FCO website, the media, British businesses working abroad, victims of terrorism and their families, and destination countries.

Travel advice is an important and growing public service. British people made almost 60 million trips abroad in 2003, three times as many as 20 years ago, and more than 15 million UK nationals live overseas. Every week the travel advice pages on the FCO website receive an average of 280,000 hits, and 1,600 people receive travel advice through our telephone call centre. Alongside the continuing growth in travel, however, has come the rise of international terrorism, which aims not only to take innocent lives through indiscriminate attacks but to spread a general sense of fear and instability in order to undermine our freedom and prosperity.

Our travel advice must inform people of the threat from terrorism, and when the threat is acute it will inevitably lead to some disruption, but at the same time we must ensure that we do not do the terrorists' job by causing too much of the very disruption that they seek. Our intelligence services, the police and all concerned with public safety work extremely hard to discover and disrupt terrorist plans and to break up the networks that support terrorism; but it is in the nature of intelligence on terrorism that sometimes nations will not have enough knowledge to prevent attacks, as we saw only too tragically in the outrages in Madrid on 11 March. When we do have specific evidence of extreme and imminent danger from terrorism abroad, we will of course warn British nationals against travel, but in the case of a general threat issuing a prescription against travel will, I believe, only achieve widespread disruption, which is exactly what the terrorists want. It is unlikely to make people safer.

We in Britain lived for 30 years with the threat of Irish republican terrorism. Our response was to be alert to danger, to take sensible precautions and to make our own informed judgments about the risk. At the same time, we did not let normal life come to a halt. Indeed, letting normal life go on as much as possible was itself a weapon against the terrorists. Our travel advice needs to strike that important balance, making public safety its prime concern while minimising the disruption that terrorists wish to cause. We must give people the information that they need in order to remain vigilant and make judgments about risk and security, as they have to do every day, while allowing normal life to continue to the greatest possible extent. We must also ensure that our responses to terrorist incidents and threats are consistent. The public and all those with a stake in our advice need reassurance that our approach is rigorous, and based on a sound assessment of intelligence and a balanced approach to the risk.

We are bound to reflect on charges that the approach has sometimes varied. In the aftermath of the bombing of the British consulate general in Istanbul in November, for a period—on my authority—we advised against all but essential travel to major cities in Turkey. That was consistent with our current approach, but the Turkish Government made representations to us that no such prescriptive advice was issued in the aftermath of the 11 September 2001 atrocities in respect of travel either to New York or to the rest of the United States.

Although by its nature the threat and the fear of terrorism are hugely amplified by any one incident, it is by no means the main cause of death abroad of United Kingdom citizens, as notified to our posts. In 2002, according to figures that can be found in the consultative Command Paper, 1,427 British citizens died abroad. Of the 316 who died from non-natural causes 158 died in road accidents, 62 in other accidents and 29 as a result of terrorism.

On the basis of the arguments that I have set out, including the crucial balance between danger and disruption, the review recommends that in the case of intelligence-based terrorist threats we should first give the best possible and most timely description of the terrorist threat, both global and by country, so that travellers can make informed judgments and take appropriate precautions. Secondly, we should only go further and warn against travel in situations of extreme and imminent danger—that is, if the threat is sufficiently specific, large scale or endemic to affect British nationals severely.

We all live with the threat of global terrorism. Our response must be not panic but commonsense precautions. The public will only trust our advice on the terrorist threat, first, if they do not think that we advise against travel on the slightest pretext in order to cover our backs, and secondly, if they feel confident that any specific, credible threat that might affect their travel or their behaviour overseas will be conveyed to them. The review recommends that we ensure that our warnings have real teeth by confining them to specific, large-scale and imminent threats, while in other situations giving people the information that they need in order to make informed judgments about the risks they may face and the precautions they can take. We will of course continue to warn against travel, when appropriate, for reasons not based on intelligence on terrorism—for

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example, when the danger stems from civil disturbances, coups or other causes. That includes geological causes such as earthquakes and volcanoes.

This and the other recommendations and conclusions of the review are, I believe, well argued and persuasive. As I have said, they reflect widespread consultation. Given the importance of the issues, however, I want to ensure that everyone with an interest has the chance to have their say before I make any changes. I therefore invite Members of both Houses, along with all those with a direct interest in travel advice, to offer their views on the review and on the quality of our advice more generally. That further period of consultation will continue until the end of this month. I shall then announce appropriate revisions to our travel advice system in Parliament.

I look forward to hearing Members' views in the coming weeks.

Mr. Richard Spring (West Suffolk) (Con): I thank the Foreign Secretary for allowing advance sight of his statement and the Command Paper. We are grateful to him for attempting to grasp an issue that is so important to the millions of Britons who travel abroad each year. Particularly in view of that, I welcome the month that has been set aside for consultation, as this directly affects our insurance and travel industries. Let me also express our appreciation to all the Foreign Office personnel and others who have contributed, and pay tribute to those—all too often unsung—who must make difficult assessments and decisions. I refer to our dedicated and professional consular staff abroad.

There is always a balance to be struck between giving adequate warning of risks to the travelling public and avoiding unnecessary anxiety, or damaging the travel industry and the economies of holiday or business destinations. Concern about the way in which travel advice is compiled and disseminated is especially relevant following Bali and Mombasa, after which the emphasis on safe travel took on a new meaning and a new importance. Advice must not be ambiguous, but it is equally important for it not to be so blunt as to cause unwarranted panic. We must not allow the destructive forces of terrorism an easy victory. After all, it is their aim to cause panic and instil fear, and disrupt the normal patterns of life. I am aware of the sheer volume of information that our intelligence services gather each day. Anything that improves that sifting process is to be welcomed.

Many in this House will know personally of what has become something of a rite of passage for so many young people; namely, to take off to the four corners of the earth during their gap year. Mobile telephone and e-mails are not always available to contact anxious parents, so great reliance is placed upon travel advice to warn or reassure them, particularly in the event of any terrorist threat or attack.

Although we are to have the consultation period, I wish to highlight a number of points for consideration. Before we move on to the issues arising out of terrorist threats, the whole House will be aware of the somewhat less-than-perfect behaviour by young Britons in certain Mediterranean resorts. The understandable reaction of the local communities is to demand rigorous police action. Does the Secretary of State agree that websites should clearly indicate the extent of the draconian action now being undertaken by local police if excessive antisocial behaviour occurs?

May I encourage those who draw up the FCO country websites to continue to clearly emphasise specific dangers such as road safety, health risks and crime, while highlighting particular cultural sensitivities and any lists of objects that may not be imported or exported?

Having today looked at the Foreign Office website, I ask the Foreign Secretary to agree that it is crucial that it be made graphically clear daily, on the front page of the travel advice section, which if any countries have had a change in their status recently. There are important insurance implications. Already, terrorist-related events are excluded from nearly all UK travel insurance policies, but given that UK travel insurance policies are also not valid in prescribed countries, the advice should contain much more explicit information, explaining that personal liability will occur in case of, for example, even personal injury when travelling within these countries. Does the Foreign Secretary agree that that must be marked clearly on the front page of the FCO travel advice website and in any supporting literature, stating that in these circumstances travel is entirely at one's own risk?

Has the Foreign Secretary been satisfied in his conversations with the Association of British Travel Agents and the travel industry that travel agents are, in practice, directing their clients to FCO travel advice where appropriate? Is he aware of just how anxious the travel industry is to have the clearest possible directions?

In the review, will the Foreign Secretary continue to look at the way in which other countries assess their travel advice? Will he work co-operatively with other Governments to ensure that there are no glaring disparities of view about terrorist threats and, where there are, seek to try to find ways to reconcile these differences, which in the past have been highlighted and can cause later recriminations?

Of course we will work with this review, study it closely and, as necessary, respond further to it. We shall never know how many lives it will save, but we will know all too well the consequences if we get it wrong.

Mr. Straw: I am grateful to the hon. Gentleman for his constructive approach to the document. If we are to ensure that the advice has integrity and authority, it is crucial that it should not become a partisan matter; the tone of his remarks suggests that there is no danger of that. There may be differences of view, which is precisely why I came to the House today.

I am grateful also for the hon. Gentleman's tribute to our consular and other staff abroad, and to staff in the Foreign Office. There are difficult judgments to be made. Obviously, officials from the Joint Terrorism Assessment Centre, the Foreign Office and all Departments offer Ministers advice, but Ministers are responsible for the content of travel advice and are answerable to the House for it.

The hon. Gentleman asked me about the less-than-perfect behaviour of British teenagers abroad.

Mr. Spring: Not only teenagers.

Mr. Straw: And not only abroad, in my experience. From recollection, we give a lot of advice about the nature of local law enforcement, but I will check on that.

The hon. Gentleman suggests that the home page of the FCO website should make graphically clear whether the travel advice in respect of an individual country has been changed significantly in the recent past. That is a good idea which I will follow through; I will let him know if it is not possible for some reason. He suggested also that we add a rider about insurance on the home page. There is a limit to what can go on the home page but, in my judgment, of the two, it is more important to highlight the changes rather than to refer to insurance.

The hon. Gentleman asked about the practice in other countries, about which there is a passage in the document. We work closely with other countries, but it is important that we do not get into a situation where we substitute the lowest common denominator of other countries for our judgment. It is inevitable that if there is a terrorist outrage, relatives and friends of the victims will look to see whether it could have been avoided and at what other countries advised. I fully understand that. It is for each Government—in this case, for each Foreign Secretary—to make their own judgment, to have that judgment made public and to be answerable for it. I am seeking to provide a better and, to a degree, more scientific basis for the judgment to be made.

Mr. Stephen Pound (Ealing, North) (Lab): I welcome the advice, but within the fairly broad ambit of the review, will my right hon. Friend consider the circumstances of Kashmir? Enormous improvements have taken place in that beautiful country, which is now far more peaceful; yet the tourists and travellers whom it desperately needs do not visit because of the FCO travel advice. I do not need to remind my right hon. Friend of the immense improvements that have taken place, and of the work of Prime Minister Atal Bihari Vajpayee and President Musharraf. Will he consider the circumstances of a country that could benefit so much from a recasting of the FCO travel advice?

Mr. Straw: I understand my hon. Friend's point, and we have no interest in advising against travel except where we think the circumstances and evidence justify it. At the moment, we recommend against all travel to Jammu and Kashmir—on the Indian side of the line of control—except Ladakh via Manali, or by air to Leh. It is not the whole of the state; it is a substantial part of it. We all want the peace process to continue, therefore I will not say that we will have the advice changed. But I will ask for a further security assessment to be made of the current conditions in Jammu and Kashmir.

Sir Menzies Campbell (North-East Fife) (LD): I thank the Foreign Secretary for the statement and welcome the period of consultation that he announced. I have sympathy with the Foreign Office on the subject of travel advice because, to use a colloquialism, it is damned if it does and damned if it does not. That makes the crucial balance between danger and disruption to which he referred in his statement all the more difficult to strike, not least because the risks to UK citizens may be of an entirely different degree in certain circumstances as compared with the risks to citizens of other countries, even within the EU. Does he agree that in order to strike that balance successfully, we need constant monitoring and informed, sensitive judgment from competent, qualified and experienced staff, not least because of the possible effect on personal insurance provisions that individuals may have taken out, but also because of the possible impact on fragile tourist economies?

Mr. Straw: The right hon. and learned Gentleman puts the dilemma facing us acutely and he is right that it is our duty to make these judgments. There has been a significant improvement in the overall assessment of intelligence, which now takes place within JTAC. It will never be perfect, but the quality of assessment is much better and is now regarded as something of a world leader. Of course we have to take into account the risks to UK citizens rather than to others, but we must not slide into the idea suggested by some—although not by the right hon. and learned Gentleman—that because we have been prominent in the so-called war against terrorism, we are more likely to be victims. It is very interesting that the German newspapers last Thursday were full of a story that received not a line in British newspapers, but which was of real significance. It was headline news there that the German President Rau had to cancel a state visit to Djibouti in Africa because of a specific threat to him and his entourage from al-Qaeda based terrorists. That led to interesting debate in Germany, which continues, on whether the Germans have been too complacent in believing that because they took a different view from us over Iraq, they have some sort of immunity.

Let us be clear: as far as those terrorists are concerned, no one has immunity who is not a fully signed-up adherent to their wholly distorted view of the world. Everyone else, including people of the Muslim faith as well as those of other faiths, is an apostate and heretic and, from their point of view, should be a victim.

The right hon. and learned Gentleman asked about constant monitoring. Yes, we carry that out, but we can always improve.

Keith Vaz (Leicester, East) (Lab): I warmly welcome the Foreign Secretary's statement and the fact that there will be an additional consultation period. Will he comment on current Government policy on consultation with friendly Governments when travel advice is to be altered? I am thinking in particular of Yemen. Although it is working hard in the international community to combat terrorism, travel advice on that country has changed over a period of time, making it difficult for people to visit it or keep up contacts with it. Will he comment on the situation in Yemen in the light of what he has said today?

Mr. Straw: I am grateful to my hon. Friend for raising that. Current advice on Yemen advises against all travel except on essential business. I cannot say what new judgment we will come to if it is accepted that we will move to the new criteria proposed in the Command Paper, but if we make that move, I should want the

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extent to which local law enforcement agencies are willing and able to fight terrorism to be taken into consideration. We already recognise the considerable work done by our friends in the Yemen Government and their agencies.

Mr. John Redwood (Wokingham) (Con): I welcome the statement and the policy outlined, and I realise what a difficult matter this is. Can the Foreign Secretary tell us whether Bali, Spain or Turkey were on the list of countries at risk before the terrorist outbreaks there, or will it always be the case in practice that we will react rather than foresee?

Mr. Straw: There was general advice in respect of Spain because of ETA terrorism, and the Foreign Office general travel advice contains a page about the threat from international terrorism. On Bali, part of the later examination of events there looked at whether the Foreign Office's travel advice had properly reflected available intelligence, and whether that had been used properly. We were subject to some criticism on that, which I accepted when I made a statement to the House in autumn 2002. The Intelligence and Security Committee made some specific recommendations, which we have followed through, and which are among the reasons for upgrading the system. We continue to work those through.

Mr. Edward Garnier (Harborough) (Con): I welcome, as have other Members, the Foreign Secretary's statement and the consultation process that he is about to enter. Will he consider another aspect of travel: advice given to overseas citizens on travel to this country? Many such people seem wholly unaware of our immigration rules, and I hope that our overseas posts can make greater use of local press and television to make quite clear what our rules and regulations are, so that no one is taken by surprise if they happen to be turned back at a port of entry in this country.

My other point is that if there is to be an order of priority in the security of our citizens overseas, surely the security of our diplomats in overseas posts should come first. They are not travelling abroad voluntarily as tourists, but are there as part of their official duties. I hope that the Foreign Secretary, following events in Istanbul and what I believe was the recent temporary closure of our embassy in Syria, will look after his civil servants overseas as a matter of priority, before worrying about voluntary travellers going overseas from this country.

Mr. Straw: First, I congratulate the hon. and learned Gentleman on the ingenuity of his opening question. Although it was not directly on this point, I have to say that my Indian and Pakistani constituents and their families are well aware of the immigration rules, and that 99 per cent. of them follow those rules and accept the decisions made. Some do not, which is why there have to be effective scrutiny systems, but on the whole, those work well—although sometimes, as we know, they do not.

On the question of the security of posts, I take that extremely seriously. I did so before the appalling atrocity against the British consul general, Roger Short, and his staff in Istanbul on 20 November, and I do so today. A review of security is taking place as a result of the Istanbul bombings, but quite a lot was being done before that. However, I make the point that there is no contradiction between our concern for the security of our staff—to whom we have a high-level duty of care—and our concern for the safety of British citizens. Both are of great and equal importance, and where there is any change in security arrangements in relation to our staff, we should make those public unless there are good intelligence reasons for not doing so. The public can then judge us not only on the advice that we give them but on what we are doing for the security of our own staff.

Mr. Richard Allan (Sheffield, Hallam) (LD): The Foreign Secretary will know that his Department has issued a serious threat warning in respect of Bahrain, where the grand prix is being held this weekend. Many British citizens will have to attend that event, not as tourists but as employees of the successful British motor racing teams. They will naturally be concerned about the implications of the threat for their domestic insurance policies, such as those related to their mortgages. As well as looking at travel insurance, will the Foreign Secretary work with the insurance industry to ensure that there is clear advice to British workers on the relationship between threat warnings and any exclusions from their normal domestic insurance policies?

Mr. Straw: I take the hon. Gentleman's point, and my answer is yes.

Mr. Andrew Mackay (Bracknell) (Con): I warmly congratulate the Foreign Secretary on his statement, not least because of the welcome apparent change of emphasis whereby only very serious threats will now be highlighted to travellers. Can he further confirm that it is in no one's interests for there to be too much, often unnecessary, information given? That leads people to become blasé and take absolutely no notice of the advice on his Department's website.

Mr. Straw: I thank the right hon. Gentleman for his comments. When we receive information about terrorist threats, we will continue to describe that information in synopsis form, and say what we have received, as at present. The change proposed is that we will far less frequently say that we therefore advise against all but essential travel. It is in that respect that the currency has been devalued. People are blasé; we had advised against travel to Bali, but I gather that 30,000 British people still chose to go there. We advise against all but essential travel to Saudi Arabia because that is consistent with our current policy, but given that 30,000 of our people live there, what does advising against all but essential travel to Saudi Arabia mean, exactly, for those who live there and have to travel backwards and forwards? That advice is consistent with current arrangements, but it is the House's feeling that it is time those were changed, not least so that the value of the currency can be improved.

Bob Spink (Castle Point) (Con): Although this is not at the heart of the statement, I welcome the

Government's setting-up of the new aviation health department. Could the FCO website give more details and advice to long-haul travellers on how they can take precautions to avoid deep vein thrombosis? That could and would save lives—and if a loved one dies, it really does not matter whether it is from terrorism or from DVT.

Mr. Straw: As one who has to take precautions in that department—I shall not specify what—my answer to the hon. Gentleman is yes.

Tony Baldry (Banbury) (Con): Anyone who has had ministerial responsibility for travel cannot other than support what the Foreign Secretary has said today. One group that he will consult is destination countries. Travel advice is often seen as an issue for bilateral negotiation between destination countries, and they regard travel advice as a form of value judgment on them as countries. Is that not a problem, and can the Foreign Secretary make it clear to every destination country that travel advice is exactly that: advice that is not negotiable as a political bilateral issue, and which is simply designed to advise UK citizens whether, in the Government's judgment, it is safe or otherwise to travel?

Mr. Straw: I am grateful to the hon. Gentleman. The advice is not negotiable, but although advice on the nature of a threat has to be based on our unilateral judgment, our prescriptive warnings not to undertake all but essential travel inevitably also involve a judgment about the state and quality of local law enforcement agencies. It is that factor that embroils us in some rather difficult bilateral arguments. Countries sometimes say, "Hang on, you said 'all but essential travel' for us", and then proceed to question the decision in respect of certain other countries. They say, "We are co-operating with you more than those countries are, so why are we being picked off in this way?" Of course, we are not picking them off, but that is how it is perceived. That is another reason for pulling back from such prescriptive advice, except where it is really needed, and when people will take notice of it.

Business of the House

2.1 pm

The Leader of the House (Mr. Peter Hain): May I remind the House that Tuesday's business statement has been superseded by the House of Lords' acceptance of the will of the House of Commons? I am grateful that common sense has prevailed by 30 votes, and I am particularly grateful to those Labour peers who stood so solidly by the twin principles of House of Commons supremacy and greater voter participation through postal voting.

The business for the week after the Easter recess is as follows:

MONDAY 19 APRIL—Consideration of Lords Amendments to the Planning and Compulsory Purchase Bill.

TUESDAY 20 APRIL—Second Reading of the Finance Bill.

WEDNESDAY 21 APRIL—Opposition Day (9th Allotted Day). There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 22 APRIL—A motion to approve a permanent security screen in the Chamber followed by a motion to approve the First Joint Report of the Accommodation and Works Committee and the Administration Committee on visitor facilities: access to Parliament.

FRIDAY 23 APRIL—Private Members' Bills.

The provisional business for the following week will include:

MONDAY 26 APRIL—Remaining stages of the Justice (Northern Ireland) Bill *(Lords)*.

TUESDAY 27 APRIL—Progress on consideration in Committee of the Finance Bill.

WEDNESDAY 28 APRIL—Conclusion of consideration in Committee of the Finance Bill.

THURSDAY 29 APRIL—If necessary, consideration of Lords amendments, followed by motion to approve a money resolution on the Christmas Day (Trading) Bill followed by Opposition half-Day (7th Allotted Day) (Part 2). There will be a half-day debate on an Opposition motion. Subject to be announced.

FRIDAY 30 APRIL—Private Member's Bills.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Does the Leader of the House recall writing the following in his book "Ayes to the Left"? It states:

> "Once a Bill is introduced it becomes almost a test of Government virility to get it through unscathed. This can produce bad legislation."

Of course, the difference today was that the Labour Lords turned up, whereas on previous occasions a third of them did not. Indeed, some 70 Labour peers did not attend on Tuesday. Instead of the Leader of the House recommencing his personal vendetta against the other place, would it not be better if he could actually encourage Labour peers to turn up for business?

Turning to more important matters of business, will the Leader of the House tell us whether he has finally read the Procedure Committee's third report on Sessional Orders, which was printed four months ago?

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It recommends that the Government take action to remove the long-standing, visually unattractive and noisy demonstration outside the main entrance to the House of Commons, which, as he knows, also has security implications. The matter has been raised with him from all parts of the House, and by Mr. Speaker. Is it not time that something was done about it, and can the Leader of the House give us a progress report?

We were expecting by now draft Bills on mental health, mental incapacity and the criminal defence service. Where are they and why have we yet to have them?

On the Government's attitude to Select Committees and the civil service, does the Leader of the House agree with the following, which is also taken from his book:

"The Executive needs to be made more accountable by enhancing the system of Select Committees, giving them . . . greater access to information"?

Has the Leader of the House read early-day motion 760?

[That this House expresses its concern that select committees are not able to obtain from the Government the documents and witnesses necessary in order to fulfil their role of scrutinizing the Executive; notes the comments of the honourable Member for Thurrock in the debate on the Hutton Report when he said that Lord Mutton had been able to cross-examine John Scarlet in public, but the Foreign Affairs Committee was refused access to him, and that they had been refused the drafts of the September dossier but Lord Hutton published them on the worldwide web; and calls on the Leader of the House to institute a major review into the way in which Government and ministers treat select committees and the provisions of the Osmotherly Rules and the Ministerial Code.]

Is the Leader of the House aware of the privilege inquiry report on the Lord Chancellor, which was published today, and which finds the Lord Chancellor guilty of contempt of Parliament for attempting to punish a civil servant for giving evidence to a Select Committee? What is he going to do about the report's recommendation that the Government take urgent action in respect of Select Committees? Does he agree that the Government are creating something of a climate of fear among civil servants? With that in mind, does he agree, following the resignation of the Minister for Citizenship and Immigration, and in the light of the huge problem that we face in managing this country's immigration system, that we need a proper, independent inquiry into what has happened? It is simply not satisfactory to ask a civil servant, even one as good as Ken Sutton, to make judgments on the actions of Ministers to whom he reports.

The Leader of the House will know of today's newspaper reports that the Prime Minister is taking personal control of the immigration service. I recognise that the Government and the Prime Minister will require a little time to formulate plans to deal with the shambles that is our immigration service, but may we have a statement in three weeks time—immediately after we return from the Easter recess—on what the Government are going to do about that mess?

Mr. Hain: I am surprised that the hon. Gentleman has the audacity to talk about a mess. When we took office in 1997, we inherited from the then Home Secretary—he is now Leader of the Opposition—an absolute shambles in respect of asylum procedures. I remind the House that applications are down by 50 per cent., that we have doubled the number of removals, and that the monthly intake is at its lowest for six years. Eighty per cent. of applications get an initial decision within two months, which compares with an average of 20 months under the Leader of the Opposition when he was Home Secretary. We removed 17,000 failed asylum seekers last year—three times as many as were removed when the Leader of the Opposition was Home Secretary. The shambles that we should be talking about is the asylum shambles that we inherited.

My right hon. Friend the Member for Stretford and Urmston (Beverley Hughes)—I am extremely sad about her recent resignation—was responsible for driving forward the very reforms that are coping with the problem. I see no need for a statement, and as for the Prime Minister's involvement, as he made clear in this morning's press conference, he is of course taking a close personal interest.

The hon. Member for North-East Hertfordshire (Mr. Heald) was kind enough to give my book of some 10 years ago a plug. I remind him that it was written at the height of a Conservative Government, and that it referred to all the bad legislation passed under Conservative Governments in particular. He seems unwilling now to accept the will even of the House of Lords. He and his Back-Bench colleagues are disappointed that the House of Lords has upheld the supremacy of the House of Commons, and given many millions more people the opportunity to vote through postal voting.

As Lord Carter pointed out in a letter to *The Times* this morning, if the House of Lords had not acted as it did, there would have been an unprecedented seventh round of ping-pong between the two Houses. He also pointed out, and it is worth quoting:

"Since 1997, 14 Bills have been sent back to the House of Commons more than once. In the 18 years under the Conservatives three Bills were sent back more than once—one every six years under the Conservatives, one every six months under Labour."

I am glad that common sense has prevailed. We are seeing the Conservatives mobilising their votes in the House of Lords to defeat a Labour majority in the House of Commons. In due course, we will address that problem with a Bill to reform the powers and composition of the House of Lords.

The hon. Gentleman quite properly pressed me on Sessional Orders, and I can repeat what I have said on successive Thursdays: we will bring the matter back before the House when we are in a position to report on the action that he seeks, which the Speaker has also sought.

On draft Bills, I am sure that the hon. Gentleman would accept—it is incontrovertible—that we have brought more such Bills to the House than was ever done before. That is a practice that I, as Leader of the House, am particularly keen on, because pre-legislative scrutiny results in better legislation. The three Bills that the hon. Gentleman mentioned will be brought forward in due course. The Chairman of the Liaison Committee has personally thanked me for giving advance notice of

when the Bills are due to reach the relevant Select Committees, so that they can prepare their work programme.

I was also asked about enhancing the powers of Select Committees. In fact, the Government have enhanced those powers in a variety of ways, providing them with more resources, the Prime Minister making himself accountable to the Liaison Committee and in other respects. As for the Osmotherly rules, to which the hon. Gentleman indirectly referred, we are currently considering them.

The hon. Gentleman asked about the Lord Chancellor and gave a very one-sided account of the report from the Standards and Privileges Committee. Let me quote to the House—I am sure that the hon. Gentleman will want to hear it—the statement made by the Lord Chancellor earlier today about the Standards and Privileges Committee report. He said:

"I fully accept its findings and I unreservedly apologise".

The hon. Gentleman will recall that I was quick to say that that matter should go before the Committee, which he welcomed. It has reported, and the Lord Chancellor has unreservedly apologised, which I believe the House will welcome.

The hon. Gentleman made a ludicrous suggestion about Ministers spreading fear among civil servants. Let me tell him that in every Department where I have worked I have had very good relationships with some of the finest officials in the country, and I continue to enjoy that privilege. We ask a lot of our civil servants, who help us to meet the challenges that the country faces, including those on illegal migration and asylum seeking. We are driving forward a record of economic success that is unparalleled in this country, and we are investing record amounts in public services. As I said, we ask a lot of our civil servants: far from their being in fear, they enjoy working for a Government who have a grip, who are in charge and who are driving forward those policies.

David Winnick (Walsall, North) (Lab): Over the last 40 years, legislation has been introduced to deal with racism and incitement to race hatred, but is it not time for Parliament to consider seriously how to deal with extremist groups that are totally unrepresentative of the Muslim community who daily preach hatred and violence, whether it be on the streets or in one or two mosques that they have taken over? If we were able to take such action, would it not help the vast majority of Muslims who are deeply embarrassed by those people who, as I say, are in no way representative of the law-abiding Muslim community in our country, which loathes terrorism no less than we do?

Mr. Hain: My hon. Friend makes a very good point, which will be echoed almost unanimously in the Muslim community, including by its leaders. I was particularly pleased that the secretary-general of the Muslim Council of Britain, Iqbal Sacranie, whom I know and enormously respect, sent a letter to colleagues throughout the country, making it absolutely clear that extremists and fanatics spoke not for the Muslim community but only for themselves. Indeed, he quoted a section from the Koran to show that the extremists were against its edicts and teachings. We greatly welcome such leadership, and we will continue to work with him and his colleagues to deal with the problem.

Mr. Paul Tyler (North Cornwall) (LD): Reverting to immigration and asylum, will the Leader of the House, on behalf of his Cabinet colleagues, think carefully during the recess about the way in which the system is being reviewed? Frankly, there is a collapse of confidence in the integrity and credibility of the system, which will not be improved by today's events. The right hon. Gentleman should reflect seriously on the need for an independent, rather than internal, inquiry into the process. It should be undertaken separately from the Foreign Office and the Home Office so that the attitudes and actions of Ministers can be properly examined. Clearly, the Sutton inquiry cannot achieve that.

I heard the dignified personal statement made earlier this afternoon, but does the Leader of the House recall that only on Tuesday the Home Secretary asked the House:

"Has the Minister of State done a first-class job? We all know that she has, so the answer to that question is yes, yes, yes. That is why she has our unequivocal backing and will continue to do so."—[*Official Report*, 30 March 2004; Vol. 419, c. 1444.]

On the same day, the Prime Minister's spokesman made the same point. Does the Leader of the House recall that, when Mrs. Thatcher gave her "unassailable" support as Prime Minister to Nigel Lawson, he was gone within days? Should not Ministers be warned that Downing street confidence is a very dangerous curse?

Turning to the report of the Standards and Privileges Committee, which has been published today, will the Leader of the House examine two important questions? First, there are recommendations about the way in which civil servants treat the Select Committees of the House. Paragraph 34 states:

"One thing this inquiry has revealed beyond doubt is the inadequacy of the guidance on parliamentary privilege currently issued by departments, both for use by Non-Departmental Public Bodies, and for internal departmental use."

What action is being taken on that?

We have just heard that the Lord Chancellor personally apologised, and we accept that, but I hope that the Leader of the House will accept that the Committee report says unequivocally:

"We therefore conclude, on the basis of the facts admitted in evidence, that, even in the absence of intent, the issuing of the letter of 11 December"—

the letter from the Lord Chancellor—

"and enclosures constituted a contempt."

Does the Leader of the House accept that being in contempt of the House and its Committees is a very serious matter? We need an urgent debate on it.

Mr. Hain: I am surprised that the hon. Gentleman has puffed himself up in this aggressive way, which is not typical of him. The report also made it clear that there was no intent on the part of the Lord Chancellor, who has unreservedly apologised. I would have thought that that met the requests of the Standards and Privileges Committee. Paragraph 34 of the report states:

"We are glad that the Government appears to have recognised this, and is taking steps to remedy this deficiency."

[Mr. Hain]

In other words, the Committee recognised the fact that the Government had acknowledged the problem and were taking steps to remedy it.

On the asylum and immigration system, I have to say that although the hon. Member for North Cornwall (Mr. Tyler) is a respected parliamentarian whose work I value, he is getting into very bad company with the Conservatives in seeking to make cheap points about a Minister who has accepted that she unwittingly gave a misleading impression and has acted honourably in resigning. I would have thought that the hon. Gentleman would welcome that. If I understood him correctly—he will tell me if I am wrong—he said that this afternoon's statement has not improved the position. I would have thought that, in the sense of showing high standards of honesty and integrity in public life, my right hon. Friend's statement has improved the position. As the Minister for Citizenship and Immigration, my right hon. Friend acted decisively to cut down the number of asylum applications and doubled the number of removals. I would have thought that that would be welcomed throughout the House, including by the hon. Member for North Cornwall.

Mike Gapes (Ilford, South) (Lab/Co-op): Can we have an early debate on the implications of the interpretation of the Data Protection Act 1998 by public bodies, particularly by NHS trusts? My own local trust wrote to me to say that I needed to acquire a consent form from elderly people in hospital or anyone who telephones my office before I could make any representations on their behalf. Is that not an infringement of the rights of Members, and is it not clear that some public bodies are beginning to interpret the Data Protection Act in a way that undermines our right to represent our constituents and their families?

Hon Members: Hear, hear.

Mr. Hain: I am very glad that my hon. Friend has raised that matter and, given the reaction of Members on both sides of the House, he has clearly touched on a pertinent point. I remind the House that in 2002, on his behalf and on behalf of all Members, the Government amended the Data Protection Act by an order that came into force on 17 December, which removes the Act's restrictions on the disclosure of sensitive data to Members of Parliament and other elected representatives when they are dealing with constituents' cases.

The Department of Health and the health service are in a slightly different position, as information held by hospitals about the health of individuals is likely to be held in confidence and disclosure to a third party is governed by the common law of confidence. However, the crucial point for my hon. Friend is that the Department of Health has issued guidance for NHS organisations, including trusts, that they should accept an MP's word, when an MP clearly states that he or she has the patient's consent. In that case, it seems to me that the hospital or trust involved should have accepted my hon. Friend's word that he had the patient's consent, as that is in line with the guidance issued by the Department of Health, so he should go back to the trust with that reminder.

Mr. John Wilkinson (Ruislip-Northwood) (Con): Can the Leader of the House assure us that the immigration supremo—namely, the Prime Minister, who is taking a close interest in immigration matters—will use the recess to study the impact of the Hillingdon judgment, to which I have referred the Leader of the House on other occasions? Is he aware that reimbursing boroughs such as Hillingdon, which have a port of entry, involves two Departments—the Home Office and the Department for Education and Skills—and that they do not always integrate or co-ordinate their reimbursement programmes and are tardy in bringing them forward? In future, the process should be accepted as a national responsibility, especially with regard to unaccompanied young people, as assistance is given to adults who are over 18 and not only to unaccompanied children. That is a major matter, and the Prime Minister ought to consider it.

Mr. Hain: The Home Secretary and, no doubt, the Prime Minister will have noted the hon. Gentleman's points. I remind him, however, that, in the past year alone, we recruited 4,000 extra staff to deal with the problems of asylum and illegal migration, which compares with planned Conservative cuts in 1997 of 1,200. Furthermore, if the shadow Chancellor's planned cuts of £1 billion were implemented in the Home Office budget, the hon. Gentleman's problems would get much worse and the problems of dealing with asylum and illegal migration would escalate to an uncontrollable extent. We are getting a grip on the issue, but Conservative policies would make that impossible.

Mr. Andrew Love (Edmonton) (Lab/Co-op): After the recess, will my right hon. Friend find time for a debate on the Barker report on housing supply? Over the past few years, Britain has experienced not only the highest house price inflation on record but the lowest amount of housebuilding, and the report addresses that. The issues affect everyone in the country, whether they are the cost of buying their own home, which is unaffordable for many people, or the unacceptable level of homelessness. A debate would also give us an opportunity to expose some of the Opposition nimbyism, when they say that they support the Barker report but not in their backyard. There are many reasons for my right hon. Friend to hold such a debate, and it would give Parliament an opportunity to join in the consultation on the Barker review.

Mr. Hain: I very much agree with the thrust of my hon. Friend's points. The issue is important, and that is why the Government acted in advance to commission the Barker review, which provides many of the solutions to the problem. I am sure that all Members find, like me, that the problem especially affects first-time buyers who find it extremely difficult to get on to the housing ladder. However, at least they have the confidence of very low mortgage rates and the certainty that, under the economic stability that the Government have locked in,

interest rates will remain low. Mortgages will thus remain low and people can plan ahead in security for a future in which they can own their own homes.

Sir Nicholas Winterton (Macclesfield) (Con): The Leader of the House failed to answer—I think, inadvertently—the question put by my hon. Friend the shadow Leader of the House about the Procedure Committee report on Sessional Orders and resolutions. Can he tell us when the Government intend to reply? Similarly, can he give us an answer about the debate on debate procedures, private Members' Bills and the role of the Speaker? Because the Leader of the House and I have a very good relationship, may I ask him to have a word with his diary secretary to find an earlier date than the one he has offered for his appearance before the Procedure Committee in respect of our inquiry into programming? It will be inconvenient to delay the work of the Committee for as long as the right hon. Gentleman wishes to do. Will he be obliging towards me today—the day after my birthday?

Mr. Love: Happy Birthday!

Mr. Hain: Happy birthday, indeed, to an esteemed Back Bencher, to whom I always seek to be obliging. I remind others involved in such decisions that the hon. Member for Macclesfield (Sir Nicholas Winterton) keeps harrying me on Thursdays about reporting to the House on the Procedure Committee inquiry as soon as possible and that they should note that, but I shall respond as soon as I can. I do not complain that the hon. Gentleman keeps bobbing up and down to remind me of that. I cannot talk about my diary across the Floor of the House, but I shall come to the Committee as soon as I can. Obviously, I do not want to detain its deliberations, but I am not aware of the options available to me in what is a busy diary.

May I thank the hon. Gentleman for the Committee's report on the sitting hours questionnaire? It has been extremely valuable and informative in my taking forward decisions that might enjoy consensual support in the House.

Helen Jones (Warrington, North) (Lab): Can my right hon. Friend find time for a debate on doorstep selling techniques, especially the activities of firms that prey on elderly people by ringing them up and claiming to have connections with the police and local councils, prior to visiting them to sell them expensive and often useless alarm systems? Can we find time to debate how we might protect elderly and vulnerable people from such high-pressure and iniquitous sales techniques, and how we might also encourage the police to ensure that people are given proper security advice, rather than leaving them to the activities of those fly-by-night firms?

Mr. Hain: My hon. Friend raises a very important matter, and I and the House are grateful to her for bringing it to our urgent attention. The practice is iniquitous, and the police, in particular, will want to take her advice and act with great speed to clamp down on it. I know that the police and the Home Office will study her intervention closely—after *Hansard* is printed, that is—and I am grateful to her.

Furthermore, it is imperative that we keep up funding for the Home Office, that we keep increasing it—planned increases are in the pipeline—and that we do not cut it by £1 billion as is planned under the alternative Government of the Conservatives.

Mr. Alex Salmond (Banff and Buchan) (SNP): May we have a debate to clarify what should constitute a matter for ministerial resignation? If it has become a resignation matter inadvertently to mislead Parliament and the people over the Home Office and immigration, why is it not a resignation matter inadvertently to mislead Parliament and the people over weapons of mass destruction and Iraq?

Mr. Hain: Quite simply because there was no misleading involved on the question of Iraq.

Tony Lloyd (Manchester, Central) (Lab): May I remind my right hon. Friend of the importance of the charity commissioners, who are the custodians of our charities and ensure that charities are accountable? May we have a debate on the matter, owing to the failure of the Charity Commission to take proper responsibility for the Indian senior citizens centre in my constituency and, perhaps even more important, its failure to respond, through the chief charity commissioner, to me as the Member of Parliament? That lapse in standards is not acceptable and the charity commissioners need a bit of a shot up the—

Mr. Eric Forth (Bromley and Chislehurst) (Con): Elbow?

Tony Lloyd: A shot in the arm.

Mr. Hain: It is no longer April foo''s day so I shall take very much to heart my hon. Friend's point about a shot in the arm. In fact, he makes an important point. The Charity Commission and anybody connected to it must respond to the inquiries of Members of Parliament and to their complaints and protests. The Home Secretary and in due course, I am sure, the Charity Commission will note the points that he made.

Mr. Forth: When will civil servants get statutory protection from Ministers? We recently had the now-departed Minister for Citizenship and Immigration disgracefully dumping on her civil servants. The Lord Chancellor has at least had the grace to apologise, as a result of the Standards and Privileges Committee report, but it leaves the issue unresolved. How long will it take the Government to provide their civil servants with protection?

Mr. Hain: The right hon. Gentleman was a Minister in a Government who became a byword for incompetence and sleaze. As for the relationship with civil servants, when we came to office they were delighted to find a Government full of vision, full of grip and full of plans, instead of the incompetent Administration who were kicked out in 1997.

David Taylor (North-West Leicestershire) (Lab/Co-op): To endorse the point made earlier by my hon. Friend the Member for Ilford, South (Mike Gapes), will

[David Taylor]

the Leader of the House find time for an inquiry into the quality of management in some of our acute hospitals? Mr. Terence Hope—one of my constituents and a consultant neurosurgeon at the Queen's Medical Centre University Hospital trust in Nottingham—was suspended two weeks ago because of a hotly denied, most trivial incident that related to a privatised restaurant in the complex. He was reinstated a week later, although by then clinics had been cancelled, operations had been postponed and a lot of lives had been jeopardised. Have we really lost the public service ethos to the extent that it would appear? Can we not have a detailed examination of the background to such incidents so that lessons can be learned for the delivery of high quality clinical care in the NHS, not the pursuit of spreadsheet-type management?

Mr. Hain: I suppose that that counts as the crouton affair. If the facts are as reported and as my hon. Friend underlines, it is, frankly, a ludicrous episode and he is right to bring it to the attention of the House. I am sure that Health Ministers will have noted very carefully what he said.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Will the Leader of the House arrange a debate as soon as possible on the new Labour doctrine of ministerial irresponsibility, under which Ministers deny responsibility for their own Department's actions, plead ignorance, which should be culpable, blame officials, which is despicable, and attempt to silence whistleblowers, which is intolerable? The latest example of that involves the Lord Chancellor, who was found guilty of contempt of the House. An apology is not enough because the Committee's report says that

"a subsequent apology is not, however, sufficient to undo the original damage".

We now have a Lord Chancellor who wants to abandon his title but hang on to the perks of his office; we have a Solicitor-General who is in contempt of court but wants to hold on to her office; and we have a Home Secretary who has used his hapless Minister of State as a human shield in order to deny responsibility for the biggest collapse of immigration policy that this country has ever known. When can we have a debate on Ministers taking responsibility for their actions and inactions?

Mr. Hain: The right hon. Gentleman was a Cabinet Minister in a Government who consistently failed to take responsibility for their own actions and were bedevilled with incompetence and sleaze. I am amazed that he has come here a few hours—*[Interruption.]* A member of the Cabinet went to prison as a result of that, so I should have thought that he would have a little less aggression in raising such issues—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. The Minister is replying to the questions.

Mr. Lilley: On a point of order, Madam Deputy Speaker. Is it in order in the House, by association, to accuse people of dishonour or impropriety?

Madam Deputy Speaker: Sometimes, in the heat of discussion that takes place in the Chamber, such an inference may be taken, but I did not read that into the reply from the Leader of the House.

Mr. Hain: I was making no such accusation about the right hon. Gentleman; I was referring to what he has said. A Minister in our Government has had the integrity to come before the House, accept responsibility for unwittingly giving a misleading impression, and resign—but he gets up and attacks her and says that that somehow indicates a different picture, when we know the Conservative Government's record. He served as a Cabinet Minister in that Government. That was the point that I was making.

No further action was required of the Lord Chancellor in respect of the Standards and Privileges Committee report—a recommendation about which the right hon. Gentleman failed to remind the House—and his unreserved apology draws a line under that matter.

Mr. Barry Gardiner (Brent, North) (Lab): Is my right hon. Friend aware of the proliferation of commercial self-storage warehouses across London? Does he understand the relationship between those people who are put into temporary accommodation or made homeless and the fact that their goods and property are then stored at public expense? Is he as outraged as I am by a story that was related to me by a constituent who came to my constituency surgery two weeks ago? She told me that a sofa that she purchased new for less than £800 has been stored at a cost of more than £10,000, at public expense. Does he not believe, as I do, that the spending of public money in that way should be investigated?

Mr. Hain: I must say that my hon. Friend has brought to my attention and to that of the House an episode and a practice of which I had no knowledge. I am sure that the relevant Ministers will want to take extremely close note of what he has said and to take the necessary action—if it is in their power to take such action, given that those commercial self-storage warehouses are presumably private operations. Clearly, public money should not be wasted to the extent that he implies.

Sue Doughty (Guildford) (LD): Is the Leader of the House aware of the problems associated with Mayflower—an automotive engineering company—going into administration, which has put at risk the entire British bus building industry? Owing to the dubious nature of Mayflower's management, workers' pensions have been put at risk. Will the Leader of the House please ask his colleagues to introduce proposals to deal with the pensions of employees in that situation and arrange a wider debate on the future of the bus building industry in this country?

Mr. Hain: I did read reports to that effect, and they are very disturbing indeed. There are echoes of the experience that I have had in Wales with the ASW workers who lost their pensions when the company went into liquidation. In fact, they were robbed of their pensions. That is precisely why we plan to pass pensions legislation to give proper protection to workers so that they do not suffer from such scandals in the future.

Mr. Michael Connarty (Falkirk, East) (Lab): Is my right hon. Friend aware of whether the Government intend to bring forward the report on the coal health compensation scheme, application for which ended yesterday? In particular, will they consider the matters raised in early-day motion 818 about legal charges?

[That this House expresses its continued concerns about solicitors who charge clients in addition to the costs paid by the Department of Trade and Industry; and calls upon Her Majesty's Government to ensure that all solicitors sign an undertaking guaranteeing that they will not levy any charges from the compensation paid to miners, former miners or their families in respect of coal health claims, and that the Department of Trade and Industry does not make any payments to solicitors until such an undertaking has been signed.]

There are suspicions that solicitors have levied extra charges. If the Government consider such matters, will they look at the situation in Scotland? Although the Law Society of Scotland says that there is no double charging in Scotland, we find that there are a number of so-called arrangement companies—one of which is called IDIC and is owned by Mr. and Mrs. Owens—that are putting adverts in the paper. Very elderly people then phone them up, and all they do is pass them on to a solicitor—that seems to me to be collusion—who sends them a form to sign over 10 per cent. of their claim to the arrangement company. I have found a solicitor who does that and I want the Government to look at it very seriously—

Madam Deputy Speaker: Order. The hon. Gentleman is going on rather long.

Mr. Hain: My hon. Friend raises a very serious matter. We have many examples—I have had to look into some in Wales—of claims farmers advertising and getting sometimes vulnerable elderly people or widows to make claims that the claims farmers are unable to handle. The claims are simply posted to a solicitor, and the claims farmers then charge those people. In some cases, they charge thousands of pounds. The Government's compensation scheme, which has been responsible for payments of well over £1 billion—in fact, I think that the figure is nearing £2 billion nationwide—makes it expressly clear that solicitors and other legal costs will be paid for under the scheme and rules out any charges on former miners and sick miners who have lung disease or vibration white finger, or their families. They are not allowed to be charged under the terms of the scheme. That iniquitous practice by claims farmers must end and, indeed, the Government are looking into it.

Dr. Julian Lewis (New Forest, East) (Con): In endorsing what the Leader of the House said about the importance of the letter from Iqbal Sacranie to the imams urging respect for law and order and peace and security in this country, may we have a statement soon from the Home Secretary about the future role of the Minister with responsibility for counter-terrorism?

It is not sufficiently appreciated that the Minister with responsibility for counter-terrorism is one and the same as the Minister with responsibility for immigration. Given the difficulties—I put it no higher than that—that attend immigration issues at present, is it not time now for the Government finally to recognise that we need a separate Minister with responsibility for counter-terrorism, as we on the Opposition Benches have argued all along?

Mr. Hain: First, I acknowledge the hon. Gentleman's consistent work in fighting racism. I very much agree with him about Iqbal Sacranie. As for counter-terrorism, I know from personal experience that my right hon. Friend the Home Secretary and his team have that firmly in their sights. Indeed, my right hon. Friend is involved almost daily in counter-terrorism work. That is the answer to the hon. Gentleman's question. The Cabinet Minister with responsibility for fighting terrorism is on the case on a daily basis and is taking some tough decisions to protect us. I hope that he will have the hon. Gentleman's support when he does that.

Mr. Tom Watson (West Bromwich, East) (Lab): Is my right hon. Friend aware of the campaign mounted by thousands of my constituents to have a proper St. George's day celebration? I am pleased to say that it has been taken on board, wisely, by council leader Bill Thomas. Does my right hon. Friend think that the House should celebrate St. George? We have an annual St. David's day debate; could we have an annual St. George's day debate? When my right hon. Friend is answering my question, will he take time to condemn proposals to introduce the single transferable vote for the Welsh Assembly?

Mr. Hain: I am happy to say that I disagree with the Richard commission's proposal for a single transferable vote. As my hon. Friend knows, I am a long-standing opponent, as I think he is, of proportional representation. I do not think that that policy will go much further than the Richard commission. That will certainly be the case if I have anything to do with it.

My hon. Friend makes the novel suggestion that there should be St. George's day celebrations. It is an interesting idea. We have a St. David's day debate. I am not aware that we have St. Patrick's day or a St. Andrew's day celebrated or debated in the House. No doubt it is a matter that I shall have to examine closely now that my hon. Friend has raised the issue in such a cordial fashion.

Mr. Andrew Turner (Isle of Wight) (Con): Now that the ping-pong is over, could we have a thoughtful and temperate debate about the role of the House of Lords? The other place is now in the shape the Government want and they have no further proposals to change it. What are peers' responsibilities, in particular, for Bills that are not foreshadowed in the Labour party's manifesto and for ensuring that no Government use their majority to gerrymander the electoral system?

Mr. Hain: I am up for a temperate and thoughtful debate on any issue. If the hon. Gentleman wishes to carry on in that fashion, he will find me a ready partner. The ping-pong has again revealed—I am glad that the House of Lords saw common sense by 30 votes in the end—the need to deal with the powers and procedures of the other place. Its procedures are chaotic and Governments do not have a proper ability to manage business, with the consent of the usual channels. Its powers need to be examined. On this occasion, the House of Lords backed down at the last minute, which was welcome. However, there was consistent defiance of clear votes in this place, principally orchestrated by Conservative peers, who are in a majority over Labour peers, even though Conservative Members are a small minority in this place.

[Mr. Hain]

Far from backing off, we are considering closely future legislation to deal not only with the issue of compensation but with restricting the power of the Lords to defy the will of the Commons. The role of the Lords is to scrutinise and revise—not to veto.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I welcome the fact that my constituents will be able to have an all-postal ballot in June. It will be good for democracy because it will be good for turnout.

I ask my right hon. Friend to arrange a debate on the excellent work that is carried out by the youth service. It provides good facilities and engages in worthwhile activities that often divert young people from less worthwhile activities that can lead to serious antisocial behaviour. As part of that debate, could we contrast the future of the youth service under a Government whose policy is to provide extra funds for local government, which can lead to further improvements in youth service delivery, with another scenario where significant cuts in the budgets of local councils will lead to the closure of youth clubs, the sacking of youth workers and a rise in antisocial behaviour?

Mr. Hain: My hon. Friend is right that his constituents will have the opportunity, because of the leadership shown by my right hon. Friend the Deputy Prime Minister and his ministerial colleagues, to vote in the comfort of their own homes. As he has said, that is good for democracy because it is good for turnout, whomsoever may benefit from that turnout.

As for the youth service, my hon. Friend is right that local authority budgets under this Government will continue to rise in accordance with the planned increases in spending. If we were to see a £2.5 billion cut in local government budgets, as the plans of the shadow Chancellor foresee, we would have a decimation of services that are provided for the youth of this country, and an increase in antisocial behaviour would follow as a result.

Bob Spink (Castle Point) (Con): Will the Leader of the House find time for an early debate on the rebuilding of Iraq so that, first, we can congratulate our forces on their professionalism, courage and moderation in the work that they do in that country, and secondly, have regard to the money under the oil-for-food programme and the development fund—which is now well over £3 billion—and ensure that it is released as early as possible so that the Kurds, the Sunnis, the Shi'ites, the Turkamens and the other ethnic groups can use the money to start building hospitals and schools in Iraq?

Mr. Hain: The hon. Gentleman brings a voice of common sense to the Chamber on these matters, which I welcome. Our soldiers and others are doing a fantastic job in rebuilding Iraq. As the survey of Iraqis recently showed, that is getting the support of the population in overwhelming numbers. The hon. Gentleman will have the opportunity to make his points with even greater eloquence when there is a debate on Wednesday 21 April in Westminster Hall.

Llew Smith (Blaenau Gwent) (Lab): I am sure that my right hon. Friend will remember that at the time of the referendum for a Welsh Assembly we were told that Wales was run by quangos. To rectify that wrong, we first had to vote for a Welsh Assembly, and then give it the powers to make a bonfire of the quangos. My right hon. Friend will be aware that there are now even more quangos in Wales than there were when the Assembly was first established. They are more powerful today than when the Assembly was first established.

My right hon. Friend will also be aware that yesterday the Richard commission reported its conclusions. Not surprisingly, it merely repeated the words of its master, Rhodri Morgan, and demanded more powers for the Welsh Assembly. Some of us believe that before pushing for more powers, it should use the powers that it already has. Let us have a debate on the report of the Richard commission, please.

Mr. Hain: I would be quite happy to have a debate on the Richard report. As for a bonfire of quangos, my hon. Friend will know that a number of quangos were taken under the auspices of the Assembly, where they could be better held accountable. A number of other non-departmental organisations have been established to carry out new functions, which has been the practice across Britain.

As for the Richard commission's report, I look forward to detailed consultations with my hon. Friend and other Back-Bench colleagues of all parties, with Cabinet colleagues and also with members of the Welsh Assembly Cabinet to ascertain whether there is a basis for moving forward. I do not think that the model that is outlined to its full extent in the Richard commission's report really provides that basis. If there were to be a Scottish Parliament option, there would have to be a referendum. I am sure that the hon. Gentleman agrees with me on that. I think that the number of Members of Parliament needs to stay the same in Wales. I think also that the electoral system that has been operating for the Welsh Assembly is deeply flawed—a point that was recognised by the Richard commission.

Mr. Andrew Mackay (Bracknell) (Con): As a member of the Standards and Privileges Committee, may I put it to the Leader of the House that he has singularly failed to answer questions properly put by my hon. Friend the shadow Leader of the House and the hon. Member for North Cornwall (Mr. Tyler) concerning our report, which was published earlier this morning, entitled "Privilege: Protection of a Witness"?

As the Leader of the House quoted partially from paragraph 34, may I complete the quote? We said:

"We urge the Government to treat this as a matter of urgency. The House should be consulted on the terms of any proposed guidance."

May I have assurances that when the Government finally prepare proper guidance on privilege, not just to Ministers but to all public servants, we will be consulted and there will be a full debate here in the House?

Mr. Hain: I shall certainly bear the right hon. Gentleman's request in mind. It is a new report, out today, and we will study it carefully. We have welcomed the Committee's conclusion that Ministers had regard only to their policy objective of giving CAFCASS a fresh start as soon as possible, and we fully accept the

findings. There is no dubiety about that. We fully accept the findings and the Lord Chancellor has unreservedly apologised.

Mr. John Redwood (Wokingham) (Con): May we have an early debate on why, with so much money voted by the House for health, district general hospitals like mine are short of money, short of management freedom and short of capacity to deal with all the demands being placed upon them?

Mr. Hain: I do not know about the individual situation in the right hon. Gentleman's hospital, but I assume that he supports a policy advocated by those on his Front Bench that will result in £2 billion being taken out of—robbed from—the national health service, to go down the road and follow patients—who can probably afford to have private operations anyway—under the Conservatives infamous patients passport scheme. So I cannot see how the predicament that he describes locally will be improved by the Conservatives; indeed, it will be made worse. We are consistently putting in more and more resources, which are locked in for many years to come.

Tony Baldry (Banbury) (Con): Is the Leader of the House up for a thoughtful and temperate debate on the investigative powers of Select Committees? Of course everyone welcomes the Prime Minister coming before the Liaison Committee twice a year and extra staff for Select Committees, but as the recent experience of the Foreign Affairs Committee demonstrated, it is almost impossible to get Ministers to answer questions that they do not want to answer or to provide information that they do not want to give. It is almost a quarter of a century since departmental Select Committees came into being. Would not this be a good time for the Leader of the House and the Liaison Committee to have a discussion about how the investigative ability of departmental Select Committees could be improved?

The Deputy Prime Minister (Mr. John Prescott): Get decent questions.

Mr. Hain: My right hon. Friend reminds us that we need decent questions. The hon. Gentleman's point is a fair one, and of course I am up for a thoughtful exchange with him and fellow Select Committee Chairs about the powers of investigation and accountability of Select Committees.

ROYAL ASSENT

Madam Deputy Speaker (Sylvia Heal): I have to notify the House, in accordance with the Royal Assent Act 1967, that the Queen has signified her Royal Assent to the following Act:

European Parliamentary and Local Elections (Pilots) Act 2004

Point of Order

2.53 pm

Mr. Michael Connarty (Falkirk, East) (Lab): On a point of order, Madam Deputy Speaker. I seek your advice on a matter that is causing me some problems as a Member of Parliament. Over the past 11 years, when I have written to the chief executive of my local council I have had a reply from her or the chief officer. Since the Scottish nationalist party gained minority control of the council, Mr. David Alexander, the SNP council leader, has been replying to my letters—he has done so on three occasions. I have tried to persuade him that that is not his role. I can find nothing in the council minutes to say that he has that authority. I seek your advice on how I can deal with the matter. Surely it is breach of privilege that he intercepts my letters or deals with them and does not let the council take its proper course or let the chief executive reply.

Madam Deputy Speaker (Sylvia Heal): I understand what the hon. Gentleman is saying, but it is not a matter that the Chair of the House can deal with; it is a matter for the local authority concerned.

Easter Adjournment

Motion made, and Question proposed, That this House do now adjourn.—*[Jim Fitzpatrick.]*

2.54 pm

Ian Lucas (Wrexham) (Lab): It is a pleasure to address the House with you in the Chair, Madam Deputy Speaker, as some of the matters that I shall raise relate to an area that you know well in north-east Wales, as you come from the constituency next door to mine. In a week in which there has been some discussion of the report from Lord Richard—known commonly as the Richard commission report—I shall take the opportunity to raise matters that are of concern not just in Wales, but in the House about the responsibilities of Members of the House and the way in which the United Kingdom is governed.

Devolution has had a huge and, in my view, beneficial effect on Wales. As a native of north-east England, when I first moved to Wrexham way back in 1986, it was difficult at times to know that one was in Wales. I moved just across the border seven years later—

Llew Smith (Blaenau Gwent) (Lab): My hon. Friend says that the Welsh Assembly and devolution have had a beneficial effect on Wales. Does he believe that that applies to the health service in Wales?

Ian Lucas: There are problems in the health service in Wales, which are familiar. They are deep-seated and reflect the poorer state of health of people in Wales, which is of long-standing. The problems in the health service in Wales predate devolution. The structures for dealing with the problems of the health service in Wales differ from the structures in England. One of the benefits of devolution is that we have different systems operating in England and Wales, but where there are examples of better systems working more successfully in England, we must not be afraid of copying them in Wales.

I wanted to reflect on the changes that devolution has made in Wales. There was a surge in the national identity of Wales following the introduction of devolution—an expression of identity that added hugely to the positive feel in the country. It has influenced my views on regional devolution in England. I am from north-east England, which has a strong regional identity that would be greatly complemented by the introduction of a regional assembly. I hope that it will be one of the first areas to have its own assembly following the vote later this year.

Devolution has brought material benefits. It has corresponded with a huge decline in unemployment in my constituency, which is well under 3 per cent. now, compared with a high of 20 per cent. way back in 1983. Unemployment in my constituency has halved since 1997. Devolution and the work of organisations such as the Welsh Development Agency in promoting Wales are an effective way of bringing investment to Wales. I recall an advertisement that I saw on a British Airways flight recently that promoted Wales as a good place for investment and the identity of Wales. That was reflected in my constituency by Sharp Manufacturing announcing only last year that its European base for the production of photovoltaic cells for the European market was to be in Wrexham, in competition with possible sites in Spain, Germany and France. Material benefits have resulted from devolution.

One complication that may be peculiar to my area, the north-east of Wales, is the effect of devolution on the delivery of public services to my constituents. That is the topic on which I shall concentrate. Wales has distinct regions, one of which is north-east Wales, which has a peculiarly close connection with north-west England. The example that I often cite is the Welsh edition of the *Daily Post*, which is read throughout north Wales and whose back pages carry news about Liverpool, Everton and Manchester United, matters of some interest to my constituents. Meanwhile, *The Western Mail*, which describes itself as the national newspaper for Wales but is rarely read in my constituency other than by politicians, concentrates on rugby on its back pages, which is of less interest in my constituency than perhaps it is in south Wales. That reflects the different perspectives of my constituents.

Service delivery in my area perhaps reflects the close links between north-east Wales and north-west England. Telephone exchanges in England serve my constituents in Wrexham, some of my constituents attend school in England and many students from my area attend universities throughout the United Kingdom. Many of the specialist medical services that are delivered to my constituents are delivered from England and include vital services such as children's services, cancer services and orthopaedic services. Doctors who work in my constituency are commonly employed on joint contracts with hospitals in England.

I raise these issues in this House and with Ministers from the National Assembly for Wales, but the complications that can be caused by that situation are not always fully appreciated. As a result of devolution, some of my constituents sit in a hospital waiting room next to patients from England to see the same doctor for the same condition, but are told that they must wait longer for treatment than if they were from England. It is equally true that I pay less for prescriptions than my colleagues from England and that patients from Wales will pay nothing for prescriptions by 2007.

The Government do not fully appreciate the position on the ground, and that was certainly reflected by my experience of the Health and Social Care (Community Health and Standards) Act 2003, which introduced foundation hospitals in England, while the National Assembly for Wales decided that it did not wish to introduce them in Wales. But it was not fully appreciated at the time in either London or Cardiff that one English hospital, the Countess of Chester hospital, which was in the first wave of hospitals to apply for foundation trust status, which it has since secured, serves not only patients in Cheshire and across north-west England, but my constituents in Wrexham and Flintshire. As patients are entitled to be represented on the board of foundation hospitals, one would expect patients from Wrexham and Flintshire to be so represented, but the Bill, as originally drafted, allowed only patients from England to be represented.

That was clearly wrong, so I worked with my hon. Friends the Members for Alyn and Deeside (Mark Tami) and for Delyn (Mr. Hanson) to secure an amendment to the Bill to allow patients from Wales to

be represented on the board of foundation hospitals. To their credit, the Westminster Government and the Welsh Assembly Government in Cardiff agreed to the amendment and the Act now protects the interests of patients from Wales.

That example is important because it reflects the role of MPs from Wales in this House, but it also shows that neither the Welsh Assembly nor Westminster fully understood how services were being delivered in north-east Wales. For Westminster and for Cardiff, England and Wales were entirely distinct and could be dealt with entirely separately, but that is not the reality.

In my pragmatic view, politics is about dealing with reality. In that case, neither Government understood that health services in north-east Wales are delivered from England and Wales and cannot be disentangled, and that is true of England and Wales generally. They are distinct countries, but irrevocably linked.

The strength of the current devolution settlement is that it reflects that reality. Devolution works best when it reflects the position on the ground, and it works worst when it seeks to foster difference for its own sake. Only yesterday, in the debate on the Higher Education Bill, my hon. Friend the Member for Cardiff, Central (Mr. Jones) raised the effect of that Bill on Wales. There are still substantial difficulties in the way in which the Bill will affect higher education for my constituents.

In my constituency, the North East Wales institute of higher education, an excellent institution that works hard to attract students from poorer backgrounds, takes around 60 per cent. of its students from Wales and 40 per cent. from England. From 2006, when the Bill becomes law, that institution will not be able to charge students top-up fees, unlike higher education institutions in England. The result will be twofold. First, it will be necessary for the National Assembly to make up the shortfall in income for the cohort of students commencing in 2006 for, I believe, a full three years. Secondly, it will be much cheaper for English students to study in Wales than in England because they will not pay top-up fees in Wales. As in the Health and Social Care (Community Health and Standards) Act, that policy is not a real and practical one reflecting the long-established and important freedom of students to study wherever they wish in the UK.

Because I want the devolution settlement to work, I want the Assembly in Cardiff and the Westminster Parliament to work closer together. There needs to be input from Westminster because policy in Wales is affected by what happens in England. The Higher Education Bill is a classic example of that. But there also needs to be input from Cardiff bay, because education policy needs to be integrated into the more general thrust of policy in Wales. There are very different developments in education in the secondary sector in Wales, including the Welsh baccalaureate, which reflect the different make-up and needs of the Welsh economy and some of the past deficiencies of secondary education in Wales.

In an effort to try to develop that integration further, for the past two years I have been suggesting that Westminster Members of Parliament and Assembly Members need to work together on joint committees to consider draft legislation that affects Wales. I welcome the views of the Welsh Affairs Committee on the matter, and the work that it has already done to take the proposal forward. I understand that the Presiding Officer in the National Assembly is considering the next stage.

If the Higher Education Bill and the Health and Social Care (Community Health and Standards) Act had been considered at an early stage in draft by such a joint committee, some of the problems that still exist in the legislation would have been avoided. I spoke in a debate a few weeks ago on the benefits of draft legislation, to which my good hon. Friend the Deputy Leader of the House responded, and those benefits are especially evident in helping the devolution settlement to work better. The current settlement works very well between the Executive in Wales, the Welsh Assembly Government, and the Executive here, the office of the Secretary of State for Wales, but it should be improved by developing better relations between Assembly Members and Back-Bench Members of Parliament.

The further separation of England and Wales would not help the operation of the devolution settlement, but it would hinder the delivery of services, choice and efficiency. The strongest argument for giving primary legislative powers to the Assembly would be if the Assembly wanted to do a particular thing, but could not do it without them. I still await an explanation of the particular policy that the Assembly wishes to deliver but cannot because of the current settlement. I am also yet to hear an example of a service that the National Assembly fails to deliver well because of Westminster's input. On the contrary, services are delivered better when the working relationship between Westminster and Cardiff bay is close.

Some say that the current constitutional settlement uniquely disadvantages Wales, but I see no evidence for that. It provides huge benefits for Wales, promotes Wales in a way in which it has never been promoted before and enables policy to be devised and implemented much closer to the people of Wales. The Assembly can therefore be much more responsive than Westminster, but the current settlement also reflects Wales's close links to England, which allows services to be delivered efficiently. I therefore conclude that Wales is uniquely placed within the UK, and that that is to its advantage.

One of the most difficult relationships to manage in any non-unitary state is that between central Government and nations or regions. It can lead to paralysis in Government—in Germany and Spain, for example, there is frustration that the Government cannot bring about change because of inertia. In contrast, the settlement under the Government of Wales Act 1998 is remarkably flexible. I asked the Secretary of State for Wales which functions have been transferred to the National Assembly since 1998, and his written answer states:

> "The functions are too numerous to list".—[*Official Report*, 15 January 2004; Vol. 416, c. 825W.]

Where it has been shown that functions are delivered better if they are devolved, there has been no difficulty in transferring them.

It is time to end the lazy thinking on the Assembly's powers. If there is a case for the transfer of further powers, let it be argued. If there is a case for the

[Ian Lucas]

Assembly having primary legislative power, let us hear a positive argument saying why it should happen and what the advantages would be for the people of Wales and Wrexham. Let those who suggest that it would be better for the people of Wrexham if further separation between England and Wales took place put their case openly. Let us not have the lazy argument that the Assembly should have primary legislative powers because the Scottish Parliament and the Northern Ireland Assembly have them. Those institutions are in entirely different positions, and have different legal systems and separate statute books. A system appropriate to Scotland may not be appropriate to Wales.

If it is said that the current settlement is failing and needs to be changed, let the people of Wales be asked about the matter. The White Paper, "The Government's Proposals for a Welsh Assembly", which was published in 1997, clearly states:

"Wales will remain an integral part of the United Kingdom. Wales and England will continue to share a common legal system and Parliament will continue to pass new legislation for Wales."

The 1997 referendum granted that mandate, and if new laws for Wales are no longer to be made by Parliament, the people of Wales must be consulted in a referendum.

Devolution is a success story, and it can be made more successful by Cardiff bay and Westminster working more closely together. What threatens its success is the desire of some to separate that which is joined and to do so without the consent of the people of Wales. If devolution is to retain the confidence of the people of Wales, such a situation must be avoided at all costs.

3.14 pm

Mr. Paul Tyler (North Cornwall) (LD): I sympathise with the hon. Member for Wrexham (Ian Lucas) in that I, too, represent border country—in my case, the border is between Celtic Cornwall and England, and I agree that problems arise.

This afternoon, I want to raise issues that will concern all hon. Members, rather than raising parochial issues. For some years now, as a member of the Royal British Legion Gulf war group, I have raised concerns on behalf of service families in a series of debates in this House. A number of my immediate family have been regulars in the armed forces, but I must say that I have only recently become aware of the extraordinary disparity between, on the one hand, the commitment of those who serve us, and their families, and, on the other, the often complacent and cavalier attitude of the Ministry of Defence, which has been particularly apparent since the Gulf war of 1991. The continuing serious health problems suffered by so many veterans of that conflict are still a matter of concern, and all too often the Ministry's attitude seems to have carried over into the treatment of those who have served in Iraq in the past 12 months.

We saw another example of that just a few days ago, when a research report identifying a much higher than average number of birth defects and stillborn babies among those service families was published. The Ministry rushed out a denial of the connection even before the actual results had been reported to Parliament—methinks it does protest too much.

My main concern, however, is for the families who lost loved ones in the most recent conflict. Just 12 months after the first casualties in the Iraq invasion, there are still far too many unanswered questions. In the Christmas recess debate, I set out the full detail of the extraordinary and deplorable way in which the tragic death of Sergeant Steven Roberts, from Wadebridge in my constituency, has been investigated.

Sergeant Steven Roberts was the first British fatality in Iraq, on 25 March 2003. At the time of the Christmas recess debate, nearly nine months after he was killed, his widow and family had received hardly any official and authenticated information about the circumstances. However, drawing together the threads, I was able to make these points in that debate: first, Sergeant Roberts had been issued with enhanced combat body armour—so-called ECBA—but it had been taken away from him; secondly, had he still been wearing ECBA, his life would have been saved; thirdly, according to the National Audit Office report on equipment supply failures, 200,000 items of ECBA "disappeared" between 1999 and 2003, resulting in shortages in theatre in Iraq; fourthly, in his confrontation with Iraqi dissidents, Sergeant Roberts' pistol seems to have misfired, but it was reissued and not checked after his death; finally, Sergeant Roberts's family had been given the clear impression immediately after his loss that the fatal shot was fired by a colleague seeking to defend him in a case of "friendly fire", which is an artificial and unhelpful phrase.

We all know only too well that terrible mistakes can occur in the confusion of war. Troops know that they risk injury and even death in any hostilities, but that is not the issue. What is in question is whether the Ministry fulfils even its most basic responsibilities to those who serve their country in the armed forces and their families—months of inadequate information, inadequately communicated, is a pathetic response to that self-sacrifice.

At the close of the Christmas recess debate, the Minister, who is present today, assured me that those concerns would be drawn to the attention of the Secretary of State for Defence, who would meet me, Mrs. Samantha Roberts and other members of Steven Roberts's family. That meeting took place on 19 January, and the Secretary of State retreated from his previous assurances about equipment supply. The House will recall that on 14 May 2003 he told the Defence Committee that there was no evidence of serious shortages:

"There may have been the odd person who did not get the right sized pair of boots. There may have been the odd soldier who one day did not get his lunchtime ration pack. There may have been the odd soldier who did not like his ready-to-eat meal . . . There was sufficient clothing and protective equipment in theatre to deal with a force of this size."

Only five weeks later, Major-General Robin Brims, the UK land component commander, told the same Committee:

"I was aware that we did not have the body armour—we did not think we had the body armour—where we wanted it, in all cases, so we did a major redistribution and it is very hard to do a major redistribution . . . while actually conducting an operation."

At our meeting in January with the Secretary of State, I asked him to explain that extraordinary discrepancy in the evidence given to the Committee, but answer came

there none. This is not a trivial issue, as I am sure hon. Members recognise. In the case of Sergeant Roberts, it was literally a matter of life and death. It was at that point in our meeting that Samantha Roberts asked the Secretary of State who carried the responsibility for these failures—if it was not the Secretary of State, who was it? Again, answer came there none. I talked to Mrs. Roberts again this week. Apart from being asked to contribute to a review of contact practices by the MOD's personnel services unit in circumstances of bereavement, she has had no further information, or even an approach from the Ministry.

If that was an isolated example—a one-off—it might be considered very regrettable, but a tragic exception that proved an otherwise impeccable rule. Unfortunately, however, my contact with other bereaved families suggests that the pattern is all too often the same. There is initial support from the immediate team in the unit concerned—that is very good—followed by limited information, which is often misleading and always incomplete, from the Ministry of Defence, then months of total silence, or sketchy details from apparently unofficial sources which cause more confusion than certainty. When at last results of a sort emerge from the official investigation, they appear piecemeal and without any conclusive MOD verdict.

After a full 12 months, many of these families are still in the dark about what caused the loss of their loved ones and whether lessons from mistakes have been learned for the future. That would seem to be precisely the case with the families of the Sea King helicopter crews—based at RNAS Culdrose in my county of Cornwall—who died in a collision during a night flight on 22 March 2003, at the very outbreak of hostilities. For many months, my hon. Friend the Member for St. Ives (Andrew George) and I have been trying to establish the facts of that tragedy on behalf of those families. Last June, the original preliminary conclusions from a board of inquiry told the relatives that the cause of the crash was "indeterminable". That report, which I have been shown by the families, concludes that

"there is insufficient evidence to determine positively the cause of the accident."

There was certainly no criticism of the crews or any suggestion of pilot error. Indeed, it was implied that the problem might well have been the absence of night vision facilities, or the detailed advice that was available from air traffic control. The recommendations included the following:

"consideration should be given to fitting all embarked aircraft with a night vision capability."

After months of ineffective contact, with families pressing unsuccessfully for more details of the investigation, the Minister of State, Ministry of Defence, the right hon. Member for East Kilbride (Mr. Ingram), told me:

"Both aircraft had reported visual contact with each other, but apparently lost situational awareness and collided. The aircraft were responsible for their own safety at the time of the collision."—[*Official Report*, 29 January 2004; Vol. 417, c. 505W.]

To the parents of those brave young men, that sounded all too like an attempt to shift the blame onto the pilots.

The Minister has since amplified his explanation, but the families remain understandably frustrated by the lack of a full and final conclusion to the investigation. Only last week, my hon. Friend the Member for St. Ives received some answers to his questions—12 months after the event—but the exact significance of the absence of night vision goggles remains a mystery. It would seem that it is another example of equipment failure. When he asked to be given a demonstration of their potential value, his request was refused. As in the case of the Roberts family, 12 months is far too long to take to get at the truth. Presumably, the memories of witnesses are beginning to fade and the trail is going cold.

Yet another example—again via my west country connection—is that of Marine Christopher Maddison, who was based at Plymouth, and whose tragic and unnecessary death on 30 March 2003 I first drew to the attention of the House in a debate many months ago. Long after he was killed, his family became aware that the circumstances were not as the Ministry had originally informed them. However, it took a BBC documentary to expose the facts. A leaked report from the official inquiry revealed that Marine Maddison was the victim of a commando operation plagued by—I quote from its report—

"bad planning, unreliable communications, inadequate equipment and poor leadership."

So it is another case involving inadequate equipment. What is more, it seems that he was yet another victim of a terrible and avoidable accident—he was killed by so-called friendly fire. That leaked report spared no sensitivities in its criticism of the original investigation. It states:

"It is the Board's view that professional inadequacies, factual errors, a lack of rigorous investigation of the facts available at the time . . . were the prime causes of the production of an inaccurate set of findings."

The House may find it difficult to believe, but the Ministry has yet to release all that material to Christopher Maddison's mother. On the sad anniversary of his death earlier this week, I heard her express understandable outrage at the way in which she has been treated by the Government who sent her son to his death in Iraq.

I have cited just three examples that are known to me personally because of my west country connections. Judging from my postbag, other service families—no doubt in the constituencies of Members here today—feel equally hurt, frustrated, or even angry at the way in which they have been treated. Whatever other lessons the Ministry of Defence is learning from its recent experience of the operations in Iraq, I hope and pray that Ministers are determined to improve the way in which they treat the relatives of those who are injured or even lose their lives on our behalf and on behalf of their country.

I have some simple questions. Why do such investigations take 12 months or more? Why are families not given more regular progress reports? Why is information so often slipped out piecemeal, with no official, let alone ministerial, overview? How can the initial investigation be so inaccurate and the eventual board of inquiry so secretive? Is it not time that a high-powered unit within the MOD, directly responsible to the Secretary of State, took responsibility for regular and effective liaison with such families? Given that in so many cases the lack of appropriate equipment seems to have been a major factor, who takes responsibility for that, who takes the blame, and who is making sure that such problems do not recur?

[Mr. Paul Tyler]

All the service families with whom I have been in contact over the past year share one overriding concern—they want to be sure that their loved ones did not die in vain and that the Ministry that sent them to war will do everything in its power to avoid similar mistakes in future. I hope that all hon. Members agree that that is not an unreasonable expectation.

3.28 pm

Llew Smith (Blaenau Gwent) (Lab): I shall be fairly brief and raise what the hon. Member for North Cornwall (Mr. Tyler) might describe as a parochial issue: the Richard commission to examine the powers of, and electoral arrangements for, the National Assembly for Wales. In case some hon. Members are not aware of the fact, I should point out that the Richard commission was not elected. It was not accountable and, indeed, could not be removed.

I gave evidence to the commission, and it was fairly obvious that it was not only undemocratic, but incompetent. I provided it with a written submission, which I read out to it. Lord Richard then informed me that the commission would be unable to cross-examine me because it did not have prior information about what I was going to say. I found that amazing, because Members of this House cross-examine Ministers daily; Assembly Members in Cardiff cross-examine Ministers daily; and, indeed, members of my local authority cross-examine executive members of the council daily. It seems as if Lord Richard did not have the ability to carry out the act that each of us does just about every day of the year.

It was obvious from the day that the Richard commission was set up that its conclusions would merely reflect "his master's voice"—"his master" being Rhodri Morgan. I raised that matter when I addressed the commission. When I said that I could anticipate its conclusions, Lord Richard was not too happy. I said, "Well, you were appointed by Rhodri Morgan, so you reflect the views of Rhodri Morgan." He intervened quickly to say that Rhodri Morgan did not appoint the commission's members. I posed the question, "Who appointed you?" He replied, "Rhodri Morgan", to which I replied, "End of the argument." Lord Richard did not appoint all the members of the commission, because Rhodri Morgan was also involved.

When I read the Richard commission's recommendations yesterday, I was not at all surprised. As I had anticipated, its proposals reflected "his master's voice". Although I was not surprised, I thought, "What a cheek these people have got." Some of us remember, and were involved in, the campaign on whether we should have a National Assembly for Wales. I argued that we should not; I said that having such an Assembly would eventually lead to the break-up of the United Kingdom, but I was told that I was talking nonsense and scaremongering. We were told that the creation of the National Assembly for Wales—or Welsh Assembly, as it is more popularly known—was necessary because Wales had become a quango state and that, increasingly, all the most important decisions were taken by quangos. We were told that the way to rectify that wrong was to create the National Assembly for Wales and to give it the power to prompt a bonfire of all those quangos.

I have studied that matter in detail, and I published a pamphlet on it a short time ago. We find that there are now more quangos than when the Assembly was established; that there are more than when the referendum took place; and that they are more powerful and have even greater influence on the politics of Wales today than when they were criticised several years ago. The bonfire of the quangos has not happened; the process has been a damp squib, because there are more quangos than before. The Assembly was supposed not only to get rid of the quangos, but to democratise Wales. The powers in the hands of the quangos were to be transferred either to a democratically elected Welsh Assembly or to local authorities. As yet, we have seen neither a bonfire of the quangos nor the democratisation of Wales. If the Assembly has not used its powers to make a bonfire of the quangos, which the electorate marginally gave it some years ago, why should we agree—this demonstrates the cheek of the Richard commission—to the demand for even more powers?

My hon. Friend the Member for Wrexham (Ian Lucas) made the point that some people in Wales say, "We've got to have powers identical to those of the Scottish Parliament", but I have never understood that argument. I have always been in favour of devolution, but opposed to the creation of the Welsh Assembly. I often heard the argument that we are different in Wales and that that explained why we needed an institution that was different from that in Scotland. At least that was a good argument, but we have reverted to merely copying Scotland.

Decisions should be made at the most appropriate level. For example, some decisions might best be made by local authorities or the Welsh Assembly, but decision making about health in Wales is not a classic example of a subject that requires more devolution from Westminster to Cardiff—the opposite. National health service powers should revert to Westminster, because the way in which they have been used in Wales since the establishment of the Welsh Assembly is unacceptable.

I have great regard for my hon. Friend the Member for Wrexham and I agreed with 90 per cent. of his speech, but I do not agree with his point that unemployment rates now, compared with those in 1997, are an example of the Welsh Assembly's success. I do not believe that a decrease in unemployment in Wales is a result of the Welsh Assembly's contribution. If that were so, one would not expect a similar decrease in other parts of the United Kingdom, yet dramatic decreases have occurred elsewhere. Not too many years ago, I participated in demonstrations and campaigns against the fact that 3 million people were on the dole.

We are going down the slippery slope. When we held the referendum, I said, "Take it from me, before Assembly Members have the opportunity to put their bums on their seats, they will be demanding a Parliament." I was told that that was scaremongering. The proof of the pudding is in the eating, and before their bums hit the seats in the Assembly building in Cardiff bay, they demanded a Parliament. If we agreed to a Parliament, they would demand even more powers. One day, we would wake up and find that Wales was separate from the rest of the United Kingdom—the nationalist dream become reality.

We were told that a Welsh Assembly would revolutionise Wales, but no reasons for that were given. It was said that the mere existence of an Assembly would be enough to bring about a revolution. In the months ahead, different parts of the Labour movement—and, I am sure, Parliament—will debate the Richard report. I was one of those whom a then Cabinet member threatened to kick out of the Labour party if I campaigned against a Welsh Assembly. I say in advance, in case history repeats itself, that if the creation of a Parliament is in our manifesto for the next general election, I shall campaign against it.

The Richard commission recommends that we should increase the number of Assembly Members from 60 to 80. Before the Assembly was set up, Parliament was responsible for all primary and secondary legislation and there were 40 Members of Parliament in Wales. The Welsh Assembly was created with 60 Members, simply to examine secondary legislation, but it is not satisfied. Should it have primary legislative powers, it wants 80 Members, even though it would not have the work load or responsibility of this Parliament.

An additional 20 Assembly Members might not go down too well with the taxpayers, but we are told not to worry because they would cost only another £10 million. Before the referendum, we were told by the yes campaign that a Welsh assembly would cost £20 million, which would be more than enough to run it, and that it would be funded through a bonfire of the quangos. Following the appointment of hundreds of additional civil servants, the cost of running the Assembly is in fact hundreds of millions of pounds.

Another recommendation arising from the Richard commission involves the possibility of a referendum. I am totally opposed to the proposals, as I have said, but if they should go through this House and become a reality, I would participate in the referendum campaign. The question asked should concentrate not only on whether we should give the Welsh Assembly more powers, but on whether we wish to scrap that institution. That would be a far more balanced referendum. I hope that I shall not have to participate in any such referendum, because I hope that my party will have the good sense not to go down the separatist road. If it does, I shall participate in the referendum campaign, as I did in the previous one.

3.41 pm

Virginia Bottomley (South-West Surrey) (Con): I very much appreciate having the opportunity to draw to the House's attention five important issues for my constituents.

The first, following the comments of the hon. Member for Blaenau Gwent (Llew Smith) relates not to legislation but to the implications and delivery that follow on from legislation. Yesterday, Michael Varah, who had been the chief probation officer for Surrey, left the probation service before time, and I hope that the Home Secretary will look into the reasons for his departure. Surrey is an area where it is difficult to find public servants, yet it has exceeded others in its delivery of probation services. It is the third highest performer out of the 42 probation services, and has achieved the highest score on the European excellence model, and the highest level of sentencer satisfaction in the south-east. Its Investors in People award has been renewed, and it is the top-performing area out of 42 in terms of efficient use of space and its accredited programme completions. It also has the highest staff job satisfaction in the south-east, which is a remarkable outcome, and it was the first to achieve the citizens charter award. Michael Varah is leaving his post early, and all that I ask of the Home Secretary is to ensure that Mr. Varah's views on the National Offender Management Service are properly considered. The legislation has gone through, and it will be two months before the new service begins its work. The comments of a public servant such as Michael Varah, who is dedicated to the general good, would be very useful indeed.

My second subject is Farnham castle, of which I am president. It is a wonderful 12th century castle dedicated to intercultural briefing. For years, it was dedicated to training British expats going overseas to work in different parts of the world. It has reinvented its mission and is now involved in briefing people coming to this country. My connection is with Sir Bernard Crick's work, "The New and the Old", the report of the Life in the United Kingdom advisory group. The Nationality, Immigration and Asylum Act 2002 required that residents seeking British citizenship be tested to show that they had a sufficient knowledge of English, Welsh or Scottish Gaelic, and a sufficient knowledge of life in the United Kingdom. I have been interested in race relations for many decades—perhaps since I was chairman of the juvenile court in Brixton at the time of the Brixton riots—and I believe that the provision of sensitive training and preparation for people coming to live in this country is enormously important. Farnham castle has run four excellent pilot programmes for teachers of English as a second language. However, work on the highly skilled migrant programme and in other areas seems to have come to a grinding halt. There were high expectations for those initiatives, which I believe could make a profound difference. Will the Minister ensure that I receive a reply from the Department for Education and Skills and the Home Office, to tell me what the next steps are to be? The programmes that Farnham castle has run, which Sir Bernard Crick visited, were funded generously by the Esmée Fairburn foundation. There appears to be no funding and no progress, but surely at this time, when race relations are perhaps more important than at any previous time, some practical examples of good practice could be developed.

One thing that I shall miss when I am no longer a Member of Parliament is the diversity of issues that constituents bring to us. Last Friday, students from the Surrey Institute of Art and Design came to my surgery. I imagined that they were going to protest, as students did yesterday, about the Government's appalling steps to ensure that students live in poverty and are discouraged from applying for courses that provide no immediate remuneration. But that was not the case. James Lee and his team from the Surrey Institute of Art and Design came to see me on a subject on which I have never been contacted previously. They wanted me to know that one of the unforeseen consequences of the Disability Discrimination Act 1995 may be the loss of up to 50 per cent. of public toilets. The British Toilet

[Virginia Bottomley]

Association, about whose existence I must admit that I was not altogether well briefed, has done excellent work on this matter. Its strong belief is that in too many cases local authorities will close public toilets because it is too costly to make them disabled-accessible. I ask the Minister whether he can bring this matter to the attention of the Minister for Local and Regional Government, and perhaps discussions can take place with the Local Government Association, so that the excellent students at the Surrey Institute of Art and Design, while disappointed at the Government's progress with regard to student fees, can at least feel encouraged on this matter of fundamental importance.

My constituency has an Abbeyfield home at Haslemere, two in Farnham, and a special care Abbeyfield home. There are 800 Abbeyfield homes across the country. Taking over from Dame Gillian Wagner, I have become the national president. Abbeyfield's concern is that lack of progress on the supporting people grant is putting its work in serious jeopardy. I am sure that virtually every Member values the work that Abbeyfield society homes do in their constituencies to provide sheltered accommodation and support to older people, with care, companionship and privacy in a collegiate atmosphere. Volunteers and others are generous with their time and resources. At a time when all too many homes for the elderly are closing because the Government insist on higher standards without being able to make the financial means available, it would be a great shame if such an effective, successful movement were seriously jeopardised. I simply ask that the Deputy Prime Minister's colleague who is most responsible for this issue should meet Brian House, Abbeyfield's chief executive, to discuss why a relatively small modification in the supporting people grant could make all the difference.

I fear that my last and fifth point is of a particularly grave and disappointing nature. The rumour mill in my constituency is turning once again about grave and serious implications from internal NHS decisions, which will force decisions on our local primary care trust that will be entirely unacceptable to local people, and that will entirely breach the growing respect and confidence that they have begun to regain in the NHS. One of the greatest disappointments about Labour when it came to power was that in the first couple of years after 1997, as many as one in 10 of my constituents were waiting more than a year for in-patient treatment, whereas the figure in Durham was only ever one in 100. We had a serious crisis, with more and more people having to go to private sources to ensure that they received adequate health care. I have now received messages again from Milford hospital and Haslemere hospital suggesting that the flexibility that was available will be withdrawn and that several million pounds will be taken out of the budget, or decisions will be taken that will entirely destroy any sense of consensus about the NHS. I hope that the Minister will bring that to the attention of the Secretary of State for Health. Surrey contains many people who pay a high rate of tax. They pay the Chancellor of the Exchequer in good spirit, but they expect a fair return. It is wrong that people on social security in Surrey should receive a much worse standard of health care than people on social security in Bermondsey or Durham. The cost of living and the cost of wages are so great in Surrey that the delivery of public services is particularly difficult there. We have already lost an excellent health authority chief executive—someone like Michael Varah—who was dedicated to the NHS. Six years ago, she was asked to try to deliver the undeliverable. We now have a new team, dedicated and professional, who fear that mounting pressures may prevent them from delivering what is required. We must present our public servants with challenges that are achievable. I hope that the Minister will be able to convey that to the Secretary of State for Health before the Easter break.

I hope that I have spoken within my allotted 10 minutes, which will have pleased my colleagues. I apologise to the Minister for not being able to be present for the winding-up speech. That is a grave discourtesy—but I will read every word with the greatest care as I open my Easter eggs.

3.52 pm

Mr. Alan Hurst (Braintree) (Lab): I am grateful for the opportunity to make a few observations about the fragile health of local government. Like many Members—although, I suspect, none who are present now—I have served on the borough council in Southend-on-Sea, and also on the county council. One of the disadvantages of maturing in years is that one's ideas appear to be outdated until they come back into fashion. I await the time when what I am about to say comes back into fashion. When I was elected to the borough council in 1980, I had the privilege of serving on the bus committee because we had a fleet of buses. I had the pleasure of serving on the airport committee because the council had its own airport. I had the pleasure of serving on the amenities committee because we had theatres, piers, bandstands and a range of municipal enterprises run by the local authority. I did not serve on the housing committee; had I done so, I would have been in a position to consider housing policy in the borough, and decide whether to admit people to tenancies.

Over the years, the situation has changed. No one can deny that. The hon. Member for Southend, West (Mr. Amess), who is present, knows full well that we no longer have a fleet of buses, an airport or many of the other facilities that were once operated directly by the council. However, I think that the decline in local authorities' ability to influence the lives of those whom they serve has been diminished in an even more important way. One of the pleasures of all councillors was to serve on a planning committee. I say that it was a pleasure, but it was not a pleasure to be contacted by all and sundry about the decision that one was about to make. Whatever decision was made was almost invariably wrong in some people's eyes. Nevertheless, one had the ability to make a decision on what should happen in the community, based on local knowledge and representation. The present doctrine requires one to sit there like a puisne judge and regard the whole thing as a quasi-legal process, staying clear of any electors who might approach one, lest one disqualify oneself from making the decision by listening to them. As a consequence, yet another function of the locally elected councillor has been diminished to the point at which it lacks any democratic vitality.

I do not wish to paraphrase the great former Member Aneurin Bevan, who kept trying to see where the power was as he moved up local government, but I then served on the county council. When I first went there, the county council had a police committee, on which I served. Elected members had a major responsibility for considering not the operational details, but the general direction of the force within their own county. The county council also operated the fire brigade, as it was then known, in the county. Local authorities also ran colleges of higher education. All of those matters have been stripped away from local authorities to the various bodies to which my hon. Friend the Member for Blaenau Gwent (Llew Smith) referred in relation to the Principality.

Is it a surprise that fewer people now take an interest in serving on local authorities or in taking part in the election of those few who wish to serve on them? Alas, what I have said is not even the end of the decline. The decline has gone on apace under Governments of both political persuasions. We now have cabinet-style government in local authorities. That was to be the dynamic engine to drive local government into the 21st century, as the cliché has it. There always was a cabinet in local government. The leaders of the controlling party would meet to map out the course it was to take; they would then have the devil of a job steering policies through the committees because their own supporters would wish to promote local matters.

That appears not to be so now. We have cabinets—a grand-sounding name which, to those of us unlikely ever to serve on one, has a certain distance. The cabinets make all sorts of decisions before they are ever discussed by elected representatives, either in the county or the borough. We have scrutiny committees, which ape the mode in this place. As far as I can understand from councillors I know, it is difficult for the scrutiny system to be effective. In any event, the decisions have been made already.

We have novelties such as elected mayors in some places—fortunately, the county of Essex has not been burdened with such an idea—but they have not always turned out as people imagined. The major parties thought that people were bound to elect one of their own, but they have found that a Liberal, a member of the Green party or, in one case, an official monkey might be elected.

I do not know how powerful some of those mayors are. We have heard about the former Member for Brent, East in his position as Mayor of London. The great leaders of the London county council such as Herbert Morrison would have been dismissive of the puny powers of the Mayor. We must consider what the non-mayors who led the county council achieved in the past, not just within the London but way out in the surrounding community. Their monuments are still there to be seen today. It is premature yet to judge whether the Mayor of London will achieve that.

I do not believe that the purpose is to destroy local government. I believe that carelessness has slipped in over the past 20 to 25 years. If we allow that carelessness to continue, we should not be surprised if people are disinclined to take part in elections, however many postal votes we introduce or however many times we change the election date from one day to another. Each change in a way humiliates local government, as the election is tagged along with another election. I hope that the spirit in which I say that alludes not to the errors of judgment of any political party, but to a collective philosophy that we all share. It is perhaps now the time to say, "No more". Let us consider what local accountability and local democracy are really about.

4 pm

Mr. John Greenway (Ryedale) (Con): Before the House adjourns, I should like to raise the case of my constituent Major Richard Perkins, on whose behalf I have been corresponding with Ministers in the Ministry of Defence for more than four years. Major Perkins was discharged from the Army in 1959, following service with the Royal Leicestershire Regiment in Malaysia. In December 1958, a medical board pronounced him

"unfit for any form of military service".

He had suffered a mental breakdown. Although he was unaware of this, his medical condition was judged by the MOD at the time not to be attributable to service—which was to become very important later.

In October 1998, as many colleagues know, the Army personnel centre in Glasgow wrote to several hundred retired Army officers, drawing attention to an error in the tax treatment of the pensions of a number of former Army officers who had retired on health grounds before 31 March 1973. Major Perkins received such a letter, which said:

"Our records suggest that you may be affected by this error."

A review determined that he was not entitled to tax-free status because his illness, according to the records, was not attributable.

The pensions appeal tribunal subsequently overturned that decision, and on 15 August 2001 it ruled that his medical unfitness was "attributable to service" and that he had at the time suffered a "major depressive episode". The Veterans Agency wrote to him immediately to inform him that he was therefore entitled to tax exemption and refunded the tax that he had paid on his pension since the date of his appeal in 1999. The agency, for some inexplicable reason, then undertook an assessment of his disability now. It determined that he had a 0 per cent. disability and that in consequence, he was not entitled to tax exemption after all. Tax deductions have recently been reinstated.

I advised Major Perkins to appeal against that decision, as did the Forces Pension Society. I also wrote to the Armed Forces Minister on 19 December—my most recent letter—asking him to review the case again and pointing out that the ruling of the pensions appeal tribunal could not have been more clear. What is the tribunal for, if its rulings are not to be honoured? At the time of his discharge in 1959, Major Perkins's medical unfitness was attributable to service, and successive tax statutes have confirmed that pensions payable in such circumstances should be exempt from tax. Indeed, the most recent such statute, the Income Tax (Earnings and Pensions) Act 2003—yes, it is that recent—specifically states:

"No liability to income tax arises on . . . retired pay of a disabled officer granted on account of medical unfitness attributable to or aggravated by service in the armed forces of the Crown".

I am still awaiting a definitive response from the Armed Forces Minister to my letter of 19 December, although he has confirmed that the matter is being looked into.

[Mr. John Greenway]

In the meantime, completely out of the blue, on 8 January the Veterans Agency advised Major Perkins that it had decided to revise its earlier judgment of 0 per cent. disability to a judgment of 15 to 19 per cent. disability, and granted him the appropriate level of war disablement gratuity. That should put beyond all possible doubt Major Perkins's entitlement to tax exemption, so why the continuing delay? That happened almost three months ago, but nothing has been done to confirm his entitlement to the tax exemption.

By wrongly taxing Major Perkins for more than 40 years on what is an extremely modest pension, the MOD has significantly undermined his quality of life. My constituent is now 86 years old. The Government should surely refund the tax and pay to him without further delay the compensation that they have given to others, while he has the chance to enjoy it.

Major Perkins lives at Lastingham, in the North York Moors national park, and I want to discuss the livestock farmers of that area, who will be critically affected by the Government's proposed reforms to the common agricultural policy. My hon. Friend the Member for Hexham (Mr. Atkinson) raised this issue in a Westminster Hall debate a couple of weeks ago, and I should like to endorse all that he said about the problems that producers face in what the jargon describes as a "severely disadvantaged area". They face a significantly greater cut in support payments than will apply to lowland producers—to the extent that they will get even less support than lowland farmers. That is not only unjust; it simply does not make sense. The support system has always recognised that upland farmers need additional help because of the difficult climate and landscape conditions under which they farm. They cannot grow quality crops, but access to good grassland in upland areas has enabled them to become the backbone of the beef and sheepmeat industry. Many in this country believe that that industry is the best in Europe, if not the world.

The North York Moors national park committee is concerned that if these farmers are forced out of business—as many will be—the park's environment and landscape will be adversely affected. I am aware that representations are being made to Ministers, and many colleagues have raised their own concerns, but I should be grateful if the Deputy Leader of the House passed on my concerns to his colleagues in the Department for Environment, Food and Rural Affairs and urged them to think again. I will be meeting some of these farmers in Ryedale during the Easter recess. They deserve to be reassured that, at the very least, the Government will re-draw the boundaries applicable to qualification for support payments in such a way that upland and lowland farmers will be treated more equally.

The third issue concerns the town of Pickering, which lies at the foot of the North York moors and suffered severe flooding on no fewer than three occasions in the past three years: in March 1999, in October and November 2000, and in August 2002. Following the October 2000 flood, which colleagues will recall was particularly bad across Yorkshire, DEFRA Ministers agreed in February 2001 to fast-track eight flood defence schemes in the Yorkshire and Humber region. Pickering's is the only scheme that has not been progressed. The reason why is that it is both difficult to engineer and less easy to justify financially, because fewer properties there are affected by flooding than are affected in the more urban areas.

At a recent meeting, the Yorkshire regional flood defence committee, on the advice of the Environment Agency, decided to defer the scheme for further technical appraisal. However, the fast-track status of February 2001 expired yesterday, and even though the new points-scoring system—introduced by DEFRA in association with the Environment Agency—is less onerous than before, the considered view is that Pickering is unlikely ever to qualify for a scheme without the Government recognising that it is a special case and that the normal rules need not apply. Indeed, that is why special status was awarded three years ago. There is widespread disappointment and dismay at the fact that the Minister with responsibility for floods and his Department have declined the flood defence committee's request that special status be extended for a further two years. You will recall, Mr. Deputy Speaker, that I presented a petition on this matter only last week, as I think you were in the Chair at the time. To all intents and purposes, the Government promised Pickering a scheme. I hope that the Minister with responsibility for floods will, in time, respond more positively to help us to deliver on that promise to the town's residents and affected businesses.

My final point—I shall be as brief as possible—is about a more national and pressing matter relating to terrorism insurance. I remind the House of my long interest and experience in the industry. Members may recall that, following the IRA bomb at St. Mary Axe in 1993, insurers withdrew from providing insurance cover for property damage caused by terrorism. The all-party insurance and financial services group, which I have chaired since 1992, persuaded the then Government to set up a Government-sponsored insurer—Pool Re, a company which has worked extremely successfully. Following a number of approaches from the insurance industry, Pool Re's remit has recently been extended to cover business interruption, the point being that many businesses cannot trade for long periods if their premises are destroyed by a terrorist bomb.

The Treasury is endeavouring to make that important change without the need for further primary legislation, which is a wholly laudable aim. However, I want to suggest to the Leader of the House that significant difficulties of definition have led to uncertainty within the London insurance market as to the cover provided. The Reinsurance (Acts of Terrorism) Act 1993 was written to deal with the threat posed by the IRA, not by al-Qaeda, so there are problems over the definition of organisations. In 1993 atrocities were caused by terrorist bombs; the atrocity at the World Trade Center in New York was caused by impact. There is also a desperate need to cater for public and employer liability, particularly in the area of bodily injury.

Insurers and their clients need greater certainty than is felt within the market at present. I am aware that there are ongoing discussions with the Government and the industry and I very much hope that the Leader of the House will expedite the matter.

Discussing terrorism on the floor of the House is always difficult, but if the Commissioner of Police of the Metropolis and Ministers are warning us that a terrorist

incident in one of our major cities may be inevitable, the preparations that we make for such an appalling eventuality must surely incorporate being ready for the financial consequences. That problem has to be resolved with real urgency and I hope that what I have said will help to achieve that.

4.12 pm

John Cryer (Hornchurch) (Lab): In common with most hon. Members who have spoken in the debate, I shall raise a series of mainly parochial issues. The first is about primary education in my Hornchurch constituency. There is a Conservative-run council in Havering—sadly, because it is both incompetent and bloody-minded. That has been demonstrated over recent weeks and months as it had created a position whereby at least two, possibly three, primary schools feel threatened with closure.

The brief history is that the council initially commissioned a report, according to which, because of surplus places in area that it defined as "Elm Park and South Hornchurch", the R J Mitchell school had to close. The school is named after the designer of the Spitfire because the school is located in what was once RAF Hornchurch, a historical site. A magnificent local campaign was conducted, with which I was involved, and it managed to defeat that proposal. Although school places were somewhat down in that particular school, it had a rising reputation, and I believe that in the next four or five years with house building in the borough and young families moving into the area the school numbers will increase.

The council then decided to set up a working party to reflect and report on the conclusions of the original report. Someone in the administration selectively leaked the findings of the working party, to the effect that two different schools were now under threat—Suttons and Ayloff schools in the same Elm Park and South Hornchurch area. Now, three schools are panicking over possibly facing closure and the council has managed to alienate the maximum number of people that it could. I attended meetings at Suttons, R J Mitchell and Ayloff schools and we had lobbies at the town hall.

If, a few months ago, someone had sat down to think about how to create maximum concern, panic and worry among governors, staff, teachers and children, they could not have produced a better plan. The council has gone as far as it is possible to go to alienate the maximum number of people in that part of my constituency.

Apparently, a decision will be made next week about which school might face closure, but there is no need for any of those schools to close. Suttons school is full and has a very good reputation. Ayloff school has some spare places, but only 14 per cent.—which is well under Government guidelines that stipulate that action should be taken only if the spare places reach 25 per cent. or more. Even then, the guidelines do not mention closure, but only the possibility, among other measures, of reducing capacity.

There is no reason why any of those schools should close. The latest to be threatened—Ayloff and Suttons—have good reputations; they are attractive schools and people actually move into the area so that their children can attend them. The same is true of R J Mitchell. None of them should face closure. I hope that we can win a victory on that campaign, as we did for the R J Mitchell school.

Secondly, I want to raise something that has been discussed many, many times in these debates and on other occasions in the House: mobile phone masts.

Mr. David Amess (Southend, West) (Con): Hear, hear.

John Cryer: The hon. Gentleman is already getting excited—perhaps he will be raising the same issue later.

Two campaigns are under way in my constituency. The first is on O2's proposal to erect a mobile phone mast close to a primary school in an area called St. Leonard's hamlet—the original name for the Shoreditch children's home, mainly for orphans from the east end of London who were moved there in the 1920s, 1930s and later. However, the Stewart report—the most substantive piece of work on mobile phone mast technology—made it clear that, as a preventive measure, such masts should not be sited near primary schools. The skulls of children aged under 12 are less developed than those of adults, so they would be the most affected by any radiation produced by such masts.

I am not thrilled about having such masts anywhere in my constituency, but I realise that millions of people use mobile phones so the masts have to go somewhere. O2 wanted to put the mast next to St. Mary's school. That plan was rejected and the company submitted a proposal to put the mast on top of Harrow Lodge sports centre. Again, the plan was abandoned and it was proposed to erect the mast near St. Leonard's hamlet—much of which, due to its historical significance, is a conservation area. An effective local campaign is resisting that plan and the council has persuaded O2 to go back to the drawing board and reconsider.

O2 is proposing to erect another aerial near two schools on the same site. Their names—the Scargill infants school and the Scargill junior school—will have resonance for many Members. In the light of the Stewart report, and given the defeat of the company's previous attempts to put up aerials near primary schools, the House might have thought that O2 had learned a lesson and would look elsewhere—but no, it is trying to stick another aerial next to a junior and an infants school. Again, there is a local campaign and I hope that those plans can be defeated, as were others in the past.

My third point relates to the docklands light railway. Much of my constituency is in the Thames gateway regeneration area, for which there are great plans. Indeed, some of them have already been put into effect, while others will come to fruition over the next decade or so. However, there is one thing missing for Dagenham and also for Rainham, which is in the south of my constituency next to the Thames: transport links. There is a plan to extend the DLR—perhaps as far as Barking. It should go not only as far Dagenham but also to Rainham, because the transport links to London are inadequate.

The current rail service—c2c, formerly the London, Tilbury and Southend railway—is not sufficient to carry people in and out of the City during the rush hour; even at peak times, there are only three trains an hour. Any

[John Cryer]

transport expert would tell the House that an effective commuter line for London needs at least four, and preferably five or six, trains an hour. Three trains an hour are not enough. The most obvious solution is to extend the DLR, and unless that is done the Thames gateway will not succeed. I have raised that with Transport for London, with the Mayor, Ken Livingstone, and with a number of people in various capacities. There is a possibility that those proposals will come to fruition, but I am raising the issue today to emphasise that we need those transports links.

Lastly, I want to raise the issue of the Richard commission, although I am not a Welsh Member of Parliament—my constituency is in London. The Richard commission has recommended the introduction of the single transferable vote to the Welsh Assembly. What worries me is that if there were any possibility of the Richard commission proposals being accepted, such things could be proposed elsewhere. There are principally three areas—Scotland, Wales and London—where we have a kind of proportional system. A sort of vague, messy, bucket of pigs' entrails system has been introduced in London, Wales and Scotland. It is usually known as the additional member system. No one wanted it, and no one wants it now. It is very unclear, vague and not particularly accountable. Personally, as a matter of principle, I am completely opposed to proportional representation anyway. [HON. MEMBERS: "Hear, hear."] Thanks for that.

Some time ago, shortly after the introduction of the Greater London authority, I tabled a question during the pilot period, when the precise definition of the GLA had not been completed, about what representations were made during the consultative period in support of what has become known as the additional member system. The answer that I received was that, out of 1,000 responses on the electoral system to be adopted, nine supported the additional member system, which, cynical as I am, led me to think that the Government would foist a tacky system like that on London, no matter what Londoners actually wanted. That is what we have seen.

If we move further towards a more pure proportional system, such as STV, we will have less effective representation. If we go down the route of increasing proportionality, we lose representation—we lose that constituency link. There is no choice about that. The problem for a lot of people who support proportional representation is that they think that, somewhere, there is a semi-mystical system that will provide perfect representation and a perfect constituency link will be preserved, yet there will also be perfect proportionality. Such a system does not exist.

The first-past-the-post system is obviously not perfect, but no system is perfect. First past the post is the nearest to a perfect system that we have. [HON. MEMBERS: "Hear, hear."] All right, calm down. It preserves direct accountability to the electorate. If we move further towards STV, we will see further alienation from the democratic process and increasing numbers of people failing to vote. Like my hon. Friend the Member for Blaenau Gwent (Llew Smith), I am not exactly clear of the genesis of the Richard commission, but if those ideas start to be adopted, it will be a disaster for representative democracy.

I have always supported the concept of a Greater London authority. The Greater London council should never have been abolished—that was just a Tory plot to try to rig things. The GLC should have been preserved. If we have some sort of Greater London authority, it should be run using the first-past-the-post system, with a single member for each borough. That is the most direct way to do things.

In the past four, five or six years, I have not heard a convincing argument for why we have the absurd system of twinning boroughs and an additional member system that no one wanted in the first place. We should do away with that system, have a single member for each borough and go back to first past the post, so we can re-establish the direct link and democratically accountability.

4.24 pm

Mrs. Angela Browning (Tiverton and Honiton) (Con): I shall transport the House from the boroughs of London to beautiful Devon, which is looking particularly good at the moment. The primroses are out in the banks, as are the celandines, and there is a touch of green in the hedges. I hope that many Members will spend their Easter break in my county.

I shall raise some problems in rural Devon. The size of my rural constituency is 600 sq miles. It is made up of small market towns and very small villages. Today, as I was thinking about what I wanted to say about Devon villages, I received a letter from the Countryside Agency advising me that the vital villages programme will close to new applicants. At the heart of this is the fact that the agency has had a reduction of £104.5 million in its settlement. Therefore, it will have to readjust its last published corporate plan.

The purpose of the vital villages programme was to enable villages to plan for their own future and to come together with the community to consider the vital services that all villages need. I fear for the survival of some of my villages where they already have problems with maintaining village halls. We have had much to say about village halls but they are important to a small community. I think particularly of my most northerly parish of Morebath, which is on the Exmoor border. Unfortunately, the village hall became so unsafe that it had to be demolished. The land is still available but the community must save from scratch to build a new hall.

In the south of my constituency, I have an acute problem in a small village called Gittisham, near the town of Honiton. Only a week ago, the occupants of 27 homes, all owned by one landlord, were advised that their tenancies would be terminated. That represents two thirds of the village. The impact on the community speaks for itself. Members should visualise the impact in the context of a town. If two thirds of a town's community were told, "You have three months' notice", that would present a real problem to that town or that community. I am working with all the agencies that are trying to find a solution to that acute problem.

East Devon district council, which constitutes the housing department in that part of Devon, is faced with having to rehouse these people. It already has 3,600

people on the housing list waiting for a home. Families with children will want to remain connected with their local schools. Elderly people will have packages of support from their social services department. I have written to the Minister, Lord Rooker, and I hope that his Department will fast-track an answer to me today so that when I return to Devon for the Easter recess I can meet the community and, if not solve the problem overnight, at least identify some options that might alleviate the acute problem that is faced in this small village.

Every village has the problem of post office closures. In my postbag today, I received a letter from the Payhembury parish council in east Devon, to advise me that it is concerned that it will lose access to its local village petrol pump because of action taken by the Environment Agency, which in following through a small spillage of oil has identified that although that problem has been sorted, the very small petrol station will have to fix some kit to the petrol pumps. The capital investment will be more than the petrol station makes in profit from the pumps. I hope that the Minister, who is smiling, is smiling sympathetically in response to the problem. If Payhembury loses its petrol pumps, motorists will have to make a 15-mile round trip to get petrol.

A small shop is attached to the petrol station. If the pumps go, there is a risk that the village shop will be lost as well. These are the day-to-day problems in villages in glorious Devon.

It seems a most untimely decision to curtail the activities of the Countryside Agency in its support for villages and rural communities that face myriad problems. My message to the Minister on the Treasury Bench, who I know will take up these matters with the appropriate Government Departments, is please to think again about the problems of rural communities.

At the heart of rural communities, of course, is the farming industry. My hon. Friend the Member for Ryedale (Mr. Greenway) mentioned the impact of the changes to the common agricultural policy and the very difficult problems we will have on the uplands. I am worried about that because the landscape will change—it will go back to nature. That does not mean that it will look more beautiful than it does now. It will look unkempt and wild, so there will be a big environmental impact.

As my hon. Friend rightly pointed out, that is not land on which one can grow crops, but it is suitable for rearing animals. Is it not ironic that at a time when we may not be able to support farming and animal farming on the uplands, we face the prospect, through changes to the rules on animal transportation, that we may end up eating more horses? Perhaps that is the game plan. We will not eat cattle and sheep; we will have to resort to eating horses.

We have been pressing the Government to use their powers to ensure the protection of horses, particularly horses that go abroad and end up in the meat trade, especially in France—a subject I know about, having been responsible at one time for equine health. We are begging the Government to ensure that the long-standing protection of our ponies on Dartmoor and in the New Forest—those low-value horses that we have always protected from being sold off as cheap meat abroad—is maintained in our British law. I urge the Government again today to use that power to ensure that our horses are protected.

I know that hon. Members are concerned about the time, but I shall raise one more issue. I was bitterly disappointed yesterday. I tried not to show it. I tried to be brave about it. After months and months of putting my name in the ballot for a question at Prime Minister's Question Time, I came up in the ballot yesterday, but I was No. 9 and that number was not reached. I must admit that I did not know until yesterday morning that I was in the ballot. I had got so used to not being drawn in the ballot that I had forgotten to look. It is rather like the national lottery—I forget to look to see whether I have won anything. There it was: No. 9, so I spent most of yesterday morning preparing the killer question to the Prime Minister, which I never had the chance to deliver.

I shall deliver the question now to the Minister on the Treasury Bench. It is about why the Prime Minister persists in denying the United Kingdom a referendum on the EU constitution. Within a year after the Government came in, they had had four referendums. Since they have been in office, they have held 34 referendums. So keen were they to move to referendums to give people a greater say in decision making that they introduced the Political Parties, Elections and Referendums Act 2000. That showed us that they were serious and that they had a long-term plan to keep on holding referendums. What happened?

The Government promised a referendum on the euro, but every public opinion poll has shown that, even if they held a referendum, they would not win it. The same is true of the constitution. The Prime Minister uses all sorts of excuses. First he says it is a matter for Parliament, and he prays in aid the fact—I shall say this very slowly—that an EU constitution is not a constitutional matter. Discuss. We will try and discuss it as much as we can. It is illogical to suggest that a matter to which so much time has been devoted and on which there is a document on the table entitled "EU Constitution" is not a constitutional matter.

I shall indulge myself by elaborating on the question that I intended to put the Prime Minister. There has been a lot of talk about a speech made in Berlin on the EU constitution, but one speech was made before my right hon. and learned Friend the Leader of the Opposition made his, and that was the speech made by the right hon. Member for Hartlepool (Mr. Mandelson). In Berlin, in 1998, he said:

> "Today, people want to be more involved. Tony Blair's Government has already held two referendums and three more are at some stage in prospect, not to mention more citizens' movements, more action from pressure groups. Democracy and legitimacy need constant renewal. They need to be redefined with each generation. Representative government is being complemented by more direct forms of involvement from the internet to referendums. This requires a different style of politics and we are trying to respond to these changes."

It has been clear from the beginning of this Labour Government that referendums are on the agenda. They were part of the game plan. But now when the really big one comes up—

Bob Spink (Castle Point) (Con): They are bottling out.

Mrs. Browning: They are bottling out. I am grateful to my hon. Friend.

[Mrs. Browning]

If I am ever fortunate enough to be successful again in the ballot for Prime Minister's questions, I shall return to that subject because the British people deserve to have a say in a constitution.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. At least five, perhaps six, hon. Members are trying to catch my eye in the remaining 60 or so minutes available. In a spirit of good will as Easter approaches, perhaps hon. Members will have regard to their colleagues so that everyone can be fitted in.

4.36 pm

Ross Cranston (Dudley, North) (Lab): I have great sympathy with the hon. Member for Tiverton and Honiton (Mrs. Browning). I had Question 6 to the Prime Minister yesterday, and I was not called, and if the House will indulge me further in terms of time, I simply point out that Government Back Benchers have a much more difficult task in catching Mr. Speaker's eye because of our numbers.

I want to raise the issue of how preserving people's security can give rise to a tension with maintaining our democratic liberties. Unfortunately, debate on this issue in this House, the other place and outside is often bedevilled by the failure of many of those claiming to protect our liberties to acknowledge the concerns of ordinary people, from antisocial behaviour to terrorist threats. They use a traditional stylised analysis that fails to connect with such concerns. That is sometimes coupled with claims to a moral rectitude, which frankly sticks in my craw. I claim no monopoly of concern, conscience or wisdom in the remarks that I am about to make.

I take as an example the concern about terrorism of the hon. Member for Ryedale (Mr. Greenway). I acknowledge at the outset that there is a real danger that our response to terrorism may undermine the very democratic values that we seek to uphold. As my noble Friend the Attorney-General said in a thoughtful speech last night to the Bar parliamentary group, our response cannot be simply a utilitarian calculation, weighing the rights of security of the many against the legal rights of the few. That would ignore the values on which our democratic society is built. We must approach the issue as a matter of moral principle, not simply as a matter of pure self-interest.

That is why on various occasions, including previous recess debates, I have raised my concerns about Guantanamo bay, which is an American own goal. The detentions there impose grave harm on the detainees when, in the absence of proper judicial scrutiny, we can only speculate whether it is for the benefit of the American people or of people elsewhere, such as the United Kingdom.

We face, of course, a serious terrorist threat—its seriousness is underlined by the arrests earlier this week. Al-Qaeda and its sympathisers are of a completely different character from terrorists in the past. They are a global, messianic movement and they are not concerned about destroying innocent lives in the pursuit of their unachievable goal of overthrowing western civilisation.

How should we respond? We must respond in accordance with law, mindful that, as Lord Hoffmann said in the Rehman case,

"in matters of national security the cost of failure can be high".

Provisions such as the Explosive Substances Act 1883, which catches terrorist bombing, have been on the statute book for many years, and the Terrorism Act 2000 and the Anti-terrorism, Crime and Security Act 2001 approach the problem in the same way. The width of the offences is sometimes criticised, but the criticism mainly concerns the enforcement of the legislation, to which I shall return.

In the main, we have met the terrorist threat in a traditional way, in accordance with law and our principles of civil liberties and human rights. The one exception is part 4 of the 2001 Act, which allows for the detention of foreign nationals certified by the Home Secretary as a risk to national security and as suspected terrorists. Such foreign nationals cannot be deported because we cannot guarantee their human rights, so they can be detained indefinitely under the 2001 Act.

Without further measures, that power of detention would be unacceptable and the report by Lord Newton of Braintree and other Privy Councillors that those provisions should be repealed would be compelling. However, the Special Immigration Appeals Commission, which is a court of record with the right to appeal to the Court of Appeal, regularly reviews the detention of persons under part 4. SIAC may use intelligence information that is not available to the defendant, but that is seen by special advocates appointed to act on behalf of detainees. It is a further point in support of our independent Bar—I declare an interest at this point—that those advocates are of the highest competence and integrity.

Examples such as last year's Ajouaou case show the thoroughness with which SIAC approaches such matters. More recently the case of M, which was upheld by the Court of Appeal, shows that SIAC is no pushover. Frankly, the alternatives advanced in the Privy Councillors' report such as surveillance and tagging will not work with the most determined terrorists. Moreover, there could well be a temptation towards a greater intrusion on to civil liberties by use of such alternatives against a range of people, including those with only a tangential connection with wrongdoing. By contrast, the Home Secretary has certified only 17 people.

Lord Woolf's judgment in the M case, which I have mentioned, is a balanced appreciation of the problem, and an acceptance that the legislation gets it right. His judgment, and the recent remarks by the eminent legal scholar Professor Ronald Dworkin, fortify me in my support for the Government on this issue when we went into the Lobby on 25 February.

I was pleased that one aspect of the problem is raised in the White Paper, "One Step Ahead: A 21st Century Strategy to Defeat Organised Criminals", which the Home Secretary published earlier this week. The White Paper mentions review of the Regulation of Investigatory Powers Act 2000, which prevents the use of intercepted material in court proceedings, and I am glad that it is being reviewed.

I shall return to the enforcement of the Terrorism Act 2000. Earlier this year, the Home Secretary told me in a written answer that of the 530 people arrested under the 2000 Act, about half were released without charge. When my hon. Friend the Member for Bethnal Green and Bow (Ms King) asked a similar question, she was told that no record is kept of how many of those people are Muslims. There is disquiet in the Muslim community about the use of the 2000 Act, however justified the 2000 Act may be—it is comparable to the feeling among the Irish community a quarter of a century ago. We must reassure the Muslim community that there is no persecution, and we must also assuage any Islamophobia in the general population.

Yesterday, my right hon. Friend the Prime Minister praised Iqbal Sacranie for his remarks on those issues. This week, I have spoken several times to Khurshid Ahmed, the chair of the National Association of British Pakistanis and a member of the Commission for Racial Equality, who echoed Mr. Sacranie's views that terrorism should be utterly condemned as being contrary to Islam and that those in the Muslim community who suspect terrorism must report it. Mr. Ahmed also made the valid point that we must address the disillusion among young Muslim men that can tempt them down the terrorist path. One cause of that is the considerable underachievement of Muslim young people in education.

We have only just had the Third Reading of the Higher Education Bill. I do not want to go over that ground again, but having failed to catch the Speaker's eye on Second Reading on 27 January, I want to say three things about the role of universities that were neglected in the debate.

First, universities are engaged in the search for truth. That is a justification for academic freedom, since the search for truth can sometimes rub up against vested interests or the powers that be. The search for truth is often conducted at a theoretical level—a level of generality—that does not have an immediate application to everyday life. The search for truth leads to a deeper understanding of ourselves and the world, and that can function to transmit through the generations a common culture and civilisation.

Secondly, universities educate. Their role is in educating students to live life to the full through the acquisition of skills and through fostering imagination and creativity. All those who are able to benefit from a university education should have an equal opportunity to do so, because it involves not only personal fulfilment, but potential gain. Confucius said that it was not easy

"to find someone who had studied for three years without aiming at pay".

Thirdly, universities fulfil a utilitarian function. Discoveries, especially in science and medicine, can have profound benefits for society. Students graduate and contribute to society through their work. Universities educate foreign students and contribute to Britain's invisibles. And so it goes on. However, although it is vital, that utilitarian function can never be the sole justification for universities.

I spent a great deal of my adult career in universities. In the 1980s and 1990s, I saw how they suffered very much from a real reduction in funding as the staff-student ratio went up. George Walden, the former Member for Buckingham, described it as "mass cultivation on the cheap". The Government have put in additional money since 1997, but I saw the Higher Education Bill as the only way forward in terms of providing further financial support for universities, and I had no compunction about supporting it.

These recess Adjournment debates are invaluable not only in providing an opportunity for Members to put specific points, but in allowing us to raise more general issues, as I have. I wish you, Mr. Deputy Speaker, and other hon. Members a productive and restful recess.

4.47 pm

Mr. John Wilkinson (Ruislip-Northwood) (Con): I have often thought that the questions which we were unable to ask and the speeches that we never had a chance to deliver were probably the best ones. Today's debate has proved it to me, because there have been excellent contributions all round. Alternatively, perhaps it is because as it is not Government business and there is no Whip, Members can use their intellect and display their true integrity.

I want to speak in support of some of the speeches. The contribution by the hon. Member for Blaenau Gwent (Llew Smith) was admirable in every respect, particularly his allegation to the effect that Lord Richard is getting too big for his boots. He proposed that increasing the quangocracy, which is what the Welsh Assembly has become, would not benefit the people of Wales. As the hon. Member for Hornchurch (John Cryer) so wisely pointed out, the imposition of STV—the single transferable vote—would make that Assembly even less democratic.

I was most interested in the remarks of the hon. Member for Braintree (Mr. Hurst), who perhaps represents the municipal arm of old Labour. He rather reminded me of a smoother version of the "Peter Simple" character—the craggy-visaged, iron-watch-chained chairman of the Bradford tramways and fine arts committee. Nevertheless, he made the extremely important point that the transformation—or modernisation, as I suppose we must call it—of local government has in practical terms diminished the direct accountability of local authorities to their electorate. I also support his calling into question of the role of cabinets and elected mayors.

I support the speeches made by the countryside element among my hon. Friends. I speak for the suburbs, but my hon. Friends the Members for Ryedale (Mr. Greenway) and for Tiverton and Honiton (Mrs. Browning) speak for the countryside—Yorkshire and the west country, respectively. They made important points, especially about the malign effect of the common agricultural policy on our countryside. I know the uplands of the north of England well, because I lived in the north Pennines for 17 years. The reduction of support prices for sheep and cattle production would be absolutely disastrous. My hon. Friend the Member for Tiverton and Honiton, who is always a lady of conscience and sensibility, was right to explain to us how awful the countryside of Dartmoor, Exmoor and the New Forest would be without ponies if they were all shipped off live for slaughter on the continent. We must address those problems.

[Mr. John Wilkinson]

I want to talk about a smaller matter. It is a specific transport link that is at the other end of the problem described by the hon. Member for Hornchurch. He talked about the docklands light railway, and I want to talk about the Croxley link. I do not know whether you know much about the Croxley link, Mr. Deputy Speaker, but I assure you that I shall try, in an exceedingly short time, to describe its merits. There is a little, disused branch line that goes through Croxley green from Watford. Everybody knows about the Metropolitan line because they read John Betjeman, and they know how lovely the places that lie along the line are—especially my constituency. If the branch line were restored to service, Metropolitan line tube trains could go along the Croxley link—through the centre of Watford—to Watford junction main railway station, which gives people the opportunity to take trains to Birmingham, the north-west and beyond.

At little cost, such a measure would have an immensely beneficial effect on an important industrial area. The hon. Member for Hornchurch said that the Thames gateway was an important economic area, and for me and my constituents, such an area is the north-west corridor. We were promised Crossrail down the north-west corridor from Aylesbury to Amersham—through my constituency—and I fought hard for a Crossrail stop in Northwood so that people could link up to Paddington, the City, Stratford and beyond. We will now be lucky to get Crossrail running even from Heathrow—through the centre of London—to the east of the capital, so it is almost impossible to imagine Crossrail going down the north-west corridor. If the Croxley link were built, it would at least be a substitute, at modest cost, for some of the potential that Crossrail could have offered.

My constituents have to struggle through traffic to get to Watford general hospital, and to Watford—for shopping—or the main line station. Such a journey is exceedingly difficult without the link. The Metropolitan line ends at Watford tube station, which is 2.5 miles from Watford's main line station. I see that the shadow Leader of the House, my hon. Friend the Member for North-East Hertfordshire (Mr. Heald), is taking notes; as a Hertfordshire Member, he understands the problem well. The process represents a good Conservative principle, because public services would be greatly enhanced at only modest cost. My constituents would benefit, Watford would benefit, and so would the country.

4.53 pm

Bob Spink (Castle Point) (Con): Street crime in Castle Point is spiralling out of control, as it is in Essex and elsewhere in the country. There are now threats of vigilante action in my constituency. The police are often blamed, but that is quite wrong. Many of us must accept the blame—the police have only a small part of it. Those who are most to blame must be the parents of the children who are out on the streets because they do not take an interest in knowing where their children are, what they are doing, or the time of night at which they do it. They do not seem to take control action to stop them. I want parents to be given more information by the police about what is going on and to be encouraged to control their children's actions. That differs from the politically correct attitude that we have seen in recent years, especially from new Labour Members, preventing parents from taking appropriate action to control their children's behaviour.

My local police are under great pressure. The Home Secretary and the Essex police authority have presided over a shortfall in my local police force—the Castle Point and Rayleigh division—of some 27.7 per cent. It is operating at almost a third under establishment for various reasons. That is partly why street crime in Castle Point has been getting out of control. That situation cannot continue. The police authority and the Home Secretary must accept responsibility and give the local chief superintendent, John Mauger, more resources and more police officers whom he can put on the beat so that the problem can be solved.

My hon. Friend the Member for Rayleigh (Mr. Francois) and I met Chief Superintendent Mauger last week. There is a plan of action to tackle the major problems in our area. The local police will go out on the streets and additional numbers will be provided for a short time. I call on them to show no tolerance of antisocial behaviour, youth nuisance or straightforward thuggery. I call on the Crown Prosecution Service to prosecute offences whenever they can, and on the courts to impose exemplary sentences that will deter louts who spoil everything for our communities. Many hon. Members share my anxieties about the growth of street nuisance.

Last week, the National Audit Office published "The Drug Treatment and Testing Order: Early Lessons". The lessons were that only 28 per cent. of drug treatment orders were completed satisfactorily. Seventy per cent. of participants continued to test positive for opiates after 12 months, and reconviction rates two years after commencement of the orders were as high as 80 per cent.—far higher than the reconviction rates of criminals in general. The National Audit Office suggests a range of administrative improvements, which might help to bring the treatment regimes up to the standard of the best.

I want to consider the new evidence that is emerging in France. As hon. Members know, I do not often speak kindly about what goes on in France, but when we can learn from the French, we should be prepared to do that. Treatment appears to be working much better in France than here and it therefore offers better value for money. We should enjoy the benefits of the French success.

A follow-up of 300 drug-dependent patients in France, treated by general practitioners—I stress that the treatment was by GPs, similar to the old regime in Britain—showed a retention rate of 88 per cent., in a complete inversion of what is happening in Britain. Seventy per cent. of patients had stopped taking heroin. Although the figures for reconviction are not strictly comparable, delinquency in France was measured at only 7 per cent. in the follow-up.

The French widely use buprenorphine rather than methadone for maintenance because it acts as an antidote to itself in higher doses. That means that there is no point in ramping the dose and almost no black market, and that it is safe and effective to prescribe through the GP network. The results are startling. It is well worth the National Audit Office considering the

French experience. France has found a far more cost-effective way in which to deal with the massive social and criminal problems that are caused by opiate addiction. We must be prepared to learn from this and spread good practice and success.

Arthritis is a crippling and debilitating disease for which there is no cure. It is progressive and attacks young and old alike. It affects 12,000 people in Castle Point and 12,000 people in Southend, West. Indeed, it affects, on average, 15 per cent. of all our constituents and is the biggest cause of disability in Britain today. Worst of all, it is very painful for those who suffer from it.

I want to bring two astounding facts to the attention of the House. The first is that one in four GP visits are associated with arthritis. The second, which is linked to that, is that the GP contract mentions diabetes, cancer, cardiac problems and obesity but makes no mention of arthritis. That must be an oversight, and I hope that the Secretary of State for Health will readdress the priority given to arthritis. I recommend to the House a publication called "OA nation—the most comprehensive UK report of people with osteoarthritis", which was launched by Arthritis Care this week in the Palace of Westminster.

I can never speak in these debates without mentioning Cyprus, as hon. Members will know. Kofi Annan's upbeat announcement has shown that he has brokered a deal, and that a referendum can probably now take place in both parts of the Cypriot community. If Mr. Papadopoulos, DISY and AKEL are going to recommend a yes vote, as may be the case, perhaps we can wish them luck and hope that that goes forward. Cypriots deserve a just settlement that will allow them to grow together as a single community, and to make up for the past by working together in the future. I am sure, however, that there should be no permanent derogation from Europe on the occupation of that island by troops under the control of another nation. That would be simply intolerable and probably have the effect of a blackball in any referendum. We all wish the settlement process well, but it will be just the start of the rebuilding of a single island, rather than the end.

Mr. Andrew Love (Edmonton) (Lab/Co-op): At The Hague in 2003, the Secretary-General of the UN, Kofi Annan, said that the preconditions for a successful settlement were that there should be

"an unequivocally-stated preparedness on the part of the leaders of both sides, fully and determinedly backed at the highest political level in both motherlands, to commit . . . to finalise the plan (without re-opening its basic principles or essential trade-offs)".

Does the hon. Gentleman agree that the two conditions are that all the parties should sign up to the agreement, and that essential principles and trade-offs stand in any final agreement?

Bob Spink: Yes, indeed. I agree with the hon. Gentleman. I was pleased to see how many concessions were made by the Greek side, but equally disappointed that Rauf Denktash, for the Turkish side, did not even attend the recent talks. That was a great disappointment.

I shall move on to talk briefly about hospices. They play a very special part in health care provision, and I should like to praise the dedication, care and love shown by all hospice workers, organisers, volunteers and fundraisers. They do a superb job, cheerfully and happily helping people at a devastating time in their lives. I keep telling the House that Government funding of hospices needs to be reviewed, but we see no action. In the average adult hospice, 20 per cent. of funding comes from Government money; that figure is 5 per cent. for the average children's hospice. The children's hospice in my constituency, Little Haven, receives only 1.5 per cent. of its funding from public money. That is unsustainable.

Conservative policy is that all hospices, for both adults and children, should receive 40 per cent. of their funds from public money, and I hope that the Government will take that on board and reconsider hospice funding. That 40 per cent. funding would enable hospices to remain independent. The very small amounts of lottery— New Opportunities Fund—money that is now being fed through to the hospice movement is not the answer, and that funding is not guaranteed in the future. I congratulate the campaigning *News Shopper*, which has been fighting for hospice funding justice for more than a year and has consistently called on the Government to address the issue. I congratulate the *News Shopper*, the Basildon *Evening Echo* and all the local campaigning groups on putting pressure on the Government, as we have done, to give hospices a fair funding deal.

5.4 pm

Tony Baldry (Banbury) (Con): If we are to have civilisation, we need international law. In recent years, the United Nations has set up war crimes tribunals for Rwanda and for the former republic of Yugoslavia. The International Criminal Court has been set up and is now investigating the possibility of war crimes in northern Uganda and the Democratic Republic of the Congo.

I want to speak about Sierra Leone. Sierra Leone was devastated by conflict for 10 years. It was not ethnic, tribal or religious conflict, but conflict deliberately stirred up by people such as Charles Taylor, who wanted to control that country's diamond assets. In June 2000, the Government of Sierra Leone wrote to the United Nations Secretary-General, Kofi Annan, requesting assistance in setting up a war crimes tribunal. In August 2000, under UN resolution 1315, the Security Council set up a war crimes tribunal. I was fortunate to be present at the opening of the special court for Sierra Leone on 10 March this year. The Government were represented by the Secretary of State for International Development and the Solicitor-General.

The war crimes tribunal has indicted a number of people. I suspect that one reason why Colonel Gaddafi has come into line is that it was clear that he was in danger of being indicted. One of those indicted was Charles Taylor, the former President of Liberia. The indictment—I have a copy of it with me—runs to 20 or so pages of offences against humanity committed by Taylor. It says that he received military training in Libya in the late 1980s, and goes on to describe how he sought to obtain access to the mineral wealth, and particularly the diamond wealth, of Sierra Leone. The crimes alleged in the indictment include killings, abductions, forced labour, physical and sexual violence, use of child soldiers, and looting and burning of civilian structures.

[Tony Baldry]

Those terms do not really describe the brutality of what happened. People were skinned alive. People were asked whether they wanted to be left-handed or right-handed, and depending on their answer, either their left or right arms were amputated. Soldiers would take bets when they bayoneted pregnant women on whether the foetus was male or female. Some horrific barbarism occurred at the start of the 21st century, but Taylor was indicted, and I have no doubt that that was one reason why he was brought down in Liberia.

Taylor left Liberia and is now in Nigeria. The point of my speech is that I find it wholly unacceptable that a Commonwealth country—possibly the leading Commonwealth country in west Africa—is harbouring a man who has been indicted by a UN-backed war crimes tribunal. The President of Nigeria purportedly granted political asylum to Taylor last August. At the time of Taylor's arrival in Nigeria, he was specifically excluded from the scope of refugee and asylum protection by section 20 of Nigeria's Asylum Act, which states:

"when there are serious reasons to believe that"

a person

"has committed a crime against peace, a war crime or a crime against humanity, as in any international instrument to which Nigeria is a party and which has been drawn up to make provisions in respect of such crimes"

that person should not be granted refuge. Clearly, Nigeria has considerable obligations under international law.

Those of us who are concerned about international development welcomed the New Partnership for Africa's Development—NEPAD—but NEPAD was a contract, under which we would give more development assistance to Africa in exchange for Africa doing a number of things, not least peer review. Surely the least that countries such as Nigeria should do is hand over war criminals so that they can stand trial.

Colleagues in the United States Congress have been much more robust than we have been. Senator Judd Gregg, chairman of the Senate appropriations sub-committee on commerce, justice, state and the judiciary, has been quoted as saying

"Charles Taylor was one the chief instigators of the campaign of terror undertaken by the rebel group Revolutionary United Front during the conflict in Sierra Leone . . . By exiling Charles Taylor to Nigeria, it was hoped that his ability to further destabilize West African nations—including his own country of Liberia—would be eliminated . . . The terms of Mr. Taylor's asylum were clear: he was to completely disengage himself from the day to day affairs . . . of Liberia. However, Taylor has broken—flagrantly—the terms of this agreement . . . It is now time for Charles Taylor to answer for his crimes, and it is my hope that the State Department will work with the Nigerian Government to arrange Taylor's swift handover to the Special Court. Until Taylor is put in a place where he can do no further damage, all the efforts we have made will be lost. There is no place where justice can be served except in Freetown, Sierra Leone, the home of the Special Court."

When I was in Freetown, everyone told me that the work of the special court would not be completed until Taylor was brought to justice.

A woman from Sierra Leone, Aminatta Forna, author of "The Devil That Danced on Water", which was shortlisted for the Samuel Johnson prize for non-fiction, says

"The court"

—the special court, that is—

"has one year left to fulfil its brief. If prosecutors succeed in bringing Taylor to face trial then it will have earned its place in history. If not, then millions will have been spent on the convictions of possibly no more than nine people.

The sense of law, of justice in this post-war society has become so warped, so removed from reality that one woman kidnapped by rebel soldiers and forced to act as a nurse believed until the end of the interview that it was she who was to be charged. In fact she was seen as a potential witness.

For the people of Sierra Leone, justice of some sort must be seen to be done. After all, what if the world had turned their backs? What if the Special Court had not existed at all?"

I urge Her Majesty's Government to bring to bear such pressure as is reasonable on Nigeria—a fellow Commonwealth country and a leading member of the Commonwealth in west Africa—to accept that now is the time to hand over Taylor for trial to a United Nations-backed war crimes tribunal.

5.12 pm

Mr. David Amess (Southend, West) (Con): I want to raise a number of points. The first concerns law and order. There is no doubt that the British Government are letting the British people down in that regard. In the present climate, the criminal has absolutely no fear—but the law-abiding citizen certainly has.

Only last week, my mother, who lives in a London borough and is in her 90s, answered the door in the morning to a water board attendant. Stupidly—she now says—she let him in. By the time he had left, she had discovered that he had stolen every brass penny she had. The police were magnificent; they took fingerprints. It seems that she was about the third in line.

That says it all. Criminals no longer wait until it is dark; they act morning, noon and night. Southend is no different from anywhere else in that respect. I had a useful exchange in Westminster Hall last week with the Minister responsible for policing, who kindly offered to consider a number of the points that I had raised. The Government will claim that things are getting better, but that is not how the public see it. They want a more visible police force.

There are certainly plenty of speed cameras. In answer to an oral question, the Under-Secretary of State for Transport, the hon. Member for Plymouth, Devonport (Mr. Jamieson), challenged me to find examples of constituents who were just over the speed limit. I have now found an example, and I await the Minister's reaction with interest.

I am delighted that the local newspaper, the *Yellow Advertiser*, is launching a campaign this week called "More feet on the beat." It is to be led by the editor, Graeme Allen, and one of the reporters, Luke Walsh. The Home Secretary will get coupons telling him that the general public feel that he should provide sufficient funding for 10 extra police to patrol the streets in the Southend police division. I was recently on a Health Committee visit to Odense, where we saw at first hand the wonderful impact on law enforcement and the

reassurance to the general public that is provided by police officers getting on their bikes. I have a letter from the chief constable of Essex, who reassured me that he would look at the issue.

I salute the owner of a large retail chain called Choice, who is issuing carrier bags that say, "We support Crimestoppers." When I told the Minister responsible for policing about it, she was encouraged; it is another matter for her to look at carefully. At the moment, Leigh police station is closed in the evenings and Eastwood station is open occasionally, but Westcliffe station is now closed. My constituency is No. 1 in the country for people aged between 100 and 110. They need reassurance through the greater visibility of our policemen and women.

Mr. Mark Francois (Rayleigh) (Con): My hon. Friend will be aware that the level of policing is a big issue across south Essex and was referred to by my hon. Friend the Member for Castle Point (Bob Spink). Does he agree that we need not only more regular police officers in Essex, but more special constables, who play a vital role in reinforcing the police, particularly at peak periods on Friday and Saturday nights?

Mr. Amess: I agree and I am advised that 90 special constables are in the process of being recruited.

I have mentioned on many occasions my constituent Maajid Nawaz, who was held in prison for two years. Last week, he went to court with two other detainees and was found guilty of belonging to the Islamic liberation movement that apparently wants to overthrow the Egyptian Government. They were sentenced to five years in prison. I went to see them in prison and there is no doubt that the charges are trumped up. I believe the family completely.

The families are upset about the way the matter has been dealt with. I am advised by the brother of Maajid Nawaz that following the announcement of the verdict, the Government said that they respected the decision and that Britain could not intervene in the course of justice or the courts of another country.

I am pleading with the Minister because we have only four weeks to act. He must speak to the Prime Minister to get him to intervene. Incidentally, all three detainees got the same sentence of five years, but they were not found guilty of the same crime. In Egypt, an appeal depends on the written explanation of the verdict, which has not been delivered by the judge. The Prime Minister must intervene immediately because, within four weeks, President Mubarak will be asked to ratify the sentence or approve the writing of the explanation. After that, we will all be wasting our time.

I hope that the Prime Minister will intervene because the families are distraught. He is always telling us that he is happy to see Members of Parliament, but he has not been happy to see me and the other Members involved. I would have thought that, under the circumstances, he could at the very least agree to see the Members of Parliament involved—alone if he insisted, or with the families. The Prime Minister intervened on behalf of two nurses who were convicted of murdering another nurse in Saudi Arabia, even though the evidence was overwhelmingly against them. It seems that he is able to intervene on some occasions. I ask the Minister to do what he can to persuade the Prime Minister to intervene quickly in that case.

My constituent, Simon Matthison, has been held in prison in France since 1 December. His mother, Mrs. Calderwood, has been to see me at one of my surgeries because she is concerned about her son's health while he is in prison in France. He suffers from Addison's disease and many other health problems, for all of which he takes medication. His consultant physician has contacted me and advised me that those are serious conditions and that doses of medication for them need careful monitoring.

Although Simon is apparently being seen by a general practitioner in France, he is not getting the specialist treatment that he needs. Will the Minister send a message to the British embassy in France? I am not asking him to judge whether Simon is being held in prison rightly. He was accused of trying to smuggle illegal drugs into the UK in a sealed trailer that he had driven from Spain. He claims that he had no idea that the drugs were in the trailer, but I am not asking the Minister to intervene on that point. I ask only that he talk to the Foreign Office to get our embassy to ensure that Simon Matthison receives the correct treatment for his health problems.

The South East Essex Advocacy for Older People was founded in 1994 with originally just one member of staff. It has now expanded to include six paid members of staff and 14 volunteers. It does an absolutely wonderful job supporting people aged over 60 who suffer from Alzheimer's or other problems, and making representations on their behalf. That advocacy organisation would not survive were it not for its success with its community fund application. During the past year, it has received more than 600 inquiries, resulting in 400 case loads. I salute it; it does a magnificent job. Will the Minister ensure that it has more certainty over its funding?

A constituent of mine, Peter Little, is involved in a dispute with Lloyds TSB. He and his wife were mis-sold a critical illness insurance policy in October 1999, which stated that it was regulated by the Personal Investment Authority. When Mr. Little tried to claim, owing to his wife's failing health—they have small children—he was unable to do so. When he read the policy's small print, he found to his horror that he was not insured, and on investigating further, he found that the policy was not regulated by the Financial Services Authority. Mr. and Mrs. Little felt that they were banging their heads against a brick wall when they contacted the FSA and the ombudsman. Will the Minister ask the appropriate Department to examine that case? Mr. Little has proved through his bank statements that his policy should have covered his present circumstances. I would have expected Lloyds TSB to have behaved better than it appears to have done on that matter. Will the Minister find out why that bank is selling insurance policies that are not regulated by the FSA?

I am happy to keep spending my £5 each week on the national lottery, and I am not totally embittered that I have not won too much money, but it is an absolute disgrace that my Southend, West constituency continues to be third from the bottom in the list of the 659 constituencies for receiving lottery funds. Why is it right that Southend receives £1 million while Greenwich

[Mr. Amess]

and Woolwich receives £689,209,982? In other words, Southend, West receives 0.002 per cent. of that received by Greenwich and Woolwich. I ask the Deputy Leader of the House to have a word with the appropriate authorities to ensure that Southend, West gets a far better share of national lottery funding.

Finally, I hope that the House, given its jolly atmosphere as we approach the Easter recess, will join me in congratulating Southend United—the Shrimpers—on reaching the final of the LDV Vans trophy. I was delighted to travel by car, with my family, to the venue for last Sunday's final. It was a 430-mile round trip. Thousands of people from Southend went. We lost the match 2–0. The first goal was definitely offside, and I shall not go into too much detail about the second, but I congratulate the team—including the manager, Steve Tilson, and the chairman, Ron Martin—on an absolutely magnificent job and on representing our town so well.

5.26 pm

Mr. Michael Jabez Foster (Hastings and Rye) (Lab): At the end of term, one has a dilemma: whether to rush back to the delights of one's constituency, or to remain here to the end in the hope of making a telling contribution in the interest of one's constituents. If my colleagues in government are moved to respond to my plea today, the self-denial involved in not rushing back will have been worth while.

My concern is similar to that of other Members: transport. Although my constituency is only 60 miles from London and 40 miles from the channel tunnel, Hastings is the 28th poorest town in Britain, and the reason is transport. As a result of the Government's commitment to regeneration, we are doing much better than we were, but Hastings remains the 28th poorest town in Britain. We have received £50 million in regeneration money, which equates to £1,000 per household. Compared with the £18.50 shortfall in council tax contribution per household, that constitutes a pretty good profit. Under the leadership of councillor Jeremy Birch, the brilliant Hastings borough council is making a difference.

Transport remains an encumbrance. The rail links are awful and despite the nice new trains, it takes two hours to get to London. Two hours is a long time to travel 60 miles. The line linking us to Europe consists of a single track, so if a breakdown occurs, Europe is closed.

I want to concentrate, though, on the A21. It is known locally as the "snail trail", but it is worse than that, because snails do not travel that slowly. A21 users cannot travel fast, and when they try to do so lots of accidents occur. It is a very dangerous road—perhaps one of the most dangerous in Britain. Indeed, it is credited with changing British history. It is said that King Harold was held up on the A21 on his way to the battle of Hastings, and that as a result William was well ensconced before the battle commenced. It is certainly true that using the A21 to travel back to one's constituency is an exhausting experience.

We have been promised improvements and I am pleased to say that one such—the Lamberhurst bypass—is under way. But my first plea is that we need more. I ask the Government to announce very soon the other planned improvements to the A21 south of Lamberhurst.

My final point—it is the real reason that I asked to speak today—relates to a particular decision of the Highways Agency and the way in which such decisions are taken, of which I learned only this morning. The agency has decided to de-dual the only stretch of dual carriageway road between my constituency and Pembury. Some 1.7 km of dual carriageway—the only stretch of that road on which one can overtake—will be turned into a single carriageway. That is a crazy decision. It was taken because many accidents occur there, but I wish that the agency would consult local Members before taking such decisions. Indeed, perhaps it should have consulted Ministers on this decision, given that it was a wholly administrative one.

Of course, if de-dualling takes place the accidents will simply be displaced. If the road consists of 15 miles of single carriageway and people have to wait for an opportunity to overtake that does not come, they will take even more dangerous decisions. It is a bit like crime. Although I am happy that it is falling overall, some of it gets displaced, and the same applies to accidents.

My final plea is for the Minister to pass on my concerns to his colleagues in the Department for Transport. First, let us soon hear departmental announcements about improvements to the A21. Secondly, please do not de-dual the only piece of dual carriageway on the road. While we are waiting for the main announcements, let us find other methods of ensuring better safety on that very dangerous road.

5.30 pm

Dr. Rudi Vis (Finchley and Golders Green) (Lab): I have raised the issue of Cyprus in many previous Adjournment debates, and it is particularly appropriate to do so again today, because it was decided only yesterday that there will be a referendum on 24 April in both the Greek Cypriot republic and in the occupied part of Cyprus on the Annan plan to unite the island. If the result were yes in both referendums, Cyprus would enter the European Union in its entirety on 1 May 2004. If either side were to vote no, only the republic of Cyprus would join the EU on 1 May.

I have wanted a free, united and democratic Cyprus for as long as I can remember. Now that we are on the threshold of a decision, I should be pleased. Yet I am not. More importantly, tens of thousands of Greek and Turkish Cypriots are not pleased either. There is particular anger in the Greek Cypriot community in Cyprus and in this country—and for some very good reasons. I should like to mention just a few of those reasons to give a flavour of the failings of the Annan proposals.

Annan does away with the many UN resolutions against Turkey concerning Cyprus. Annan suggests that many of the cases against Turkey before the European Court of Human Rights should be withdrawn. Annan will allow a continuing Turkish military presence in Cyprus. Annan proposes an almost two-state Cyprus, as was always wanted by the putative leader of the occupied territory, Mr. Denktash. Annan allows no real freedom of movement. Annan allows decades before property and land will be sorted out for the 200,000 Greek Cypriots who fled in 1974 as a result of the Turkish occupation.

Annan does not guarantee full functionality so that the new state can function smoothly within the EU. Annan does not resolve the situation of the enclaved and does not allow voting rights for the hundreds of thousands of Greek Cypriots affected by the occupation in 1974 who now live abroad, but he does allow the voting rights of the tens of thousands of Anatolians who were imported into Cyprus from Turkey.

I have not exhausted the reasons for the genuine anger of the Greek Cypriots, and I have not noted the anger of Turkish Cypriots who feel politically emasculated by the Turkish presence. Our Government, in their rush to sort out one problem and commence on another problem—to start negotiating with Turkey for EU membership—back up all that confusion and anger. I sincerely hope that the Foreign Office will bear those difficulties in mind. I also hope that the Greek Cypriots will vote no in the referendum on 24 April.

Bob Spink: I listened carefully to the hon. Gentleman's list and I noticed that he failed to mention that Annan also makes no proposals to provide incentives for settlers to return to mainland Turkey. That is another negative point about the Annan proposals.

Dr. Vis: The hon. Gentleman is absolutely right. That could easily be done: plans are afoot, but Annan makes no contribution.

I wish you, Mr. Deputy Speaker, and all hon. Members a pleasant recess.

5.34 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): We have had an excellent debate. As is always the case with such debates, it showed the House in its best light, as right hon. and hon. Members on both sides raised subjects of genuine concern to them and their constituents. We have even heard about the Shrimpers, who I gather were robbed by a referee's decision—that, at least, is the view of my hon. Friend the Member for Southend, West (Mr. Amess).

The hon. Member for Finchley and Golders Green (Dr. Vis) raised the subject of Cyprus, as did other Members. The whole House sends the people of Cyprus our wish that they find a way forward that unites them and enables them to join the European Union as one country.

Bob Spink: They will anyway.

Mr. Heald: Indeed. But the widely shared concerns that have been expressed are about the exact mechanics of the process.

There was much discussion of the situation in Wales and of the Richard commission. Unfortunately, the hon. Member for Blaenau Gwent (Llew Smith) is no longer in the Chamber, as I wanted to give him some extremely bad news from a book called "Ayes to the Left", written in 1995 by the present Leader of the House, and in which he describes the future for Wales. He wrote:

"A Welsh Parliament would begin by having its own legislative powers confined . . . But in time—and as Britain moved towards a federal structure—greater legislative and revenue raising powers could be obtained."

That was a straw in the wind in 1995.

The hon. Member for Wrexham (Ian Lucas) came up with a principle that found strong support on the Conservative Benches—indeed, we might even describe it in future as the Lucas principle. It was that there should be a referendum on matters that involve constitutional changes. That is a principle that finds ready acceptance among my hon. Friends and, indeed, among Members on both sides of the House—even the Liberal Democrats appear to be nodding.

Ian Lucas: Does the hon. Gentleman accept that, in the case of the Conservative party, that principle would be entirely novel?

Mr. Heald: I forget how many referendums the Government have held—about 37 so far.

Mr. David Heath (Somerton and Frome) (LD): How many have the Conservatives held?

Mr. Heald: We have had the odd one or two, as the hon. Gentleman may recall, although I think in fact it was only one—*[Interruption.]* Yes, yes. We had one.

Ian Lucas: What about?

Mr. Heald: The Ulster border poll. Not everyone can remember that. The hon. Gentleman is clearly a strong Unionist. His attack on the National Assembly for Wales may have been slightly veiled, but he clearly was not keen that the Assembly should succeed in its ambition to have the right to make primary legislation. He was not at all keen on what the Assembly had done to the health service in Wales, and he seemed to feel that the lack of top-up fees in Wales would cause considerable difficulties.

The hon. Gentleman's colleague, the hon. Member for Blaenau Gwent, went all the way. He said that the bonfire of the quangos had not occurred and made it extremely clear that he would resist giving the Assembly any further powers. It would be interesting to hear from the Deputy Leader of the House of Commons—especially given his boss's position—what his perspective is on those issues. Will he follow what the present Leader of the House was saying in 1995, so that the process is more and more in favour of a devolved Parliament; or will he tell us that enough is enough and that, in the words of my hon. Friend the Member for Ruislip-Northwood (Mr. Wilkinson), the Richard commission has got far too big for its boots?

The hon. Member for Hornchurch (John Cryer) made some interesting remarks—as usual. I recall especially his comments on mobile phone masts—a subject of concern to Members on both sides of the House. I am certainly concerned; indeed, last night I presented a petition from Royston with 1,633 signatures. The petition was against a mast that NTL had to remove because it did not comply with planning permission, but the company plans to put it up again right next to a primary school, so of course parents are saying that they may have to take their children away from the school. EDF, the owner of the site, has offered to forgo the rent if NTL leaves the site, so its contractual obligations would cease. A local councillor, Tony Hunter, spent

[Mr. Heald]

hours looking for an alternative site, yet when he found one, NTL would not even negotiate with the land agents. The subject is dear to my heart, and I shall mention it again—that is a promise.

We had some very interesting contributions about trains. The hon. Member for Hastings and Rye (Mr. Foster) mentioned his service in Hastings. We heard a strong plea for the Croxley link, from my hon. Friend the Member for Ruislip-Northwood (Mr. Wilkinson). We also heard a strong plea that the docklands light railway should join up with Hornchurch.

The debate had a rural flavour, with contributions from my hon. Friends the Members for Ryedale (Mr. Greenway) and for Tiverton and Honiton (Mrs. Browning). I should not forget that we want Major Perkins to get his tax refund. I hope that the Minister has written that one down.

On law and order, we had contributions from my hon. Friends the Members for Castle Point (Bob Spink) and for Southend, West (Mr. Amess) and a cameo intervention from my hon. Friend the Member for Rayleigh (Mr. Francois). The point that they were making is that, under this Government, criminals have become quite brazen and are robbing people, even in daylight. There just are not enough police on the beat in south Essex. That is why the local paper is running the strong campaign that we heard about. However, the more general point is that policing seems to have become a very intellectual exercise these days, with intelligence-led policing and a reactive approach to policing. A lot of people believe that a strong, visible police presence on the streets is required if we are to have the firm control that we need in our society.

The hon. and learned Member for Dudley, North (Ross Cranston) referred to terrorism and made some important points about the law. We also heard a strong plea about the war crimes tribunal in Sierra Leone, from my hon. Friend the Member for Banbury (Tony Baldry). I join in his plea to the Government about Nigeria. It is wrong that someone who is clearly a war criminal, or at least indicted as such, should be given safe haven in a Commonwealth country.

On defence, the hon. Member for North Cornwall (Mr. Tyler) again raised the issue of equipment for our armed forces. It seems shocking that there are three examples in a relative small area of the country where the kit that the armed forces need simply was not available. Although he did not mention this, one of the most startling parts of the report on the issue was the reference to tanks not having the correct filters to deal with certain weapons of mass destruction. The Government's reason for going to war was weapons of mass destruction, so to send our boys in to fight in tanks that did not have the kit to deal with such weapons seems very irresponsible. Time should be made available to debate that issue and for the Government to make a statement about what will happen, as well as to debate the investigations issue that the hon. Gentleman raised.

My right hon. Friend the Member for South-West Surrey (Virginia Bottomley) raised castles and conveniences, Mr. Varah's early departure from the probation service and Abbeyfield homes. I should be grateful if the Minister touched on those issues in replying to the debate.

The debate has been wide ranging, touching on subjects of importance in many areas and covering geography as far apart as Sierra Leone, Guatanamo bay and the docklands light railway. It is traditional on these occasions to wish all hon. Members on both sides of the House a very merry and happy Easter recess, and I am happy to do so, especially to you, Mr. Deputy Speaker. I also thank all the people who do so much in the House of Commons to help Members—all the staff who work here, the Clerks and those who keep us safe.

5.45 pm

The Deputy Leader of the House of Commons (Mr. Phil Woolas): I start by echoing the final remarks of the hon. Member for North-East Hertfordshire (Mr. Heald) and thanking, on behalf of all right hon. and hon. Members, the staff who work in this place in many different capacities. It is particularly worth mentioning, given the events that have taken place in the Palace and outside during the Session, the debt of gratitude that we all owe to the security and police forces. They put their lives on the line every day and we struggle to remember to wear our passes. We should put that in perspective.

I echo also the hon. Gentleman's remarks about the nature of these debates. They are extremely wide ranging and it is difficult comprehensively to respond to them. I apologise in advance if I do not do so. However, I undertake to bring to the attention of Ministers the points that have been made where Members have requested that I do so. I know that some of the issues that have been raised have been by letter as well as by parliamentary questions.

The debate has been amazingly wide ranging. I shall start with the important defeat of the Shrimpers. I think that it was 2–0. There was a contest over the first goal. For the sake of balance, I say on behalf of my hon. Friends the Members for Blackpool, South (Mr. Marsden) and for Blackpool, North and Fleetwood (Mrs. Humble) that I think that it was not offside. Congratulations should be due to all those involved.

Mention was made of football teams in other Members' constituencies, or at least where many supporters of those teams live—namely, Liverpool and Manchester United. It is always a good idea to get in the names of football teams. It is always a good idea also to get in the name of the local newspaper. I congratulate those Members who have done that. I would not be so foolish as to criticise anyone for doing so.

I shall now try to respond to the debate. My hon. Friends the Members for Wrexham (Ian Lucas) and for Blaenau Gwent (Llew Smith) referred to the Richard commission, which reported today. I agree in every aspect with my right hon. Friend the Leader of the House on the report. It is a report to the National Assembly for Wales and, in the first instance, it is for the Assembly to consider it. The Government will be responding appropriately to the report in future.

My right hon. Friend the Leader of the House has gone on record as saying that he supports the alternative vote system and not the single transferable vote system. The hon. Member for Hornchurch (John Cryer) and others raised points about proportional representation, and I can agree with them in that context.

The hon. Member for North Cornwall (Mr. Tyler) talked about some important points that he has taken up with the Ministry of Defence. I know from previous

debates and from seeing correspondence that the MOD is aware of his concerns. They will note the points that he has raised during the debate.

The right hon. Member for South-West Surrey (Virginia Bottomley) apologised to the House for being unable to remain in her place. She was kind enough to inform me that the hon. Member for Worthing, West (Peter Bottomley) would take her place, as it were. I am grateful to the right hon. Lady for her courtesy. She raised a number of matters, including some policy issues, and made some requests. She asked me to encourage a reply from the Department for Education and Skills on the next steps on the Farnham castle issue. I shall certainly draw that to the attention of the Department. The right hon. Lady referred to the Surrey Institute of Art and Design students, who had lobbied her. She said that she thought that they would be lobbying her on behalf of student debt. Ironically, I remember 20 years ago lobbying the right hon. Lady when she was the Parliamentary Private Secretary to the then Minister of State, Chris Patten, on the issue of student debt. Perhaps things have come full circle. However, students now are immeasurably better off due to the generosity of Government support. I could go into the figures.

The right hon. Lady said that she was lobbied on behalf of the British Toilet Association. She was pleased, but surprised, to discover that there was such an association. Indeed, there is an all-party group on public toilets, and a valuable service it does. I believe that my hon. Friend the Member for Cardiff, North (Julie Morgan) is the chairperson—at least, she was when I went to the meetings. Toilets are an important part of public services, and the House will be relieved to hear that I was sorry to learn that the students fear that 50 per cent. of the toilets will be lost as a result of the Disability Discrimination Act. It that is true, it is an example of the law of unintended consequences. I know that my hon. Friend the Minister with responsibility for disabled people, who is doing a fantastic job improving the rights of disabled people, will want to note those points. If that is happening in the constituency of the right hon. Member for South-West Surrey, it could well be happening elsewhere.

The right hon. Lady asked me to raise the matter of Abbeyfield homes with the relevant Minister at the Office of the Deputy Prime Minister, and I am happy to do that. She also raised concerns about the primary care trust. To be fair to her, she acknowledged that her constituents have a growing confidence in the NHS—I believe I quote accurately—and I am glad to hear of her support. She drew attention to difficulties that I assume are local difficulties to do with decisions being taken locally. I shall draw the matter to the attention of the Department of Health.

My hon. Friend the Member for Braintree (Mr. Hurst) made one of those interesting speeches that bring a little philosophy, reflection and wisdom to Adjournment debates. I sign up to the idea that what goes around comes around. It is amazing how similar these Adjournment debates are over the many years that they have taken place, if one takes the trouble to read them. I should respond to my hon. Friend's worries about the decline in the powers of local authorities by saying that the examples he gave show that the tide is turning. It is not coming up the beach as quickly as he would like, but the Greater London council has been replaced by the Greater London authority, thanks to the Government's programme. It does not have as many powers as he would like, but I hope he acknowledges that the tide is turning.

The hon. Member for Ryedale (Mr. Greenway) raised four issues on behalf of his constituents. I shall begin with the most important—the case of Major Richard Perkins, his constituent. I am advised that the Ministry of Defence is trying to resolve the tax status, following the decision by the Veterans Agency to award him his war disablement pension. I am also advised that the case is not straightforward. The MOD is preparing a submission to the Inland Revenue, which is responsible for the final decision. The MOD acknowledges that it has taken some time to resolve the matter and apologises for the inconvenience that that has caused. I ask the hon. Gentleman to pass that on to his constituent, whom all of us would want to help. An 86-year-old ex-soldier deserves our support.

The hon. Gentleman spoke of livestock farmers in north Yorkshire and the CAP reform. I do not know whether he was present for the statement by my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs on CAP reform, when she described the process that we would be going through. The definition of severely disadvantaged areas is obviously important. The issue arises in my constituency as well.

Mr. Greenway: Since I made my speech and was supported by my hon. Friend the Member for Tiverton and Honiton (Mrs. Browning), I have discovered that an announcement by the Minister was expected today, but no announcement has been made.

Mr. Woolas: I thank the hon. Gentleman for drawing that to our attention. His remarks will be noted.

The hon. Gentleman also raised the issue of flooding. He asked me to pass on the special case of Pickering. Anyone who knows his part of the world will be familiar with the problems. He asked for an extension of the scheme or another device to allow the scheme to be put in place. Again, his remarks will be noted.

Mr. Heald: Would the Minister take this as a representation, which I did not make at business questions? It is necessary for the Secretary of State to make a statement to the House about the changes that she is making to her response to reform of the common agricultural policy. Could we have that statement in the first week back?

Mr. Woolas: I am sure that the hon. Gentleman will agree that the Secretary of State's statement on 12 February was open and transparent. She rightly committed herself to consultations, and that was accepted by both sides of the House, as was the fact that the reform of the subsidies programmes and the definition of the areas require balanced decisions. I can only pass on the hon. Gentleman's request, although I can see his point. I commend the Secretary of State's policy on this important issue. Many have called for the reform of the common agricultural policy for many years. We are delivering on that, and that is important for our farming industry and countryside.

[Mr. Woolas]

The hon. Member for Ryedale also referred to insurance and terrorism. I believe that I am right in saying that he is a former insurance broker, and obviously the lack of insurance in respect of terrorist activities must be tackled. I believe that the Treasury will be looking at that. He asked for a shot in the arm on that point.

My hon. Friend the Member for Hornchurch (John Cryer) raised a number of local points, as well as a general point about the Richard commission. If I was in a position to sign early-day motions, I would certainly sign early-day motion 930, tabled by him and my hon. Friend the Member for Keighley (Mrs. Cryer). I think that his 40th birthday is due during the Easter recess, so I wish him a happy birthday from all of us.

My hon. Friend rightly criticised his Conservative-controlled council's cavalier and irresponsible attitude to his primary schools and showed how it was not taking into account the needs of the children in his constituency. He raised, as he has done before, the issue of mobile phone masts, and he raised the issue of the docklands light railway, asking for it to be extended to Rainham. That was a successful private finance initiative that came in on time and on budget, and I will be happy to pass on his request to the Secretary of State for Transport. My hon. Friend made a general point about the Richard commission and proportional representation, to which I have referred, and I think that he knows the views of my right hon. Friend the Leader of the House on that matter.

The hon. Member for Tiverton and Honiton (Mrs. Browning) took us to the beautiful villages of Devon, where she wants to encourage us to go for our holidays, and I hope that hon. Members will be able to do so. She talked about the vital villages programme. I know that she is aware that the reorganisation of the budget has led to a curtailment of future budgets for that programme and she may like to take that matter up in more detail. I understand the point that she makes. She referred to Gittisham, which I think appeared in the national press recently, and if what happened there occurred in any of our constituencies we would take a similar attitude. She referred to petrol pumps and called for a little common sense, which we hope can be achieved. She talked about horse safety, as she often does, and the need to protect our horses. She is aware that the schemes that have been put in place are intended to do that, but I know that the equine lobby has concerns about their implementation.

The hon. Lady made probably the longest request ever, which was originally intended for the Prime Minister, at what I could perhaps describe as a virtual Prime Minister's Question Time. I would not dare to presume to answer on behalf of the Prime Minister, except to say that I am always amused that the question regarding the EU constitution referendum is never defined. If one were to say that the constitution was a fundamental change from the treaties of Europe, I could see the case for a referendum. But if one reads the proposed constitution, and I have, it does not fundamentally change the treaties, so it is a bit of a bogus argument.

My hon. and learned Friend the Member for Dudley, North (Ross Cranston) made some interesting points. I am sorry that I am not able to respond to all hon. Members. I was going to give a positive response on the Croxley rail link. We are waiting for the results of the comprehensive spending review before re-examining that. I answered some of the points made by hon. Members from Essex who have had a huge and record increase in the number of police officers, and everyone knows that crime is falling. I am sorry that I cannot go into further details about the success of the economy under the Government, which I would be more than happy to do, but I end by wishing all hon. Members and you, Mr. Deputy Speaker, a very happy Easter.

It being Six o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Transport (Pudsey)

Motion made, and Question proposed, That this House do now adjourn.— *[Charlotte Atkins.]*

6 pm

Mr. Paul Truswell (Pudsey) (Lab): I want to start by discussing the problems facing the most oppressed minority among public transport users: bus passengers. Since deregulation in 1986, they have faced a consistent and irreversible decline in services, and Pudsey is no exception. The voices of bus passengers are rarely heard, and I want to redress that shortcoming with a few short quotes from my constituents.

The first comes from Laura Ladd of Yeadon, who wrote a cogently argued letter about the shortcomings of First Bus, saying:

"Fares have increased significantly over the past years with no improvement in service. New bus times and numbers were launched with insufficient information and few new timetables made available at stops. I should congratulate you"—

First Bus—

"that buses are rarely late—they just don't arrive at all."

The next quote is from Mr. Stephen Tong, who bemoans the loss of the 66 route in Pudsey and says:

"Whenever I have travelled on this service I have noticed that the vast majority of passengers are elderly, and many of them infirm. The withdrawal of this service would be a body blow to the many small communities which it serves."

Mrs. D. Burke says, among many other comments that

"When I came here to live in 1988 I drove a car and was a much younger person. Now I am in my eighties, my eyesight is not good enough to drive and I depend solely on public transport, which is an absolute shambles."

Another constituent, Alan Gladwell, comments on the same theme that

"In Leeds, the concentration seems to be on the more popular (and more profitable) routes in and out of the city centre. It seems to be a common occurrence for First or other monopolistic bus service providers to withdraw bus services for 'commercial reasons'."

Mrs. Margaret Young of Yeadon wrote to me about the loss of a link between her part of Yeadon and Otley, which is the location of Wharfedale General hospital, noting:

"It would seem that whoever it is that decides on these 'silly' changes never travels by bus, has never understood the geography of the area of Lower Yeadon and perhaps doesn't even know there is a Hospital at Otley (the wonderful Wharfedale Hospital) that caters for Yeadon."

Dennis Gibbons bemoans the changes, saying:

"As a daily user of the bus services in Leeds we see the decline in the provision of local services at first hand . . . They continue to alter and change services with inadequate notice and with little thought to the users of those services."

Finally, in a cogently argued three-page critique of the operation of First Bus, my constituent Anne Simms says:

"I enjoy my job and once upon a time I used to enjoy travelling to and from work. Sadly though now I do not enjoy the travelling at all because of the fact that buses are late or missing and I have such problems getting home."

Since the deregulation of the bus industry outside London in 1986, bus use has declined by nearly 30 per cent., and fares have risen by more than 25 per cent. in real terms. Outside London, the Government are in real danger of missing their 10-year plan target for increasing bus use. A recent parliamentary answer indicated that although bus patronage grew by 3.8 per cent. nationally in the past two years for which figures are available, the growth in London was 13.5 per cent.; outside London it was minus 1.8 per cent.

Two thirds of public transport journeys are made by bus. Those on the lowest 20 per cent. of incomes make more than nine out of 10 of their public transport journeys by bus, and about 60 per cent. of bus journeys are made by people from households who do not own a car. People on low incomes outside London are particularly badly affected, with fares rising by 2.1 per cent. a year in real terms over the past 10 years.

Marginal social routes continue to be vulnerable to cutbacks, as the letters that I have quoted from constituents attest. Arriva's most recent half-year report spells it out. It states:

"Outside London our approach, to what is currently a mature market, is to focus on a twin track strategy of targeting investment to deliver growth and eliminating low margin and loss-making routes."

In London, the average pre-tax profit margins of such companies are under 6 per cent.; in passenger transport executive—PTE—areas such as mine in west Yorkshire, the average is 14 per cent.

In areas such as Pudsey, 5 to 10 per cent. of services do not operate, and even when they do, punctuality is poor. According to PTE figures that I have just received, punctuality in the Pudsey area fell below the so-called acceptable level of 95 per cent. in every single month since June 2003, and it has fallen as low as 80 per cent. on some occasions. PTEs are involved in planning services effectively only at the margin, since 85 per cent. of services are commercial. PTEs continue to try to get the best out of the existing system. For example, locally we have the Yorkshire bus initiative, guided bus projects and a major bus priority measure on the A65 that will serve a small part of my constituency, but such measures are severely limited.

It is clear that overall the current structure is failing passengers. It is time for a fresh approach to the way in which we spend the £1.3 billion public subsidy that goes into bus services. My hon. Friend the Minister will be aware of early-day motion 581 on bus franchising. My view, and that of those MPs who support it, is that if it is good enough for London, it is good enough for my constituents—and, I hasten to add, my hon. Friend's constituents.

Legislation to allow PTEs and local authorities to introduce London-style bus franchising through quality contracts is long overdue. Although such contracts are possible, the hurdles are so high that, according to a recent parliamentary answer, none has been introduced. The system is being reviewed and there is some indication that the period between which an application is made and comes into operation is being considered, but, on the good authority of the PTE in my area, that will not change the system in practice.

We need to make it easier for local authorities and PTEs to introduce quality contracts where the private sector is failing to provide an integrated, socially inclusive service delivered in a way that achieves

[Mr. Paul Truswell]

passenger growth in areas outside London. Bus services could be planned to connect with—rather than to compete against—train, tram and light rail services, and there could be tickets that increased transfer between buses and other means of travel.

Like bus passengers, rail users in my constituency have been ill served by privatisation. My constituency is served by stations on three routes—Horsforth, New Pudsey and Guiseley. I accept that we have seen some major improvements. All three stations have undergone major refurbishment. The efficiency of Leeds City station has been increased by a £250 million investment that has reduced congestion and delays. An RPP—rail passenger partnership—grant enabled the provision of excellent new 333 class four-car rolling stock on the Airedale and Wharfedale line. I should declare an interest, because I am an avid user of those trains.

Between 1994 and 2000, use of the west Yorkshire rail network increased by 44 per cent. from 11.5 million to 16.6 million passengers. The privatised structure simply has not coped with that increase in demand and use. The recent inquiry by the Select Committee on Transport into overcrowding on public transport concluded that overcrowding is worse in west Yorkshire than in the south-east. Overcrowding in London and south-east in the morning peak is 5 per cent., while in west Yorkshire it is 9 per cent. in the morning peak and 5.3 per cent. in the evening peak. For example, four of the six trains arriving in Leeds via New Pudsey between 7.30 am and 9 am have standing passengers. In the evening peak, five of the six services leaving Leeds between 4.30 pm and 6 pm have standing passengers. We must tackle that sardine syndrome in areas such as west Yorkshire.

Additional units are required to cater for future growth, especially to serve the two priority new stations sites identified on the Wharfedale line—Apperley Bridge and Kirkstall. Metro has bid for six additional units, three of which would operate on that line, but several outstanding issues need to be resolved before the bid can succeed. It is essential for a way forward to be found if future growth and new stations are to be accommodated. I hope that my hon. Friend the Minister and his colleagues will do everything that they can to ensure that the current impasse is resolved favourably.

The capacity issues are also the key to other priority plans, such as the Horsforth Woodside station that is planned for my constituency. There is a longer list of 30 possible stations that includes Calverley Rodley. That is also in my constituency and would provide an excellent site for a park and ride scheme.

Unfortunately, the high cost of rolling stock means that it difficult to provide the extra trains required. For example, it costs £144,000 to lease a two-car basic Pacer train from a rolling stock company. By comparison, the cost to Metro when it bought a two-car Pacer was £350,000. Those figures show that there is a huge rate of return, so it is not surprising that both HSBC and the Angel Trains leasing company make £1 million a week in after-tax profits.

West Yorkshire Metro has a blueprint for increasing patronage by more than 50 per cent. over the next 10 years. That involves lengthening existing trains by procuring additional rolling stock and lengthening platforms. It will not require a great deal of infrastructure investment. Indeed, that growth, impressive though it would be, could be achieved with a relatively modest investment of between £5 million and £6 million per annum over 10 years.

While I am on the subject of rail, it would be remiss of me not to make passing reference to the Leeds supertram proposals, which obviously have wide-ranging implications for the city of Leeds, West Yorkshire and my constituents because the scheme would provide a public transport alternative to the private car. As part of the wider long-term development of supertram, a route between Leeds and Bradford—via my Pudsey constituency—is emerging as one of the better performing possible routes that could be added to the core system, if that went ahead. I appreciate that supertram proposals are being reassessed in the light of substantial cost increases, but its partners are preparing options—including reduced ones within the figures agreed in 2001—that are still favourable compared with alternative forms of transport. I implore my hon. Friend the Minister and the Secretary of State to meet Leeds Members, supertram partners and representatives of the business community to discuss the revised submissions because they are incredibly important for Leeds and West Yorkshire.

Let me turn to the impact of air transport on my constituency, with particular reference to Leeds Bradford airport. The Secretary of State's White Paper statement recognised the need for a balance between growth in air travel and its environmental impact on not only climate change, but those living near airports, such as my constituents. He confirmed that we needed to reduce and minimise the impact of airports on local communities and the natural environment.

The White Paper section on Leeds Bradford airport also refers to the need to minimise noise impact and improve public transport and access. It refers to an "airport master plan". The executive summary on page 11 makes reference to airport operators developing "appropriate access plans". Will the Government be issuing clear guidance on what the "airport master plans" or "access plans" might actually contain?

It is clear from the local debate on the White Paper and the consultation that preceded it that the airport consultative committee is not considered as an adequate mechanism for providing continuing dialogue between local residents and the airport. However, that in no way decries the energetic and laudable efforts that the airport's director and management team have made to engage in the local debate generated by the consultation process leading up to the White Paper. They also spend significant time trying to deal with the day-to-day concerns of local residents, but that is invariably ad hoc and reactive.

We need an airport planning process that is based on proper formal public consultation. That should be underpinned by an independent environmental impact assessment, which should include consideration of the impact, prevention and minimisation of air and noise pollution, climate change, and other associated issues, such as operating hours. At the moment, the only time that public consultation takes place is when a planning application is submitted for a specific development, which is usually something like a car park or runway extension, but such a piecemeal approach is totally

inadequate. It also prompts a question about the local authority determining planning applications for an airport in which it has a clear interest.

If anyone were looking for an airport site today, the location of Leeds Bradford airport would be unlikely to feature in the process. Its limitations must properly be reflected in future plans. Even at current passenger levels, there is a need for improvement to road safety and access. Transport links are poor and the roads are widely regarded as inadequate and unsafe. The implications of growth cannot be addressed without consideration of the impact on local communities and the environment.

I appreciate that people in Leeds and West Yorkshire want to fly from their airport at the cheapest price to the greatest number of destinations. Although my constituents who live near the airport realise that there is a price to pay for the location, they rightly do not want their quality of life destroyed over time by its unrestricted and excessive growth. A fair and sustainable balance must be struck.

The condition of roads is the final issue that I wish to tackle in the whistle-stop tour of transport issues in Pudsey. Like other constituencies in Leeds, mine suffers from a substantial backlog in highway maintenance. That occurred in the years of the Conservative Government when inadequate capital allocations caused difficult compromises. Leeds city council chose to prioritise schools, early years provision and social services, especially services for older people, at the expense of highways.

Although I am pleased that the council has earmarked an extra £15 million for highways over the next three years, its ability to make even more progress depends on the highways formula spending share. Besides maintenance, there are other important aspects such as road safety measures, crossings and speed cameras.

The council's grant was affected when the A1-M1 link was opened. The link obviously led to a reduction in traffic flows on some major routes, but they were never designed to take the traffic that they experienced before the link was opened. Consequently, they needed major repair. The traffic has gone and the money has gone with it, but the maintenance is still required.

The removal of the traffic flow threshold had an impact on Leeds. Previously, average traffic flow had to be above a specified figure before councils received any extra money. Removing the threshold spread the money across a greater number of authorities, to the obvious detriment of areas such as Leeds.

I am aware of the clock, and, given the constraints of time and the need to give my hon. Friend the Minister some time to respond, I shall bring the tour to an end. I anticipate his response with bated breath and I know that he will write to me about any of the issues that he is unable to cover in the remaining 13 minutes.

6.17 pm

The Minister of State, Department for Transport (Dr. Kim Howells): I congratulate my hon. Friend the Member for Pudsey (Mr. Truswell) on securing the debate and raising the issue of transport in and around Pudsey. Indeed, if all hon. Members were as vigilant as he on transport, the various responsible agencies and authorities would have to sit up and take a bit more notice than they sometimes do. It is right and proper for him to quote his constituents, who depend on and use the buses and trains.

I ask my hon. Friend to understand that some great improvements have taken place. We have great hopes for the outcome of the rail review, because we are currently spending huge amounts of money on the railways and we want to get much more value for taxpayers' precious money. Our strategy is to tackle congestion and pollution by improving all sorts of transport. My hon. Friend used the word "integrated". It is mightily overused and its application to transport is often vague. We need much more integration and we should think about it much more strategically than we often do, at all levels of government.

We are interested in some of the issues that my hon. Friend raised. We want to establish a strategy for investment to create prosperity and a better environment, as well as to do all the things for his constituents that my hon. Friend mentioned earlier.

The step change in funding that we have made over the past four years emphasises the Government's commitment to delivering a sustained improvement to the transport infrastructure and thus a real improvement to people's daily lives. The total capital funding available for authorities' local transport plans in 2004–05 is £1.9 billion. That is a huge amount of money, and I am sure that my hon. Friend will agree that, with that amount of money available, bus services should not be deteriorating but improving—as indeed they are in some parts of the country.

In Pudsey, a share of that sum of almost £2 billion will be delivered through the West Yorkshire local transport plan. LTPs have provided more certainty of funding for local authorities, with almost a doubling of funding in investment to improve road safety, to increase the capacity and use of public transport, and to reduce the backlog of road and bridge maintenance. My hon. Friend was right to mention that issue; it is a shame how far road maintenance programmes were cut back during those long years of Tory Government. Neither the Tories nor many others understood the importance of maintaining our roads in good condition, and we are now having to pay much more as a result.

The burden of my hon. Friend's concerns related to buses. A key area for an authority's LTP is to increase the use of public transport and to improve the service to users. The sustained development of bus services is key to this. When I was growing up in the 1950s, every developing country wanted a steelworks and a state airline. Nowadays, every city and large town in this kingdom seems to want a tram system or light rail system. They are, however, enormously expensive. We have met MPs from Leeds, and my hon. Friend is right to say that there is a visionary project for a tram system there, but its cost has doubled over a very short period. The last costing that I saw was £1 billion, which is a huge amount of taxpayers' money to spend on such a project.

I shall be interested to see what we can do to improve the image of buses and bus travel, and the quality of bus transport. It is very much the Cinderella service,

[Dr. Kim Howells]

although buses carry just as many people as the railways do. They are very flexible, and if they are run properly, they can and do provide a real quality service around the country. One of the problems is that we assume that there is a golden bullet that will cut through all the difficulties involved in making bus transport more popular. I do not think that such a golden bullet exists. It is down to good management, a committed work force, paying people decent rates of pay and making them feel as though they are part of a valuable service. That is the kind of ethos that the best of the railway companies have developed over the years. There is no reason why bus services should not be like that.

Mr. Truswell: Is not part of the problem the fact that where there are improvements to bus services, they tend to be on the profitable commercial routes? Under the pre-1986 system, that "profit" would have been used to cross-subsidise the unprofitable services that were necessarily very important to those without cars who depend on buses for their transport. That cross-subsidy no longer occurs, because any profit simply goes to pay shareholders.

Dr. Howells: That is partly true, but not entirely so. I have seen for myself bus services in rural areas of England, for example, that are developing interesting dial-up systems and flexible routes that can respond to the needs of people living in remote areas who do not have cars and who depend on buses. The notion of integration, which he mentioned earlier, can often be key. It is about trying to understand exactly what people need in those areas and how the bus service can best respond to those needs. My hon. Friend is right that in many ways flexibility has decreased as a consequence of what has happened over the past 10 or 20 years. I was in Carnforth in Lancashire recently, for example, where I saw an excellent scheme operating from Carnforth railway station, with proper integration, and a real sense of wanting to respond to the special needs of people who may live in remote areas, or who may live in inner city areas, who perhaps cannot afford cars or do not want cars and want to use public transport. Of course, there is an issue of affordability, but there is also an issue of good management, to which we have not paid enough attention.

May I add that that is also a big issue on the railways? I was lucky enough to go to Japan recently and see the Japanese railways, which have huge capacity. I have been going round boasting that last year we carried 1 billion people on the railways in Britain, which is the highest total since 1961. The Japanese railways carried 21.7 billion people. They do it not through space age technology or rocket science but through very good management and responding to what passengers need. They charge a premium fare for it, by the way, but people are prepared to pay those fares if they know that they will get a very good service as a consequence. That is a target at which we must aim in this country, whether in Pudsey or anywhere else.

My hon. Friend was particularly concerned about the question of future funding. Public transport subsidy in West Yorkshire was £66 million last year. If we divide that total by all the trips taken in West Yorkshire by passengers, it works out at about £3 subsidy per passenger journey. That is a big subsidy. It is not quite as big as the overall subsidy for passengers in Britain, by the way, which is a bit nearer £4 per passenger journey. It is a big slug of public investment. We must examine that carefully in relation to schemes that look very attractive, and my hon. Friend is right to have identified some of those in his area. We need to consider how we can improve on the way in which we use new vehicles on railways, and how to improve signalling systems so that we use more intensively the railways that are already there. Network Rail, the Strategic Rail Authority and some of the rail companies are looking closely at that and doing sterling work to try to improve performance. I hope that he will welcome that.

My hon. Friend mentioned briefly the ROSCOs—rolling stock companies—and the profits that they have been making. It is a remarkable story. There has been investment of £4 billion in 4,000 new carriages for our railways over the last seven years. That is the biggest order that has ever been placed, and it is hard to see how that could have been public investment alone—public-private investment was needed to get that sea change. As for the average age of our fleet, it is now one of the youngest anywhere in Europe, with more and more new trains coming on to the system, and the system will improve as a consequence.

My hon. Friend asked about the aviation White Paper master plan. Yes, I can give him an absolute assurance that the Department will issue guidance for airports on the production of master plans. On the question of surface access, he noted the quality of transport links to Leeds Bradford airport. Once again, I refer him to the aviation White Paper, which on page 143 states:

"responsibility for bringing forward proposals and securing funding lies with airport operators, working closely with DfT, SRA, HA and regional and local bodies".

It also notes—

The motion having been made after Six o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at half-past Six o'clock.

Westminster Hall

Tuesday 16 March 2004

[MR. EDWARD O'HARA *in the Chair*]

Farming

Motion made, and Question proposed, That the sitting be now adjourned.—[*Vernon Coaker.*]

9.30 am

Mr. Peter Atkinson (Hexham) (Con): I am pleased to have the opportunity to debate the financial future of farming. I do not want to be unduly churlish, but the recent reforms of the common agricultural policy are among the most significant changes for farming since the last war. It is therefore a pity that we are debating the subject in Westminster Hall and not having a full-scale debate on the Floor of the House. Some hon. Members will recall that it was the practice to have regular debates on agriculture, but my memory suggests that we have not had a proper debate on the subject for a long time. Although I am grateful for today's debate, it is still the second-best option. Farming in Great Britain deserves more than 90 minutes in Westminster Hall.

The debate gives hon. Members the opportunity to raise some of the concerns arising out of the Government's decision to decouple subsidies in line with the mid-term reform of CAP. Farmers' income has increased during the past few years. In the past year, it has risen from an average of about £11,000 a year to approximately £15,000, but that is still a small amount of money. The farming industry may be only a small part of the British economy, but it is none the less important. Most people believe that the landscape that they so cherish is looked after by farmers; the role of farmers is thus far more important than the simple economic strength of their industry. That is why anything that damages the farming industry should be viewed with great concern by the British people and the Government.

One problem that farmers face is uncertainty. They have lived with it for years—it is part of a farmer's life when it comes to the weather, climate and so on. However, the financial uncertainty that has been with them for years seems to be getting worse. The mid-term reform of CAP means that we now know, in rough terms, what is going to happen to subsidies in Scotland, Wales, Northern Ireland and England. However, farmers cannot look at their books and say what their income is likely to be, or what sort of subsidy they are likely to receive. Indicative of that is the fact that, at a meeting of senior members of the Scottish agriculture department, a senior official who was asked for an estimate of farming incomes in a few years' time replied, "I don't know."

Farmers need certainty. They need to know where they are going. Farming is a hugely capital-intensive business, not only because of land prices but because of the costs of long-term investment. Farmers cannot predict the future, but if they do not have a reasonable idea of where they might be in four or five years, it becomes ever harder to make investment decisions.

Dairy farmers are under the greatest pressure. The other day, they were told in no uncertain terms that unless they could reduce their production costs to below 18p a litre, they might as well pack up and go home. It is no doubt true that at least 60 per cent. of milk produced in England is sold at a loss. The reason why so many dairy farmers seem to survive against all the odds is that many dairy farms are family-run; but they seem to live on air, not money. It is because the family pitches in that farms can continue, but they had a blunt warning that if they could not reduce their costs they would go out of business—or be forced to take up another form of agriculture. That is a crucial decision for farmers. Some families, particularly those in my constituency in Northumberland, have been dairy farming for years. They are now having to consider whether to continue or join the many who have already left the industry.

I shall concentrate on one sector that has been seriously affected by the Government's decision to introduce a two-tier system of single farm payments in England: farmers in upland areas. Many in Northumberland are likely to be seriously affected by the Government's decision that there should be two payment areas—those where the land is classified as severely disadvantaged, and the rest, so to speak. The majority of hill farmers in Northumberland, the north Pennines, the Lake district, the Peak district—where the constituency of my hon. Friend the Member for West Derbyshire (Mr. McLoughlin) is—Exmoor, Dartmoor and the Welsh borders will be hugely affected.

Just over 300 farmers attended a meeting that took place at Hexham auction mart a week ago. That suggests how much worry, and what strength of feeling, the decision not to pay a full rate of subsidy in those severely disadvantaged areas has caused among those farmers.

There seems to be a misunderstanding about what is happening up in the hills. About 30 years ago the Government gave farmers a substantial grant to reclaim moorland and rough grazing. Those farmers did so, on a large scale. In areas that were categorised as severely disadvantaged 30 years ago, there has been substantial improvement in the way that the land has been brought into pasture and grazing, and looked after.

It is paradoxical that for years farmers were given money to remove heather moorland and white grass rough grazing and convert it to productive grassland, but now they are being given grant money to return it to the state of unproductive grassland and heather. In my constituency there is an experimental farm, which led the way in reclaiming rough grazing for good pasture. When the Government policy changed, the principal resigned, because having spent 30 years teaching everyone how to recover such land, he could not face the idea of having to tell people how to return it to the way it used to be.

The long and the short of it is that many acres in the SDAs are typical grassland. One farmer in my constituency has 50 acres of arable land, which he ploughs regularly, in the SDA. The impact of the decision will be marked. Farmers in upland areas will experience a substantial reduction in their income as the single farm payment switches from the historical basis to the area payment basis over the next eight years.

By way of example, one farmer in my constituency, whom I shall not name, has calculated that his total payment in subsidies, which is now £30,927 a year, will

[Mr. Peter Atkinson]

diminish to £14,625 during the eight-year transition period. His cumulative loss will amount to £78,440. In contrast, his neighbour, on the other side, has an upland farm that to all appearances is just the same as my constituent's, but that is outside the SDA line. That line on the map means that the farmer next door will gain £66,000 over the eight years. That will cause problems for the farmers affected.

Problems arise in many ways. The upland farmers—certainly in Northumberland—have tended to be specialists in high-quality livestock. They breed top-quality lambs that sell for substantial prices in sales of breeding stock, as well as top-quality cattle. To maintain that high standard new stock must be brought in, but to improve a flock or herd, top-quality replacements must be bought in. Therefore there is competition between farmers at the auction marts for such stock. How will a farmer who has lost £78,440 compete with a farmer who has gained £66,483? The answer is that the farmer in the SDA, who relies on buying good-quality stock, will have to face being outbid by his neighbour who is in a better position to afford it.

There will be other knock-on effects. My constituency in Northumberland lies on the Scottish border. In Scotland the historical system has been adopted throughout—a fixed amount. Farmers on the Scottish side will have vastly more than their neighbours on the English side. That will apply to farmers in Wales, too. Those in the borders and the marches will be in the same predicament. One farmer will be disadvantaged in comparison to another, simply because of a geographical spread.

The decision will have an environmental impact. Many environmental organisations are deeply concerned about its impact on the look of the hills. When I met farmers the other day to talk about the matter, one of the things that they, and especially a big beef producer, said was, "If this happens, I will not be able to afford to maintain a suckler cow herd. I will simply have to sell it off and go into the business of ranching sheep. That is low cost, and would allow me to lose the man that I employ and simply run a large sheep ranch on my own and my son's labour."

Taking the cattle off the hills will change the environment because those who understand such things know that sheep graze one particular type of ground in a different way from cattle. In order to maintain the environment that we like so much in our upland areas, we need that variety of grazing. That will go and the environmental cost will be serious, not only for the appearance of the land but for wildlife. Ungrazed land in the upland areas soon becomes infested with things such as ticks. That will have a profound effect on some of the birds and animals that live there.

I pray in aid a letter that has been given to me by my hon. Friend the Member for Ryedale (Mr. Greenway), whose constituency is hugely affected by the proposal but who is sadly unable to be here today. He received a letter from the chief executive of the North York Moors national park authority, and it is worth quoting a paragraph from it as it encapsulates the environmental concerns that the change has prompted. The chief executive writes:

"The detail of the proposed payments does however bring with it some severe consequences for the National Park. The core of the National Park is Severely Disadvantaged Area and this land is due to receive a much lower rate of payment per hectare than the rest of the country. Not only does the Severely Disadvantaged Area encompass moorland, it also includes almost the entirety of the famous Dales of the Park such as Farndale, Fryup Dale, Bransdale, Rosedale etc plus large parts of Bilsdale and other Dales. As you know, these Dales are stunningly beautiful and they contain relatively large numbers of fairly small farms."

That at least identifies those farmers who will be hugely disadvantaged. The land is worked much more intensely than moorland. Consequently, current public subsidy is much higher than for moorland areas because the productivity is high enough.

I know Farndale quite well, because it happens to belong to a constituent of mine. It is one of the most beautiful valleys in that part of Yorkshire. The small farms do much to add to the appearance of a very attractive dale. If we knock the economic heart out of those communities, the future for the appearance of Farndale and the other dales, in my constituency and that of my hon. Friend the Member for West Derbyshire, will be bleak.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Will my hon. Friend also take time to point out that farming on some of the smaller farms, in smaller fields, with the restrictions that they have, can be much more expensive and intensive for the farmer and farm labour than in some large arable areas, which will be included in the general payment scheme? Far from helping the countryside and the agri-rural environment, as the Government say that they want to, the proposals could greatly damage the smaller farms that we often find in that part of the country.

Mr. Atkinson: Precisely. That is exactly the problem. To make a gentle political point, it is slightly perverse that a Labour Government should seek to deprive the small, hard-working farmers whom my hon. Friend has just mentioned and to reward large grouse moor owners, such as those in my constituency and in the north Pennines. I am a great grouse-shooting enthusiast. I believe that it greatly benefits the countryside, preserves the heather moor and adds a lot to the local economy. However, I am not quite happy with the idea that an Arab prince who owns a very good moor in my constituency should receive the substantial additional payment, while the hard-working farmer that my hon. Friend has mentioned suffers. That seems perverse from a Labour Government.

There is an economic problem too, because such farms employ labour. Some of the bigger farms in my constituency employ labour directly, but the smaller farms employ people to do particular jobs. That makes an important contribution to the local economy. The money is spent in local agricultural merchants and shops. Such farmers tend to be isolated so they usually spend more money in the local community rather than drive to the nearest town for their shopping. Removing the money will seriously disadvantage that economy.

Excluding farms in the SDAs from the full subsidy will be especially damaging. I do not understand why the particular boundary line was chosen. It is a line on a map that is seriously outdated because, as I mentioned earlier, much of the land has been improved. Surely a

much better way of categorising the land would be to adopt what is known as the moorland line, which is used for many other purposes and defines what most ordinary people would call moorland—heather or white grass—differentiating it from cultivated land. That would seem a much more sensible arrangement.

There have been suggestions that the affected farmers could be compensated through much higher rates of environmental payments to counter their loss in the single farm payment. That is not a solution. Although environmental payments could give more money to those farmers, they would not remove uncertainty because they can vary and depend on adjusting farming activities to meet their criteria. Sir Donald Curry, who was responsible for the Curry commission, is a constituent of mine, and knows well the problems faced by the SDA farmer. He said that giving extra money for environmental schemes is not an answer.

I urge the Government to go back to the drawing board. Like me, most farmers believe that their choice of a high-rate scheme was right. There was much criticism of that, but in the long term it is better than going for the historical scheme. The historical scheme may suit Wales or Scotland—I do not wish to enter a debate on that—but, given two difficult options, it was right to choose an area payment scheme. Ultimately, it will free farmers to be much more responsive to the market. However, it would be wrong to act over the bodies of many hundreds of hard-working farmers in the upland areas who look after the landscape that the British people most appreciate. I urge Ministers to reconsider.

9.47 am

Mr. Alan Hurst (Braintree) (Lab): I congratulate the hon. Member for Hexham (Mr. Atkinson) on securing the debate. As he rightly said at the outset, there have not been as many debates on farming in recent times as there were when I first came to the House. That may be encouraging in some ways, in the sense that the more debates there are, the worse the state of the industry is. There is some indication that its state has improved a little during the past two or three years.

I often think that farming is somewhat similar to a slow-moving rollercoaster, except that the downs seem much steeper and more protracted than the ups. Farming is a unique industry in many ways, in that it is subject not only to economic trends but to disease, taste, fashion and, most of all, weather. These days, it is also subject to environmental concerns. In many ways, being a farmer is like operating an agricultural fruit machine—all the elements have to be up at the same time to have a successful business. There are not many times in our history when that has been so.

Governments have always been concerned about the uncertainty in farming. My knowledge of Roman history is not sufficient to say whether Romans tried to protect agriculture, but I suspect that they did. Certainly, within the past 150 to 200 years, there have been various schemes of Government intervention to protect and secure stability for farming. The Conservative party will be painfully aware of the corn laws and their abolition, which damaged the party so much and provided such success for its greatest leader, Mr. Disraeli. That showed that there is always a conflict. On the one hand, one wishes to protect, promote and secure certainty for farmers, but on the other there are manufacturers and consumers who want cheap food. That conflict is sometimes difficult to resolve.

Modern times have made things worse for the farmer, although listening to farmers, it can seem as if nothing makes things better. The coming of the steamship made the situation worse, as it brought in food from competing overseas countries that had better climates than ours. Refrigeration must have been one of the biggest curses of all. It allowed meat to be imported from the other side of the world in competition with that which was slaughtered at the bottom of the lane.

Farming prosperity has not always, if ever, been associated with national prosperity. There have been periods, such as the 1920s, when the country as a whole was doing relatively well but farming was doing badly, while in the 1930s, the country and farming were both doing very badly. It was only with the second world war and the Labour Government after it that a serious attempt was made, with the introduction of national subsidies, to provide stability and prosperity for farming. Anyone who has been in politics for a little while will have heard the story of the Norfolk farmer who in 1948 applied to join his local Conservative club. The secretary told him that he had to be a Conservative, and the farmer replied that he had always been a Conservative. The secretary then asked, "Well, why haven't you applied to join before?" to which the farmer said, "It's only since the blessed socialists have been in that I can afford the membership fees."

After the war, farming entered a period in which the Government were concerned about its future and were keen to help, not only for the industry but for national security as they believed that the country needed to produce a large part of its own food. From the 1940s until recent times, with one or two exceptions, farming has been much more prosperous than before. As national subsidies were replaced by the Common Market and the common agricultural policy, the subsidy element remained, although it started to produce problems for farmers and consumers. As we know, all newspapers—not just the tabloids—like to mention wine lakes, butter mountains and all the other things that they, in a facile way, see as the consequences of intervention. However, one wonders how much of our farming industry would still exist without that intervention, subsidy and support.

During the past few years, we have seen a particularly unpleasant depression in agriculture. I cannot speak with any authority on grouse shooting, as it is not a sport that is greatly followed in Essex, as the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) can confirm, but diversification is one way that farmers have been urged to go forward. However, there is a limit to diversification, and I sympathise with the hon. Member for Hexham. His farmers may not be able to diversify as readily as those who are situated close to large urban areas.

Farmers have also been urged to follow niche markets, and a farmer in my constituency has successfully gone into ice cream manufacture from being a dairy farmer. She has done well and is an example of a farmer successfully finding a niche market and diversifying. However, there is a limit to that, because they would not be niche markets if everyone took part in them. However much we may promote

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diversification and niche markets, we must be aware that agriculture is dependent on livestock and the growing of crops.

From the mid-1990s, and certainly from 1998 onwards, all sectors were in depression, which is more common than it used to be. When farms were more frequently mixed, if one sector was depressed, farmers could move to another sector that was not depressed. However, the mixed-farm principle has fallen by the wayside, so the opportunity to move does not exist, and when all sectors are depressed, it is impossible to move.

When I spoke to pig farmers in my constituency in 1998, they told me that the price that they received was about 55p per kilo, while the break-even price was 90p, so they were making a loss on every pig that they produced. Although those who stayed in production are now making more than 100p—more than the break-even price—the goalposts have moved, as they so often do. A rise in prosperity elsewhere has led to a rise in the price that pig farmers pay for feed—one sector's prosperity has cut the other's profit margins.

None the less, it is good to see improvements. Even three years ago, the price of grain was way below break-even price, but it is now profitable again. Several factors are behind that: some are climatic, some relate to the position of our competitors, but all are variable. As the hon. Member for Hexham said, the fact that the factors involved continually change makes it difficult for farmers to plan for a long-term future.

The new scheme has now been unveiled, and I agree with the hon. Gentleman that there is a general welcome in England for its broad-brush approach. However, there are questions about the details and about how the scheme is applied. I am in no position to comment on hill farmers' problems, although my parents lived in a hill farming area for several years. Whenever I visited, I dreaded going to the chapel with them on a Sunday afternoon, because the congregation consisted of hill farmers, who would invariably give me a terribly hard time. They thought that if it rained too much, it was bound to be the Government's fault, but that if it did not rain at all, it was also the Government's fault. None the less, I fully understand the problems that such farmers have faced, and the addition of foot and mouth, which was particularly prevalent in hill country and in the west country, brought devastation to them.

I think that I understand how the new scheme works, although anyone who attempts to examine economic and agricultural matters probably needs a PhD and at least five years at university. Indeed, the language involved would probably qualify as a second language in any school of linguistics. As I understand the scheme, however, we essentially end up with a lump-sum payment. Two elements are involved. One is historical, and I understand why it has been rejected. I remember from my schoolboy A-level history that one reason for Spain's decline was that its procedures were frozen so much that there could be no innovation. If the payment had been fixed to reflect what happened in the two years at the beginning of this century, those who were debating the formula halfway through the century could well have some questions about that. There can also be an element of artificiality as regards how one gets to the position when those years come in. The Government were therefore right to have the balance scheme followed by the tapering, so that the historical element will disappear over time.

The question is what follows from that. Once we say that we are paying not for production but for the guardianship and use of land, certain matters arise. I therefore have one or two questions for my right hon. Friend the Minister. What, for example, will happen to historically unsubsidised sectors? Pig breeding is historically an unsubsidised sector, but is there not a case for those who breed pigs on open land to look for payments? There is a range of non-subsidised sectors, such as fruit growing. Given the principle behind the scheme, are such sectors also to receive payments?

How can the scheme be adapted to encourage new entrants into agriculture? Some elements of the scheme remind me slightly of milk quotas, and there is obviously a financial value to farmers in passing on land that incurs payments. We need to think about how to attract new people into agriculture. Indeed, that is one of the major difficulties that we face. The average age of farmers is higher than the average age of Members of Parliament—it is an ageing profession.

Then we must consider the price of land. Have we considered the effect that the scheme will have on the price of agricultural land? In many ways, agricultural land is an artificial commodity; it is almost a mirage—I should not say that lest there is a land crash. A farmer could earn as little as £15,000 a year from 300 acres, which is an absurdly low figure. Farmers must either have the most astute accountants in the land or must be working for below the minimum wage. For a farmer, an income of £15,000 a year from 300 acres is not a good return on the land. Logically, the price of the land should be much lower, and if we worked out the cost of renting land at an economic price, I do not know how many farming businesses could make a profit.

A further question for the Minister to consider is that of cross-compliance. What connection is there between the environmental schemes that operate and on which payments will ultimately be conditional? What schemes will there be and what level of compliance will be required? Will existing environmental schemes continue or will they be merged into one overall scheme? Will additional payments be made if farmers go beyond the standard level of compliance with environmental regulations? What will be the level of inspection for compliance with environmental demands? Will it be a burdensome or a relatively relaxed regime? Will the regime make farmers feel like they are in partnership with the Government, or will they feel at odds with inspectors?

That brings us on to a matter that is always raised: what will happen about our competitors? Farming does not operate in a vacuum or, to use a jargon phrase, in a national envelope; it competes internationally. Will we operate on the same terms as our competitors? Will our competitors give environmental subsidies for compliance with environmental requirements? I hope that the Minister will reply to those questions.

Let me return to the unsubsidised sector of pigs. The Government have introduced helpful initiatives, for example the home-sourcing initiative through which allowance is made when offering contracts for the benefit to the local community and production

standards. Will that be more widely and strongly encouraged? Will greater attempts be made to stimulate proper, effective labelling of products so that we know what we are buying?

I generally welcome the approach that the Government have taken, but we need more flesh on the bones so that it is clear in what direction we are going. The Government, and all parties, are mindful of the difficulties that farmers have endured over a long time, and we are pleased that times are better now than only a little while ago. I look forward to hearing the Minister's replies to my tentative questions.

Several hon. Members *rose—*

Mr. Deputy Speaker (Mr. Edward O'Hara): Order. Back-Bench Members who want to contribute might wish to know that Front-Bench contributions should start no later than 10.30 am.

10.4 am

Mr. Patrick McLoughlin (West Derbyshire) (Con): I congratulate my hon. Friend the Member for Hexham (Mr. Atkinson) on securing this timely debate. It is timely because of growing concerns, especially in severely disadvantaged areas, on which I want to concentrate this morning. It cannot be emphasised too often that our countryside exists because of our farmers. They have looked after it from generation to generation and from season to season.

One of the reasons why so many millions of people visit my constituency in the Peak district is to enjoy the beautiful countryside that generation after generation of farmers has bequeathed to us. That can be neither emphasised nor repeated often enough. Too often we take the countryside for granted and imagine that it is beautiful because nature has made it so. However, the countryside is as it is because it has been maintained and farmed. One need only look at barren land that has not been looked after for a few seasons to realise that if the countryside and our national parks were not cared for, they would not be the attractive places that millions upon millions of people from different parts of the country visit every weekend. That is why I should like to concentrate on the Government's proposals for the SDAs.

It is essential that the Government get the policy right. I would like to believe that they have made a genuine and honest mistake, perhaps through misunderstanding the difference between disadvantaged areas and severely disadvantaged areas and the moorland line. The Government have made a mistake in their definition. The hon. Member for Braintree (Mr. Hurst) said that the issue is complicated and I have no doubt about that. Indeed, one of my constituents wrote a letter to the Department for Environment, Food and Rural Affairs to ask how the SDAs first came up. He received quite a long reply from someone working at the uplands land management branch on Horseferry road, from which it is worth quoting. The letter said:

> "I understand that the present SDA line dates back to early the 1960s. It was then called the Hill Cow Line. Farmers within this were eligible for hill farming subsidy payments and capital grants"—

as my hon. Friend the Member for Hexham said. The letter continues:

> "The subsidy system started much earlier than this in the late 1940s but was paid, I believe on the breed of livestock rather than within a specific hill area."

I shall not read the entire letter, but it goes on:

> "In 1984 the EC changed the criteria for LFA designation and the UK reviewed the line. The new criteria included 'agricultural disadvantage' and rural areas of less than a certain population density and danger of depopulation. It was at this time that the LFA was split into Severely Disadvantaged and Disadvantaged land. The land bordering the existing LFA, now called SDA was assessed. The criteria being that it was eligible for LFA if it was suitable predominantly for suckler cow and hardy sheep rearing. Arable areas could be included if the crop was for on-farm feed. This usually corresponded to Agricultural Land Classes 3c, 4 and 5. There was a presumption against including dairy land unless conditions were particularly difficult, e.g. significantly longer in-wintering period. The SDA land was not reassessed. It was presumed that it . . . fulfilled these physical criteria, even though some areas would have undergone significant land improvement over the years. Again, there was still an economic advantage being in the SDA.
>
> The LFA was reviewed in 1990 and, as far as I am aware there were little or no changes of substance. The EC required the area be described by listing the parishes . . . that lay wholly or partly within the line drawn. These were notified to the EC in 1992.
>
> Flagg Hall farm lies at an altitude of 900–1,000 ft (270–300 m) above sea level, deeply within the SDA. Land normally at this altitude especially well away from the coast would normally be expected to be considerably"—

Mr. Deputy Speaker: Order. The quotation is extremely long and I think that the point was well made some time ago.

Mr. McLoughlin: The quotation helps me to make my point, but I shall draw it to a conclusion if I am out of order. I merely point out that the farm in question is now included in the SDA, yet its stocking level is compatible with areas outside the SDA.

At the weekend, I met farmers whose farms were partly inside and partly outside the SDA. That happens particularly often in my constituency. One can see on a map where the line runs through villages that only part of a village may be included. That means that neighbouring farmers are in completely different financial environments: some obtain a full benefit and others within the SDA receive a reduced amount of Government subsidy. The Government might argue that there should be no subsidy at all—perhaps they can argue that—but there is a subsidy. They have accepted that a subsidy will exist. They must therefore be sure that, when they arrived at the decision, they fully understood the whole question of the SDA.

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): I should be grateful if the hon. Gentleman clarified what he is suggesting. It is surely inevitable that wherever one draws a line, there will be a difference between one side and the other, whether it results from devolution or the definitions of "area". Is he arguing for a single-rate payment?

Mr. McLoughlin: I am arguing that the Government should consider whether they became confused—let me be as kind as that—between the moorland line and the

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SDA line. Surely they did not mean to include in the SDA line areas where there are farms that provide the same quality of service and production levels as some of the areas outside it. That is totally incompatible with what the Government are saying. I do not believe that any farms within the moorland line could produce what some farms in the SDAs are currently producing, in both quality and quantity.

I fully accept that a great deal of work has gone into the policy and that there are difficult decisions to be taken. I could say much more on the subject and I apologise to you, Mr. Deputy Speaker, if I quoted at length from a letter, but it is relevant to the way in which the old SDAs have grown up over the years. They have a huge history. Part of the Government's problem is that, if they are relying on maps that were drawn, as we have heard today, in the late 1940s and early 1950s, it is a mistake. It would be wrong for agriculture to use such criteria.

My hon. Friend the Member for Maldon and East Chelmsford (Mr. Whittingdale), who speaks from the Front Bench, wrote to the Secretary of State to explain that more than 5,000 farms will be in danger from the proposal. That is absolutely right. They are, in general, smaller farms and farms that require much more labour, because they are hill livestock farms and arable farms.

The Government's proposal is a mistake: it will pit farmer against farmer and divide farming communities. I very much hope that the Government will reconsider the proposal as a matter of urgency and that the Minister will comment on that today, because there have been reports that the Secretary of State will be away from London for some time, and the issue is of considerable interest to farmers in my constituency, who are very worried about their livelihood. I therefore hope that the Minister will give us an idea of the timetable to which the Department is working if a review of the system is taking place. I hope that he will reassure the farmers whom I met in my constituency over the weekend that a review is happening. They hope that the Government are taking on board the many representations that they receive.

10.14 am

Matthew Green (Ludlow) (LD): I, too, congratulate the hon. Member for Hexham (Mr. Atkinson) on obtaining the debate, which is timely. Much of my constituency is a less-favoured area and much of it is a severely disadvantaged area. That has had a considerable impact. I have had no fewer than three meetings with the National Farmers Union in my constituency in the past couple of weeks, and received numerous letters. Farmers are not often moved to write to Members of Parliament, even when those Members have many farms in their constituencies, as I have, but I have been flooded with letters from farmers, because of the impact that the system has had on them.

I do not intend to oppose the Minister on the issue. In principle, decoupling is right. If it had been left to me, I would hope that we would not be in the position that we are today. However, I am taking it as read that we are in that position, and I hope that we can move on from it and smooth out some of the worst anomalies in the system.

We have heard good examples of the problems caused by the single farm payment in the SDA areas. In particular, it is clear that livestock farming—suckler cows and dairy—in the SDA areas will be most affected. However, moving to area payments will hit livestock farming everywhere; livestock farmers will lose out the most, except those who practise extensive sheep farming in moorland areas. I would welcome recognition from the Minister that the change will affect livestock farmers the most.

I shall quote briefly from three letters from farmers in my constituency to give some idea of the scale of the problem. However, I shall not name those farmers, because the letters contain financial information. In the first letter, the farmer says:

"We farm 1,000 acres of LFA. You cannot class us as a moorland. We employ 4 people—they will be out of a job. We have 300 cows—they will have to go. My farm neighbours are English lowland, receiving £220 a hectare."

That is the estimated figure; the farmer estimates that he will receive only £72 a hectare. He continues:

"My Welsh neighbours are getting even more at £300 a hectare. How can I compete with that?"

Another farmer says:

"In 1999 I myself farmed 115 ha, running 800+ breeding ewes, 35 suckler cows and growing 12.71 ha of cereal, total subsidy before HFA and ESA payments of £22,891. At current projected levels, in the year 2012 the total flat-rate payment would amount to £8,625, amounting to a reduction of 62.3 per cent."

Another farmer, who has 1,300 sheep and 80 single suckler cows that are run on 229 hectares, says:

"Similar to many farms in the Clun Forest I have calculated a 70 per cent. drop in support payments under the proposed SFP. By 2012, 229 hectares qualifying for an estimated SDA payment of £75 as opposed to the estimated non SDA payment of £225, would see a shortfall of £34,350 a year."

The impact on individual farms in my constituency is considerable.

The environmental impact has already been mentioned. Mixed farms are regarded as being good for the environment and for the appearance of the countryside. However, many farmers, when faced with such a situation, will be tempted to move away from mixed farming into sheep ranching, which would have a considerable impact on the appearance of the countryside and the environment. I do not pretend to be an expert on the matter, but I understand, for instance, that orchids tend to grow where cows graze, but that if sheep are put on the same land, the orchids will disappear. The policy has many, perhaps unintended, consequences.

I shall not follow some Conservative Members in being too critical of the Secretary of State, because I understand that the National Farmers Union has had meetings with her on the issue, and have found her quite accommodating. I believe that she is seeking industry consensus about changes to the system.

Unlike the Conservative Members who have spoken, I shall not urge moving the current line to the moorland area, but shall propose the creation of three areas by separating the current SDA moorland area into two. That would be a lot fairer. The problem for the SDA farmers is that the moorland areas have been included, so subsidy will rise for extensive sheep farming on the

moorland areas, paid for by a loss in subsidy on the mixed farms in the SDA areas. Separating the two would mean that the current subsidy received by the SDA areas would stay in those areas, because the principle is that the existing subsidy on that area is examined and then is divided between the area that can be claimed on. That is my understanding of the matter, and I hope that the Minister will confirm it. In the SDA areas that would mean that, if the moorland areas were taken out, the current subsidy received by the SDA areas would stay within those areas.

Mr. McLoughlin: Can I be absolutely sure what the hon. Gentleman is saying? Is he arguing that the SDAs outside the moorland line will still be treated differently to the disadvantaged areas?

Matthew Green: I could stand here and argue for four areas: lowland, disadvantaged areas, severely disadvantaged areas and moorland. The biggest problem is the inclusion of moorland in the SDA areas, so I am arguing for three regions: moorland, SDAs and the others, which would be DAs plus lowland. There is a problem with separating everything from moorland, because most SDAs will continue to receive hill farm allowance. There is concern that if moorland is excluded and everything else is similar, the argument for continuing to receive HFA payments in future would be rather tenuous. I do not want to throw the baby out with the bathwater, which is what a move to the moorland line would involve.

There was a meeting of more than 200 farmers at Ludlow football club last week with Kevin Pearce, the NFU livestock expert, in attendance. At the end of the meeting, there was a show of hands. About 90 per cent. of the farmers in the room—all SDA farmers—said that they would prefer the three-way split to the boundary move from the SDA to the moorland. They believed not only that that was more achievable, as the Government are more likely to agree to it—perhaps that is why they think that—but that it also seemed relatively fair to keep the SDAs' current subsidy within the SDAs. We do not know what the figures would be, but separating the SDAs out would probably bring them fairly close to what the lowland and DAs would be getting anyway. That could feasibly be even more so if the farmers' claims about high levels of subsidy are true. We must be careful about that.

I have a series of other questions, and if the Minister cannot answer them today, I hope that he will write to me, because they are matters of concern. Like the hon. Member for Hexham, I have a border constituency. Farmers in Wales have, for understandable reasons, opted for historical payments, and if I were in their position, I should have done so too. A more difficult question for them is how long that position can be sustained. Historical pay..ents have led to a number of cross-border issues. First, the actual border and where the farms are registered are not always similar. For instance, when I was first elected, I was given a list by DEFRA of the number of farms with confirmed foot and mouth cases in my constituency. The list numbered four, although there were actually nine. The first Shropshire farm to get foot and mouth was near the village of Chirbury in my constituency, but it did not appear on the list because it had a Welsh holding number, even though the farm, buildings and two thirds of the land are in England. Can the Minister confirm whether such farms will be in England or Wales, or will they have split land? That will make a difference to the levels of payment.

Alun Michael: I can tell the hon. Gentleman that if the borders proposed by Owain Glyn Dwr had been observed, Exeter and most of the east of England would be included in Wales, and we would have a completely different picture.

Matthew Green: I thank the Minister for that, but I am not sure that it will be a great reassurance to farmers now. I realise that he may not be able to give an absolute answer today, but I should appreciate him writing to me.

Secondly, there is the issue of grass keep. A lot of Welsh farmers take grass keep on the English side of the border, and vice versa. If the Welsh farmers are receiving historical payments, they will be able to afford the grass keep more on the English side. There is also the issue that many farmers will want to keep the initial 90 per cent. historical payment on as small a unit as possible. They will retreat from tenanted land in the first year, so that they can claim their historical payment on as small an area as possible, and then perhaps return to it in future. We shall see some shifting around. Will the Minister consider that point?

Thirdly, there is the issue of market distortion. I have three livestock marts in my constituency, of which Ludlow is the largest. It is a successful sheep and cattle market, and many people from Wales go there. People will be able to offer—particularly with breeding stock and suckler cows—different prices for that stock in the market. I would appreciate it if the Minister would say something about the effects of market distortion.

The effect of the inclusion of improved grassland in the set-aside rules also arises now. Many dairy farmers have relatively small farms, but if set-aside is included in the improved grassland, they will probably have to take on more land so that they can set some aside. Previously, livestock farmers were not affected by set-aside, but they will be under the improved grassland proposals. I realise that it is a European directive, and not necessarily within the Minister's control, but recognising the problem and attempting to deal with it would be welcome.

We need more details about cross-compliance. I know it is early days, but much of farmers' planning will depend on what will be expected of them in respect of cross-compliance. The Minister will probably not be able to give firm details about it now, but I hope that he will at least reassure us that they will be available as soon as possible.

In the changeover period, 90 per cent. of the potential appeals will be historical; it is very important to get the figure right for the three-year reference period. Mistakes could be made by the DEFRA, which is the body responsible for appeals. It worries me that there is no independence of appeal, and I would like the Minister to comment on that.

I shall give an example of how problems could arise. A man who farms on a relatively small scale came to see me at my surgery on Saturday. During the outbreak of foot and mouth disease, his records were stolen from his Land Rover. He had recently received some annual

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sheep premium and the Rural Payments Agency had back-claimed from the three years that happen to be in the reference period. He had figures for 2002 and subsequent years, and he has his premium for those years. The Rural Payments Agency checked the figures for 2002 and because his previous records had been stolen, it subsequently claimed the money back because he could not prove that he had the sheep during the important month or so in the relevant period.

I am worried that that farmer, who has been in farming for some years, could be doubly hit. I will take up the issue with the RPA to try to resolve the matter, but if we fail, he will have no historical payments because he has had his subsidy removed for the reference period. That will be serious because it will penalise him over a future eight-year period. The sum involved may not seem particularly large, but it is large to him as it is an important part of his income.

I hope the Minister appreciates that I am not trying to be oppositional. This is an important change; it is difficult to get it right and the Government are adopting an open-minded approach. I understand that the NFU is encouraged by the way the Government have responded to some of the difficulties, but I should like more assurance from the Minister that they are moving to deal with the problems of severely disadvantaged areas. I hope that the Minister will look carefully at the three-region option, which was heavily endorsed by SDA farmers in my constituency.

10.29 am

Mr. Roger Williams (Brecon and Radnorshire) (LD): I, too, congratulate the hon. Member for Hexham (Mr. Atkinson) on securing the debate, which comes at an opportune time. I warm to his comment that we have not had a debate on the Floor of the House about agriculture and I go so far as to suggest that if there had been such a debate, some of the problems that have been encountered with the SDA might have been sorted out, or at least identified, so that DEFRA would not have to reconsider the proposals. I declare my interest in such matters as they appear in the Register of Members' Interests.

I enjoyed the short history of agricultural support from the hon. Member for Braintree (Mr. Hurst). I have been farming for a long time, but not during the abolition of the corn laws or in the 1920s and 1930s. I farmed while the system of deficiency payments was in operation, during intervention and export restitution and through the McSharry reforms and Agenda 2000. We are now looking forward to the new proposals. It would be perverse not to recognise that farming incomes have risen, albeit from very low levels. The current levels have been reached through better livestock prices, particularly for beef and sheep, and a short-term rise in corn prices, which have made farmers' incomes look more respectable, although they are nowhere near the levels of the early 1990s.

The one commodity that remains poorly recompensed is milk. For several years, milk farmers have sold their commodity at below the cost of production. Although individual farmers will have different costs regimes depending on whether they are owner-occupiers or tenants and their borrowing history, an estimate by the HSBC bank suggests that, on average, they have been selling milk at 2p below the cost of production. If that is multiplied by the amount of milk produced in the country it comes to £280 million; that is the amount by which the farmer subsidises the wholesale, retail and processing trade.

What can we do about that? I have one suggestion for the Minister. After the abolition of the Milk Marketing Board and the break-up of Milk Marque, farmers' co-operatives were reduced in size and did not have the economies of scale of a number of their competitors. It was suggested that individual farmers' co-operatives that decided to merge to give them a better competitive position in the industry would be referred to the Office of Fair Trading. Answering the OFT's questions would immediately cause huge expense for those farmers' co-operatives. That is a barrier to a better structure in the milk industry. Farmers believe that to be unfair when they consider the red meat processing industry, in which Grampian Meats has 50 per cent. of the market, having just purchased St. Mirren Meats. There seems to be one rule for the private sector and another for the farmers' co-operatives.

Matthew Green: My hon. Friend is probably already aware that when the DTI looked at the competition implications of Dairy Crest's recent acquisition of ACCA, it considered only the impact on the retail price for the consumer, not the impact on producers.

Mr. Williams: My hon. Friend raises an important point. In the short time that I have available, I should like to put it to the Minister that the OFT should be more transparent about what triggers an intervention. At present many farmers' organisations are afraid to go forward because of the huge expense that an OFT investigation entails.

The mid-term review is a huge opportunity for the farming industry. It will allow farmers to become business people and run their businesses according to their resources and skills, rather than being collectors of Government subsidies. It has been welcomed by the industry. We have four systems in the devolved nations of the UK. I recognise the problems on the borders between Northumberland and Scotland and between my hon. Friend's constituency and mine. Several issues will be difficult to sort out there. The devil will be in the detail. We could raise several matters here but I am sure that the Minister is well aware of them.

The SDA has caused a huge amount of concern. When the Secretary of State made her statement on the mid-term review, I was the only Member to raise the SDA, because I could see how it would affect the more intensive livestock farms as opposed to the moorland and grouse moor areas. If a Labour Government could think of any scheme to fill large landowners' bank accounts with subsidies, it would be that one.

I asked the Secretary of State about livestock SDA farms—the smaller upland farms that are the most vulnerable in terms of business, but contribute the most to the environment. They are, as the hon. Member for West Derbyshire (Mr. McLoughlin) said, situated in some of the highest-quality landscape areas, but those landscapes exist only because of the farmers' activities.

British people value those landscapes. That is why they go to national parks in the north and west of England, and in Wales. Any exodus from those farms because the farmers' businesses became untenable would lead to a huge outcry from the British people, as they would see their landscapes and countryside changed beyond recognition.

There are several other issues of concern, such as cross-regional matters. Simon Gourlay, who is a past president of the National Farmers Union, and who farms on the Welsh border, suggested that wherever the main farmhouse is situated should be the designation for that farmholding. I know that he has written to DEFRA and the Welsh Assembly about that. Will the Minister comment on whether that would be a simpler way forward? I understand that most people, particularly if they are in SDA areas in England, would like to be on the Welsh side of the border at the moment.

Let me consider more technical issues concerning the mid-term review. I understand that Britain would contribute €485 million in digression and modulation funds, but would receive only €445 million back. That would not be enough to fund the agri-environment schemes as they are currently envisaged. Will the Minister comment on that?

I revert to an issue that has concerned me for many years, but about which I have always been regarded as old-fashioned: food security. It was at the forefront of consideration immediately after the war, in the 1950s, when agricultural policy was being decided. I do not think that we should ever forget that a hungry nation is a dissatisfied nation. We often talk of global warming and other issues; I hope that the modulated income will be used to ensure that support will continue for breeding flocks of sheep and herds of cattle, because there could be a time when farmers will become commodity brokers in livestock, and breeding will be so unprofitable that there will be a huge decrease in livestock.

The other day, I asked some young farmers what they would like to ask the Minister. The main questions that emerged were: why is not the Minister more proud of British agriculture? Why does not he celebrate the food that it produces and the way in which it looks after the countryside? If he did that, the relationship between the Government and the British agricultural industry would be a happy one.

10.39 am

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): I begin by joining other hon. Members in congratulating my hon. Friend the Member for Hexham (Mr. Atkinson) on securing the debate. By doing so, he has done us a service. I share the view that it is a shame that the debate was not held earlier, and that we have not had an opportunity in the main Chamber to talk about undoubtedly the biggest change in agriculture for many years. My hon. Friend is a member of the Conservative Whips Office, and was supported by the Conservative Deputy Chief Whip. Both their contributions were excellent and got to the heart of the matter.

We have had a well informed and useful debate. The hon. Member for Braintree (Mr. Hurst) is my constituency neighbour. We may have different views about many issues, but he has always shown great understanding and knowledge of farming. It is always a pleasure to listen to him talking about the subject.

The mid-term review will affect every farmer. I repeat that, in the main, the Conservatives support the principles that underline it. We have always argued for decoupling, and the fact that it will take place at last is a considerable achievement. I do not underestimate the difficulty of implementing that decision. The Secretary of State had a very hard choice to make. However, the key decision to take was how to allocate the single farm payment. Whatever the method chosen was bound to result in some being winners and others being losers. No major group rejected the method that the Secretary of State eventually chose; most reluctantly accepted that there is some logic in the gradual phasing in of a flat-rate payment system.

A flat-rate payment system should be fairer, as it removes the divide between some supported crops and non-supported crops. It should be simpler, although I share the concern expressed by the hon. Member for Ludlow (Matthew Green) that we have not yet seen the detail, particularly of the cross-compliance conditions that will be attached to the payment. We will be keen to ensure that we are not substituting one complicated bureaucracy for another. We are also concerned about the time scale that must be introduced, and whether or not the Rural Payments Agency will be up and running and ready to implement a major change. I hope that the Minister will assure us that he is confident that the RPA will be able to put the necessary mechanisms in place.

Farmers in England accept the logic of the change and the system that the Secretary of State has chosen, but there is still unhappiness that farmers will be treated differently. Obviously, there will be differences throughout Europe. We have moved towards full decoupling, but other countries have not, which will create an unlevel playing field throughout Europe. There will also be major differences in the United Kingdom. We will no longer be able to say that there is a common agricultural policy in Europe. The fact that two identical farms on either side of the Scottish or the Welsh border will receive different amounts and that, over time, the gap between the amounts that they receive will grow will give rise to the feeling that this is unfair and that there is no equity.

I accept, however, that all farms will be faced with the same decisions because they will all be operating in a world market. Nevertheless, the fact that one farmer receives a much greater payment than another for the same environmental management is bound to lead to resentment. We have heard about farms that not only neighbour each other across a border but actually straddle borders. That will give rise to even greater resentment. Some farms have some land in Wales and some in England, some of which is inside an SDA and some outside. One example that has been drawn to my attention is that of a 600-acre Shropshire dairy farmer who has 250 acres in an English SDA, 150 in the west of England and 200 in Wales. He will receive three different entitlements for those three blocks of land, and his farming decisions will be determined not by the market but by how he can maximise his subsidy.

Part of the rationale behind the mid-term review is that it was supposed to result in a situation in which farmers decided how to farm on the basis of what they

[Mr. John Whittingdale]

could sell in the market, not on the basis of how they could maximise their subsidy payments. I am sure that the Minister will tell me that the distortions are the result of devolution and that devolution can mean different systems for different areas. However, there is the additional difference between the payments inside the SDAs and those outside, and that is wholly the Government's decision.

I understand the intention behind the Government's decision to pay a lower rate in the SDAs than outside. However, some of the biggest gainers will still be those who own large expanses of relatively uncultivated land, particularly grouse moors as mentioned by my hon. Friend the Member for Hexham. The Government have tried to meet the consequence by implementing a lower rate in the SDAs, but my concern is that they seem not to have realised that there are a large number of intensive farms within the SDAs. Those farms will see a catastrophic drop in their income.

I was concerned that, when Lord Whitty gave evidence to the Select Committee on Environment, Food and Rural Affairs, he appeared to say that no research had been done into the effect of the changes on individual sectors. He said:

"We know what the overall effects will be but we do not know, and have not the modelling to show, the effects on individual sectors".

It is strange that we have taken such a momentous decision for farming apparently without the Government having done that research.

Yesterday, I met representatives of the Royal Association of British Dairy Farmers, who told me that there are 1,500 dairy farmers in the SDAs and that they are all likely to go out of business unless changes are made. Some of those farmers have done everything that the Government have wanted them to do. I was given the example of Wensleydale, with which I am sure my hon. Friend the Member for Hexham will be familiar. Farmers there came together to form a co-operative and are now supplying the makers of Wensleydale cheese. Those farmers have done everything that the Government have asked of them: they identified a niche market and are working together to produce a value-added, high-quality product. Half of them happen to be in the SDAs, and as a result, they will almost certainly be unable to continue in business.

That problem affects many areas of the country, including the west country, Exmoor, the Welsh borders and Northumbria, as my hon. Friend mentioned. They are some of the most beautiful areas of England, although the hon. Member for Braintree and I also see a curious charm in the East Anglian arable fields. Some of those beautiful areas depend heavily on farming for the maintenance of their environment, so the change will have a severe environmental impact as well.

My hon. Friend the Member for Hexham mentioned that one of his constituents is Sir Donald Curry, who has done great work in advising the Government and made sensible recommendations about the future of farming. However, he has said that he was not consulted about the decision:

"I am concerned and have had numerous calls and letters about it. The level of redistribution within the SDA is unacceptable and unforeseen."

The Government should take that seriously, and I hope that they will show flexibility. When I raised the issue on the Floor of the House with the Secretary of State, there did not seem to be much flexibility, but I am encouraged by the reports that, privately, she accepts that some movement is needed.

There are various methods of addressing the situation. My hon. Friend the Member for Hexham mentioned the possibility of increasing environmental payments, the National Farmers Union advocates three tiers rather than two, and there is the suggestion that we use the moorland line. All those proposals will have costs attached to them, and one difficulty is that we do not have any analysis of how the payments in, for example, non-SDA areas would be affected if we made those changes. I hope that the Minister will be able to say a little more about that, because it is important that we have those facts. Everyone agrees that something needs to be done. The Government, I suspect, have simply not realised the effect of the decision on thousands of extremely productive farms in the SDAs, which make a vital contribution. I remind the Minister of the opening words of the *Farmers Guardian* editorial:

"Anybody can make a mistake but the true test of a person, or indeed a Government, is the way you respond to it."

10.50 am

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): I congratulate the hon. Member for Hexham (Mr. Atkinson) on initiating the debate, and I agree with one of his early comments, which was echoed by the hon. Member for Brecon and Radnorshire (Mr. Williams) among others. He said that although the contribution of farming to the rural economy is quite small, the contribution of farming to the countryside and the environment is enormous. That is why decoupling and paying farmers for the public benefit, rather than giving them a production-related subsidy, must be the right long-term way forward.

I welcome the hon. Gentleman's support for the area payment approach, as opposed to the historic payment approach. The hon. Member for Brecon and Radnorshire suggested that there was concern among young people that we were not sufficiently proud of British farming. Perhaps that is because of the great coverage of all that is gloomy and negative about it, when there is much positive that could be said. We have every reason to be proud of the farmers—people I meet all the time—who are entrepreneurial and creative, as well as highly committed. All that the Government are doing is trying to help them to be competitive and successful, and have a sustainable future in farming.

It is worth pointing out that farm incomes should be viewed in the context of considerable public support for agriculture. United Kingdom farmers receive about £3 billion in payments under the common agricultural policy each year—£2.5 billion in direct payments and £500 million in budgetary expenditure on market support. The Government's policy is not to attempt to intervene in the market to create artificial income, but to facilitate the right economic framework to enable farmers to succeed. Reference has been made to Sir Donald Curry's excellent work on that, and the

Government's sustainable farming and food strategy sets out how we mean to work in partnership with the industry in that context.

Although there are many positive things that can be said, I want to focus in the short time available on the points that have been made by hon. Members. First, the general message seems to be positive, but each hon. Member who has spoken seems to be concerned about some of the detail of the impact of the proposals of my right hon. Friend the Secretary of State.

The hon. Member for Hexham concentrated in particular on upland farmers and the effect of a two-area approach on those in severely disadvantaged areas. He makes a reasonable point. He and others, including the hon. Members for Ludlow (Matthew Green) and for West Derbyshire (Mr. McLoughlin) have argued for a different alignment in England. I stress that we shall consider all the representations and the points that have been made to us. That is the point of a period of listening.

Hon. Members must nevertheless bear in mind that change would produce a different set of winners and losers. I do not think that it would be terribly helpful to add to rumours of the possible shifts and changes. Let us engage in conversations and examine the representations. Let us consider what consensus might be reached in the industry. Then, as always, my right hon. Friend the Secretary of State will want to focus on all the information that has come in, and to take a decision.

I assure hon. Members, in answer to a query that arose, that during the period when my right hon. Friend will be representing this country in several European, and other, settings, she will be well in touch with the Department and her ministerial team and will be focused on securing the right outcomes.

The hon. Member for Ludlow also focused on specific cases with a lot of detail, but seemed to argue for a retention of the link to stock levels, when decoupling is the way forward. Perhaps that point was being made by his correspondent rather than by the hon. Gentleman, but I shall certainly respond to him on the detailed issues that he raised. For instance, he referred to a case involving the Rural Payments Agency. It is my experience that, generally, comments about the agency based on the detail of individual cases can be misleading, although I should be happy to write to him about that point.

Mr. McLoughlin: The Secretary of State made her announcement in February and the Minister says that the Government are collating evidence and listening to all sections of the industry. Can he give us any idea of when the industry can expect a clearer way forward? What the Secretary of State announced obviously stands. However, if there is to be a review, it will be immensely helpful for those who are worried in the industry to know what time scale the Minister is considering.

Alun Michael: The hon. Gentleman and others have rightly referred to our discussions with farming organisations, including the National Farmers Union. However, it is wrong to talk about outcomes and changes while those discussions continue. My right hon. Friend is looking to make the right decision and to understand fully the points that are put before coming to a conclusion.

The hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) acknowledged that any decision would cause problems. He also acknowledged the logic of a tapering approach that seeks to move to area payments, but in a way that gives people time to adjust to the changes in payments. He referred to the differences across the Welsh and Scottish borders, as well across the lines in England. However, the decisions made in Scotland and Wales are the result of devolution. It is understandable that such decisions have been taken, because, as the hon. Member for Brecon and Radnorshire suggested, the historic payments may look more attractive in the short term. In the longer term, however, the area payments are, in our view, much more sustainable. Those who perhaps aspire to see such arrangements across the border, such as the hon. Member for Ludlow, may therefore take a different view in the longer term.

A number of detailed questions were asked, for instance, about cross-compliance. It is necessary to consider the relationship among the higher tier scheme, which involves more complex agreements, the simple voluntary scheme that is being promoted and cross-compliance, in which the minimum regulation standards are observed. A consultation on cross-compliance is due to take place shortly. That process will bring forward the details for which the hon. Member for Hexham asked and will provide an opportunity for comment and discussion. One problem is that there is always a lot of consultation when dealing with issues that are so complex for the industry. During the consultation, people complain of uncertainty, but we cannot have it both ways. We must listen and get engaged with the sort of detail that several hon. Members have raised.

I am conscious that the time I have to respond to a broad range of issues is short. I therefore undertake to write to those who have spoken to cover the points that I do not manage to reach. For instance, the approach of the Rural Payments Agency was raised. The agency has established a programme and project management system in order to deliver single payment systems by 2005. The set-aside on grassland was also mentioned. We are still discussing the rules, but we argue that the Commission should look again at its proposals, so the issue is not closed.

On the key issue, I must tell the hon. Member for Hexham that no line will be perfect; there will be anomalies somewhere, whatever lines are chosen. We shall listen carefully and ask whether there is a better way. My right hon. Friend the Secretary of State has put forward a sensible and coherent set of proposals. Following the consultation, we shall seek to give the greatest clarity to the industry, which is what all hon. Members want. We need a process that is sustainable in the long term, in which, as we move to the simple area system, people know the graduation of payments, and that will help to provide the certainty that is necessary to underpin a sustainable future for farming and food.

Supermarket Code of Practice

11 am

Andrew George (St. Ives) (LD): I am pleased to have secured this debate, and delighted to see the Minister. I have seen him in this position before, when he was goalkeeping behind me for the House of Commons football team, so I know that he has a safe pair of hands to assist him in responding on this important matter.

Today is an important day for me not only because of this debate: in the Lower Waiting Hall, there is an exhibition of Cornish cuisine, and one point that I want to make relates to the importance of farmers co-operating and coming together to promote a brand, and of achieving vertical integration through the supply chain.

Let me give the background to this short debate on the supermarket code of practice. The Select Committee on Environment, Food and Rural Affairs, both in the cross-party report on gangmasters that it published last September and last December, has identified that supermarkets can dictate market conditions. On 10 October 2000, the Competition Commission produced a report identifying the fact that supermarkets represented a complex monopoly practice, and proposed that a code of practice be established. After what I believe were a number of drafts, a code was finally published on 31 October 2001. However, according to those involved in the process, particularly from the supplier side, it was a rather watered-down version of the code that was originally proposed by the commission.

The Office of Fair Trading announced in February 2003 that it would review the success of the code's progress, and it published its report only a few weeks ago, on 20 February. What it found was no surprise to people on all sides who had been watching what was happening with the code, including suppliers, who had caused the code to be established, largely through the complaints that they made about their treatment.

The main results of the OFT review were as follows. The code was not working effectively: 80 to 85 per cent. of suppliers who responded to the survey claimed that the code had failed to effect any change in supermarket behaviour, despite the recommendations of the Competition Commission's 2000 report. However, there was no hard evidence that that was the case. Some 73 per cent. of suppliers reported a fear of complaining, which was the main reason for the code's lack of effectiveness. No cases had been brought under the code's mediation process by suppliers claiming a breach of the code. One case was brought, but it related to a contract established before November 2001, which I understood was the start date before which past contracts could not be included, so the code was not used. A number of aspects of the code were criticised, including the rather vague term "reasonableness" and other subjective terminology that was open to wide interpretation.

Rather worryingly, the OFT analysis also included the following statement:

"We do not believe that there is anything in the changes in the fortunes of UK farmers, especially the amounts they are paid for their produce, which can be linked to the code or the general behaviour of the supermarkets."

The review pointed to BSE, foot and mouth disease and the strength of the pound against the euro, rather than farmers' treatment by supermarkets, as largely responsible for farmers' misfortunes. However, farmers' organisations rightly question the assumptions behind the suggested source of their misfortunes. Two of the problems—BSE and foot and mouth disease—affect only red meat consumption and have very little impact on other sectors. Furthermore, fluctuations in the exchange rate have not resulted in fluctuations in price. If the problems had anything to do with the strength of the pound, there would be the same fluctuations in price as there have been in the exchange rate, which has not happened. Supplier organisations strongly believe that consolidation of agriculture downstream has affected the proper operation of the market.

I have read the OFT report and spoken to many farmers and farmers' organisations, and to others working in the supply chain. Many people have provided me with case material, but I could not use it even today for fear that they could be identified and de-listed, or lose contracts with buyers in the future. However, one does not have to be Sherlock Holmes to identify serious problems in the way in which the market operates. Farmers face particular challenges. They produce perishable goods, even in the case of livestock that are ready for slaughter. Growers produce goods that are ready for harvest at very particular times. They depend on their buyers playing ball and sticking to their contracts and the nature of those contracts.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I congratulate the hon. Gentleman on raising this issue.

The hon. Gentleman describes the worst effects of an unbridled monopoly. Is he aware of the report published recently by the New Economics Foundation, which states:

"270 jobs are lost each time a supermarket opens"?

Worse still, it states that

"50 farmers and small traders are forced out of business every week"

by the operation of the big four.

Andrew George: I am grateful for that intervention. I was not aware of that finding, although I am not surprised to hear it. The main purpose of the debate is to examine the effect on the supplier side, however, and not simply the impact that supermarket chains undoubtedly have on other traders in the environs of sites where they establish new supermarkets. I do not doubt that some studies have identified a net job loss rather than a net job gain in the wider economy, and that supermarkets would want to debate that issue.

My point is that supermarket practices place farmers in a particularly difficult situation. For example, farmers and growers have to buy the packaging materials that supermarkets use, and often they cannot do so at cost price. Many farmers know full well that they are being charged for packaging that may simply be a plastic bag in which to put broccoli or a cauliflower, and that the supermarkets are charging them more than the cost price of those materials as a way of recouping money. Payments are also often delayed. On 17 January 2003, the *Financial Times* published a study into supermarket power. On page 17, the study said that in 2001, Tesco,

Asda and Sainsbury's alone extracted an additional £623 million from suppliers through longer credit terms. Supermarkets are obviously in a strong position to negotiate better credit terms.

Retrospective conditions are often added to contracts. Suppliers often do not even see their contracts. Suppliers who want to keep their contract may have to make unexpected contributions to promotions of the sort that I am sure we have all seen, such as "Buy one, get one free" or "Buy one, get one at half price." Farmers often make the major contribution enabling supermarkets to make such offers. Farmers might also have to deal with consumer complaints and with recompensing the consumer. It is sometimes unclear, particularly in the case of perishable goods, whether the cause of the problem lies with the handling and storage arrangements at supermarkets rather than with the farmer who supplied the goods.

There is often a problem with contracts being changed at short notice. Contracts are sometimes ended after the plants are already in the ground or ready for harvest. That happened recently to a supplier not many miles from my constituency. There has also been threatening behaviour.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Does my hon. Friend agree that not all farmers deal directly with supermarkets? They may deal, for instance, with slaughterhouses that have direct contracts with the supermarkets. Such farmers could be in a weak position because of the monopoly of the supermarket even though they do not deal directly with it.

Andrew George: My hon. Friend makes a good point. Particularly in the red meat sector, it is noticeable that, with consolidation, some of the sector is growing to such a level that it can negotiate better deals and better contracts with the supermarkets and use its market muscle, but it is true that many farmers supplying to slaughterhouses have to be extremely careful.

In one case, a grower decided to switch his supply to another co-operative that was supplying another supermarket. He received a threatening letter from the original supermarket saying that it would make sure that he never supplied any source that was a source for the other supermarket. It ultimately apologised for the letter and withdrew it, but the fact is that we know that such practices go on. There is a severe fear of de-listing. That happens throughout the food chain; it does not apply only to the suppliers. Other food supply organisations and representatives, some of which are very substantial names and businesses, have raised similar concerns and fears in briefings to me prior to this debate.

The consumer has an important role to play. There is a general impression—indeed, the OFT gives us the same impression—that the consumer is a two-dimensional person who is interested only in price and nothing else. My own impression is that consumers are much more sophisticated. Price is clearly a key determinant, or at least the impression of low price is. Supermarkets often give the impression of low price while in fact people end up spending more than they originally intended. However, price is not the only determinant. It is quite clear from consumer surveys and from the views of consumer-based organisations such as the National Federation of Women's Institutes, which is supporting the need for further intervention in the field, that consumers are interested in other values as well as price, including concerns such as local sourcing, food miles, environmental impact and support for British producers. We have just come out of fair trade fortnight, which identified a great deal of interest across the nation in producers and conditions not only in this country, but in other countries.

I want the Minister to look carefully at the OFT report. The OFT is suggesting that it will undertake further research. Although that is welcome, there is a great deal of frustration: following the original report from the Competition Commission in 2000, the suggestion that we will undertake further research is not good enough. He might consider establishing a post with what could be called a particular function, as a Minister and ministerial discretion can direct action that is more important than research, rather than requiring primary or secondary legislation. Whether we called the holder of such a post a food trade inspector, a watchdog, and ombudsman or whatever, it would be useful to have a clear sense of purpose within the OFT to achieve a number of critical improvements to the way in which the food supply chain operates.

First, the outcome of the OFT report shows the importance of the need for anonymity to overcome the problem of fear. The OFT needs to be proactive, not to react to complaints. It should proactively undertake investigations, possibly on the basis of confidential tip-offs, although often simply by looking at areas of the supply chain where it perceives difficulties. Subjective language such as "reasonableness" should be replaced with more objective language clearly outlining the length at which payments will be received. There needs to be greater transparency in the food chain. Emphasis needs to be placed on the fact that procedures are in conformity with the code, and perhaps the annual accounts of the larger retailers could contain a statement to that effect.

Where a complaint is made, the appointment of a mediator should not be the responsibility of the supermarket; it could perhaps be the responsibility of the OFT, the complainant and the supermarket acting jointly. The bad publicity that would result from the publication of a report's findings would make a big difference to the way in which supermarkets operate. I am suggesting not that the OFT should ensure that reparations and compensation are paid where a problem is found, but simply that it should monitor the payment of reparations and compensation where the report identifies a need.

Therefore, I am not convinced that there is a need for further legislation of any kind, but we must have clear ministerial direction and clear ministerial bottle if we are to take the issue on.

11.16 am

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I congratulate the hon. Member for St. Ives (Andrew George) on securing a debate on a subject that is important not only to suppliers, but to supermarkets and consumers. He outlined the case excellently, and I shall try to respond to many of the points that he made. I am also grateful to the hon. Members for Meirionnydd Nant Conwy (Mr. Llwyd) and for Brecon and Radnorshire (Mr. Williams) for their comments. The issues clearly affect all those hon. Members' constituencies, and I acknowledge their work in bringing them to the Government's attention. I say that not least of the hon. Member for St. Ives, with whom I have enjoyed time on the football pitch, as he rightly said. On occasion, we have worked well together and we can perhaps do so now to resolve this issue.

It is important that I explain the background to the current supermarket code of practice before attempting to consider the way forward. In 1999–2000, the supermarket sector was the subject of an extensive investigation by the Competition Commission. The investigation was undertaken in response to a reference made by the OFT under the Fair Trading Act 1973 to consider the existence, or possible existence, of a monopoly over the supply in Great Britain of certain groceries by certain supermarkets. That reference reflected complaints that supermarkets had been placing unreasonable demands on their suppliers. The investigation therefore focused on the supply of groceries, particularly to the UK's four largest supermarkets, which at the time were Tesco, Sainsbury, Safeway and Asda.

It is important to note that the report, which was published in October 2000, concluded that the industry was broadly competitive and that, overall, excessive prices were not being charged and those supermarkets were not earning excessive profits. However, it identified three situations in which competition was distorted and which operated against the public interest. The first concerned the relationships between the largest supermarkets and their suppliers. The commission identified several practices that, when engaged in by the larger supermarkets—those with significant buying power—adversely affected the competitiveness of some of their suppliers. As a result, those suppliers were likely to invest less in new product development, which, in turn, could lead to lower-quality products and less consumer choice.

The commission therefore recommended that a code of practice be drawn up to cover the practices that it had identified and that the code be binding on supermarkets with at least an 8 per cent. share of the market. The four supermarkets that were the subject of the commission's adverse findings were required to give legally binding undertakings under section 88(2) of the Fair Trading Act 1973. The supermarket code of practice, which forms a part of those undertakings, was designed specifically to address the unsatisfactory aspects identified by the commission in the dealings between supermarkets and their suppliers of groceries. In short, it provides for those dealings to take place on a clearer and more predictable basis, and the OFT is empowered to review how the code is working in practice.

The October 2000 Competition Commission report identified two other practices whereby competition was distorted and operated against the public interest—selling some frequently purchased products below cost and varying prices in different areas in the light of local competition. The commission concluded that such practices, when carried out by the large supermarkets, contributed to a situation in which the majority of products were not fully exposed to competitive pressure. It considered several remedies, including a ban on below-cost selling, but concluded that such remedies would be disproportionate to the adverse effects found. It therefore decided not to make recommendations in respect of those two practices.

It is important to note that, in looking at below-cost selling, the commission was not concerned about whether the selling price was below the cost of production. Rather, it was concerned about whether products sold by supermarkets were below the price at which the supermarket had purchased them. Even if the commission had decided to recommend a ban on below-cost selling, it would not have prevented supermarkets from paying suppliers less than the cost of production. I hope that I have given hon. Members a better understanding of the background to the code of practice.

I now turn to the legal details. As I explained, the supermarkets' code of practice was drawn up in accordance with a recommendation in the Competition Commission's October 2000 report on supermarkets. It came into force, as the hon. Member for St. Ives said, on 17 March 2002. It was designed to regulate a limited number of practices engaged in by the larger supermarkets that the commission felt distorted competition and operated against the public interest.

The code is legally binding on the supermarkets that were the subject of the commission's adverse finding—those with a market share of 8 per cent. or more at that time. Because Morrisons was not the subject of the Commission's adverse finding, it cannot be bound by the code even after it completes its acquisition of Safeway. However, we understand that Morrisons has indicated to the OFT that it would be prepared to abide by the code on a voluntary basis.

I think that the hon. Gentleman will agree that the code was never intended as a panacea to remedy all the ills that have been found and deal with all the issues that he raised. It is a formal remedy to an adverse finding by the Competition Commission. As such, its scope and application cannot be extended to cover issues or parties that were not the subject of the commission's adverse finding. It does not regulate the base price paid to suppliers for their products, which is a matter for commercial negotiation. Neither could it do so, as that was not an issue on which the commission made an adverse finding.

The OFT is required to review the operation of the code on an annual basis. It published its first review of the operation of the code on 20 February this year. The review found a widespread belief among suppliers that the code was not working properly, as the hon. Gentleman has outlined. However, it found no hard evidence to support allegations that the code had been breached. I recognise his point that it is difficult for suppliers to come forward if they feel that they are going to be in breach of the code. That is where it becomes

difficult to obtain the hard evidence that we need to act. Although he must have a heavy case load, if he would like to talk in confidence, I am prepared to meet him following today's debate and consider in detail how we can best pass that concern on to the OFT. I recognise that there is a difficulty.

Andrew George: I thank the Minister for his offer to meet and I am keen to take it up. Does he accept that, given the nature of the OFT report's findings, which identified a sense of fear among suppliers to the supermarkets, the code cannot carry on as it presently stands? A degree of anonymity is required by anyone attempting to interface with it.

Mr. Sutcliffe: I recognise the point. I will try to come on to what the OFT is doing and what we need to consider. Outside the official response to its work, I take the issue seriously and will be working on it and looking closely at what the OFT says. That is why I wanted to speak to the hon. Gentleman and other hon. Members who have hard evidence, because we need such evidence to obtain a result.

As part of its review, the OFT sought information from more than 60 trade associations representing the suppliers, as well as other interested suppliers and the supermarkets. I understand that 35 organisations replied, including a few individual grocery suppliers for the regions that we both know well. Although responses came from a small number of organisations, the OFT is confident that the views expressed are broadly representative of grocery suppliers overall. We think that trade associations with which the grocery suppliers have been involved have put the case across.

As the hon. Gentleman said, much of the information that was received was anecdotal and came without hard facts. We want to obtain those facts. The OFT has found it difficult to come to any firm conclusions about how individual supermarkets are operating under the code, and particularly about whether there has been any breach.

It is fair to say, however, that the OFT's consultation exercise has revealed several points. There is a widespread belief among suppliers that the code is not working effectively, and the main reason identified for the perceived lack of effectiveness appears to be a fear of complaining among suppliers, as we have recognised. The OFT has referred to a climate of apprehension among suppliers. That seems to relate to suppliers' fear that they would be de-listed by supermarkets, which the hon. Gentleman mentioned. I ask the suppliers, trade associations and others to work with the OFT to ensure that we have hard facts on which to operate. The OFT noted that no cases had gone to mediation under the code and that the only written complaint concerning an alleged breach related to events that took place before the code came into force.

When supermarkets originally made their undertakings, the OFT encouraged traders to build up dossiers of alleged breaches of the code. We must ensure that we devise a process that will enable complaints to be made. The OFT takes the matter seriously and is examining it in greater detail. It intends to carry out a further audit of the situation, because it recognises that the code of practice is not working effectively. That will be its starting point.

I accept what was said about the speed at which we need to operate because, as the Minister for Employment Relations, Competition and Consumers, I am concerned about the treatment of consumers in relation to some of the issues that have been raised.

The hon. Gentleman raised the question of why there is not an ombudsman, a regulator or someone at the OFT with specific responsibility for this area. I know that a number of people have called for such a post. However, I am not clear what an ombudsman or individual regulator would do that the OFT is not already doing. The OFT has said that it recognises that there is a problem, and the basis for an annual review is in place, although we need to find a better procedure through which individuals can complain and retain their anonymity. The hon. Gentleman is right that there is no need for further legislation or more bureaucrats to look into the matter. As has already been said, the OFT has the power to investigate complaints against supermarkets.

Andrew George: When the Minister and I meet, perhaps we could explore the matter further. It is clear to me that there are a number of areas in which it would be helpful for the OFT to provide a clear focus for action. It should be proactive in producing and publishing reports, and it should address the issue of anonymity. Such an approach by the OFT would ultimately be in the interests of supermarkets, because it would be good for them to be able to demonstrate greater transparency and to reassure consumers that they are not damaging British producers.

Mr. Sutcliffe: There is no disagreement between us on the need for the OFT to act or on the need for its action to be based on factual rather than anecdotal evidence. The view that the code is not working effectively should be challenged on the basis of facts. That would make the whole situation transparent, and people would feel that their grievances had been properly examined. I want the OFT to continue to examine the position in the terms raised by the hon. Gentleman, and I also want consumer protection issues to be taken into account.

The hon. Gentleman said that supermarkets play an important role in the UK, and I do not think that the measures that he is asking us to adopt are anti-supermarket. The code was the result of an initial reference by the OFT to the Competition Commission. We need to ensure that the OFT gets things right. If it produces hard evidence, we will act upon it, because it will be in the public interest to do so.

The hon. Gentleman has raised an important issue. I undertake to meet him to discuss how to ensure that factual evidence from suppliers or their trade associations is put before us. I shall continue to work with the OFT to ensure that there is a speedy response to any concerns that are raised, and shall try to get everyone's agreement on how to establish an effective code of practice. I am pleased that Morrisons is prepared to operate the code voluntarily, but we need to re-examine that issue.

[Mr. Sutcliffe]

The hon. Gentleman raised these matters in a spirit of co-operation, and in that spirit, I am sure that we can reach a solution that will allow suppliers and consumers to be protected, while clarifying the supermarkets' position. I congratulate him on raising the issue.

11.29 am

Sitting suspended until Two o'clock.

Water Framework Directive

2 pm

Mr. David Kidney (Stafford) (Lab): I like to think ahead and plan what I am going to say in my speeches, and today I thought that I would start by saying that the title of today's debate is dull and uninformative. I look around at the empty seats and I see that that is all too true. How prescient I was. The words "water framework directive" conceal legislation, admittedly secondary legislation, that is both highly complex and hugely significant for the environment. It is therefore important that the subject reaches a wider audience, and this debate is my contribution to getting the message across to the wider world.

In a sense, I do not need to apologise for the subject being dull, because that is a problem for the Minister for the Environment, who will want to take people along with him. Eventually the legislation will have enormous effects. It will touch the livelihoods of many and the lives of everyone in this country. When people wake up to find the great influence that the legislation has on them they will want to know why they were not involved. It is a few years before it takes full effect, but I want the Minister to be able to tell those people that they had every opportunity to contribute to the debate and to make their voices heard in the decision making, and that it is their fault, not the Government's, that they did not.

I know that the Minister has worked hard with the devolved Administrations because some of the responsibility for implementing the directive lies with devolved authorities. River networks tend not to respect borders. One set of regulations deals with Northumberland jointly with the Scottish Parliament, precisely because the network crosses from one jurisdiction to another. It is particularly important to liaise with the devolved Administrations because there are joint responsibilities on the ground.

Water is in the title of the directive, but the framework will have much wider impacts than just on water. I want to start by dealing with the issue of water alone. Heaven knows, it is vital enough. I was struck by the newspaper reports of the Pentagon's assessment of the threats faced by the United States. While threats of terrorism remain and in the US they still talk of rogue states that they must regard as enemies, it was striking how one of the Pentagon's top worries is future conflicts over scarce water resources around the world. If wars are to be fought over water, clearly it is time to think ahead and carry out the work that will prevent such conflicts.

I hope that countries such as ours in the developed world can help developing countries to manage their future water supplies. This is why the framework is so important. When we start to help others, when we start to advise them and to lecture them about how to manage their water sustainably, it behoves us to get our own house in order first. This is where the directive is so significant. We want to be able to tell the rest of the world that here in Europe we have done everything possible to manage our water suppliers responsibly, sustainably and in line with good environmental practice, and to urge them to do the same. I want us to be able to lead by example and speak with authority when we do that work overseas.

The water framework directive requires all European member states to draw up plans to protect and enhance the quality of rivers, lakes, estuaries, coastal waters and groundwaters, and by 2015 to have in place river basin management plans that will be reviewed every six years thereafter. It is an enormously complex task. It is very challenging, even with a timetable that seems so lengthy. There is plenty to be done. The Government have already been criticised for not doing enough fast enough, and I shall come to that.

I want, however, to start in my usual reasonable, good-natured way by giving the Minister credit for the things that the United Kingdom has done well. Drinking water quality in England and Wales is something of which we can be genuinely proud. In 2002, there was 99.87 per cent. compliance with quality standards. It is pretty difficult to get better than that, although that statistic hides the fact that there has been a considerable improvement during the past seven years. Since 1997, leakages from the water pipe network have been reduced by 20 per cent.

Our beaches, rivers and drinking water are the cleanest that they have been for a century—a pretty creditable record. Last year, a record 332 UK beaches won seaside awards from clean-up campaigners. The same year, 105 UK beaches were awarded the prestigious blue flag, compared with just 17 in 1992. Some 94 per cent. of UK river networks are of good or fair biological and chemical quality—an all-time high. However, that statistic hides another from English Nature, which says that less than one third of rivers in sites of special scientific interest are of a satisfactory standard.

While I am in the mood for giving the Minister credit for the good things, let me also mention the Water Act 2003, which is to be warmly welcomed. We now have in place a system for the comprehensive management of future water abstractions. Abstractors have a duty to use water efficiently, public bodies must make water conservation an aim of their operations and the Consumer Council for Water has a sustainability duty. Those are all good achievements on the part of the Government.

I congratulate the Government on one more thing—their principal guidance to the water regular Ofwat. There was speculation in the newspapers a couple of weeks ago that No. 10 had spiked DEFRA's guns and was going to insist on lowering environmental standards in the next round of water charging to keep consumers' bills at reasonable levels. In the end, however, last week's guidance made it clear that the Government have taken a sensible approach that balances further environmental improvements against reasonable price controls between 2005 and 2010.

The current price review, or asset management plan 4, highlights an issue that often arises when I talk to people about the water framework directive—the relationship between the directive's requirements and everything else that we do as regards our water environment. How does the framework legislation relate to the periodic review of water price limits, the "polluter pays" principle, land use planning, flood management, economic and social regeneration, biodiversity issues, fisheries and marine conservation, health and amenities? Those are enormously important issues, but we do not always see the links between the framework directive, our secondary legislation under it and the Government's wider legislation and aims.

Some say that the Government's approach is unambitious and that they are technically and narrowly implementing the directive at the last minute. The subject is so important and so exciting, and it has so great an influence on so many areas of life, that the Government would be missing a trick if they did not do something far more ambitious. It is as though they were a painter who had been presented with a great canvas, a superb subject and a vast array of colours, but who chose to do a little drawing in one colour at the corner of the canvas. It is important that we inject into people the feeling that this is an opportunity that no one should miss. I say to the Minister: let us be bold, let us have a vivid, unforgettable masterpiece as a result of his work at the canvas.

When it comes to the progress that we have made, the original directive gave us until the end of last year to transpose its provisions into domestic legislation. I am not sure whether the Minister will say that he just made it or that he just missed it, because the regulations were laid before the House in December 2003 and came into force at the beginning of 2004, but in fairness to him, several member states have not yet managed to achieve that, so we are ahead of some members of the European Union.

The Environment, Food and Rural Affairs Committee considered the framework, and wrote an excellent report. The Committee criticised the Government, saying that they did not seem seized of the urgency of the task; and it called on them to adopt a more positive and more active approach. Among those wanting to urge their views upon me for today's debate was Water UK, which still has a list of concerns on matters that it says are not clear enough.

Mr. David Drew (Stroud) (Lab/Co-op): I apologise for missing the first couple minutes of my hon. Friend's speech. I am a member of the Environment, Food and Rural Affairs Committee, so I bear some responsibility for that report. We said that the Government had an awful lot to do, but that we would need to see how resources were to be locked in or it would be a bit of a wish list. We were apprised of how serious an issue it was, which is why we linked it in with the Water Act. We wanted cause and effect to be locked into one. Would my hon. Friend like to comment on that?

Mr. Kidney: Frankly, that clarification is all of a piece with people saying, "Let's be ambitious in how we implement this. Let's make sure that we have firm links to other issues that we think important, such as biodiversity, the management of wetlands and flood prevention. Let us build those things in and plan it from the beginning, so that we get there in the end rather than leave things to the last minute in a rush to be compliant with the directive timetable." That will lead to greater cost rather than less. Being able to plan ahead should enable us to gain the maximum benefits, but without the costs that might come with slow, tardy implementation.

I mentioned Water UK, which was represented in the Minister's third round of consultation. On a different tack, the non-governmental organisations are broadly

[Mr. Kidney]

supportive of all that the Government are trying to achieve, but they still speak of gaps and delays. As I said a moment ago, we have already had three rounds of consultation, but the Government are planning a communications strategy this year, and the Environment Agency will be responsible for the preparation of a public participation strategy. The Minister may say that some of that consultation is already in hand as part of this year's programme.

I turn to the question of linkages and inter-relationships. Diffuse pollution gives a good illustration of the scale and difficulty of trying to make decisions that please everyone. Many respondents to previous consultations said that such pollution was a matter of concern and demanded to know the Government's answer. In a debate pack prepared by the House of Commons Library—they are marvellous documents—I saw that a Plymouth newspaper had quoted a DEFRA spokesperson as saying last December that the Department intended to consult on diffuse pollution and its effect on agriculture by the end of March 2004. I have not seen that consultation yet, and it is already the middle of the month. Where is it?

Farmers are sensitive about the subject, although I hasten to stress that there are many sources of diffuse pollution. Indeed, some sources are urban. The National Farmers Union branch in Stafford urged that point on me this morning. It is ironic that 42 members of that branch had arranged many months ago to visit Parliament today; they urged me to pass the message on to the Minister that an awful lot of diffuse pollution does not come from farms.

At one end of the range of options for dealing with the subject is fresh regulation. However, the burden of complying would be borne by the so-called polluters, including farmers; it has been estimated that it could cost as much as £400 million. That might stamp out the problem, but the cost would be so high as to drive many farmers and others out of business. I hope that the Minister would find that outcome unacceptable. At the other end of the scale is the light-touch approach, seeking voluntary co-operation with those responsible for the pollution, but ending up with no or little improvement. I hope that the Minister would rule out that outcome.

What choice does the Minister have between those two extremes? What resources does he have at his disposal to help make his approach work? We have just been through a round of common agricultural policy reform and declared how we will apply single payments and insist on cross-compliance in this country. Are resources available through that policy that could be used to address diffuse pollution? That would be a good example of the inter-relationship between two different subjects. If that funding is all accounted for, where will we find the money for incentives for farmers to co-operate? We also need to consider the "polluter pays" penalties for those who do not co-operate. Would there be pressure for further CAP reform in the European Union's common implementation policy for the directive, which would come in time to provide public funding for the incentives that I mentioned for people such as farmers?

Tackling pollution brings not only environmental and social benefits, but economic ones. The water companies spend £120 million a year removing pesticides from water courses. By acting firmly, decisively and in good time, we can save money for the future.

We can achieve those objectives if we want to. The Government have the right words. To those who have not seen it, I commend the document "Directing the Flow", published in November 2002. Pages 28 and 29 discuss the directive, and it is a superb statement of the Government's approach. The Government's response to the Select Committee report was also thorough. Those are good signs, but some explicit links are missing that we might have expected to see. The Water Act has been passed and the Planning and Compulsory Purchase Bill is about to become law, but we did not do what was necessary about flood management and land use planning when we had the opportunity. Worries are still being expressed by people about the future tackling of diffuse pollution and the treatment of wetlands. I noticed that the second newsletter from the European Union directors of the water framework directive states that they have issued new guidance on wetlands. What does the Minister think of that guidance? However, there are challenging targets. There were challenging targets last year to get the law in place, and there are challenging targets this year—for example, for the Environment Agency to consult on its draft strategy for drawing up river basin management plans, and how to include public participation.

I am excited by this subject, and there are prospects that should excite us. There is potential to enhance all three legs of sustainable development. Environmentally, we can have cleaner, more adequate water supplies, improved biodiversity and better protection for sites of special scientific interest, wetlands and local wildlife sites. Economically, we can have lower clean-up costs in future, improved tourism and leisure opportunities and regeneration opportunities along the way. Socially, we can challenge the problem of flood management and stop it at source in river areas before it reaches urban developments downstream. We can have greater access to the countryside and healthier living standards as people use the opportunity to take exercise as well as eat healthily. Rural businesses such as farming can carry out their work in a more socially responsible way.

There are good prospects under this directive and the relevant legislation for us all to achieve some good objectives. They must be achieved with the active involvement of all the relevant stakeholders, not favouring businesses over environmental groups, nor vice versa. They will be led by the Environment Agency as the Government's champion on the subject, although people have questioned whether the Environment Agency has sufficient skills and resources to do its work properly, and those are points for the Minister to bear in mind.

I hope that the Minister agrees that education will be key. DEFRA is working on a communications strategy as one element that will ensure success in the future. Other elements involve Parliament. I admit that today is a bad example, as not many hon. Members have turned up for the debate, but there is interest in the issue, and we should ensure that people understand how important it is. I should like regular reports to be made

to Parliament and debates to be held. If we cannot get Members into the Chamber, will the Minister consider seminars to get them together to discuss vital matters before final decisions are taken and to listen to different points of view?

Will DEFRA have a champion of its own? I am sure that the Minister is a fine champion of his Department on many subjects, and does not have as much time to devote to this matter as the stakeholders—the public and Members of Parliament—might want. Will he consider whether someone could be the focus of contact with the public and the production of the news as it comes in, and involve people in future debates and discussions? We should keep working with stakeholders, and should not believe that three consultations were good enough simply because the legislation was passed. There must be many more consultations like those. I have not checked the full list of who has been consulted. Does it include local government planners and the regional development agencies, which are so important to the regeneration of the areas that are affected? I know that a pilot is being run in the Ribble basin. Perhaps regular news, updates on progress and any findings that are emerging would be helpful to Members of Parliament and to others with an interest in this subject. Surely that pilot would make a good case study?

Mr. Drew: Does my hon. Friend agree that one of the more interesting aspects of the water framework directive is not only its impact in this country and in Europe, but the ideas that it may produce for the wider world? I am very interested in recent discussions on the Nile basin. Several of our water companies have visited the region to advise countries that lie alongside the Nile. Surely the directive should stimulate such activities, because the whole world has to be careful about the use of water, not just the western world?

Mr. Kidney: My hon. Friend confessed that he had missed the beginning of my great speech today. He sat down behind me, so I do not know precisely when he came into the Room, and he may have missed the significant point that I made at the beginning of my speech about how important it is to be able to speak with authority and lead the world by example when we ask others to do in their countries what we have shown that we can do at home. My hon. Friend makes a very good point, because it agrees with the point that I made earlier.

At the beginning, I said that the title of the debate masked something of great significance. I am sure that many will find the regulations and the regulatory impact assessment dry and lifeless, but so much good can come from a positive approach that the Minister has the power to see to it that the words jump off the page and splash some colour into all our lives. I was trying to think of suitable alliterations to liven up this part of my speech. Let us see more babbling brooks, sweet springs and rippling rivers. These are things that the Minister has it in his power to achieve. Few issues are more important to our communities, our country and our world than water management. I hope that the debate, sluggish though it was at the beginning, will start a sustained and serious campaign of support for what our country and all the countries of the EU seek to achieve.

2.24 pm

Mr. Robert Key (Salisbury) (Con): Because I shall speak with passion, nothing that I say will be reported anywhere, so I can be candid.

I congratulate the hon. Member for Stafford (Mr. Kidney) on introducing this very important debate. I also congratulate the Minister, even before I say a word about what he has achieved, precisely because he has achieved so much. He has fought and won a notable battle with the forces of No. 10 and Ofwat in ameliorating the decisions that have been taken about the future care of this country's water resources. The water framework directive preamble says:

"Water is not a commercial product like any other but, rather, a heritage which must be protected, defended and treated as such".

I do not always go overboard in my support for European directives, but on the present occasion I want literally to go overboard and splash in the shallows of the Hampshire Avon. Every weekend, in Salisbury, I look over the parapet of the Ayleswade bridge, which was built in 1247, and consider the depth and quality of the water; I observe the bottom and whether the river appears healthy. I reflect on what we are doing to that river.

I have known the river since I was a child. I paddled in it when I was two years old. I fell into it when I was four years old, and was rescued by the Bishop of Bombay. I have rowed on it and watched birds and flowers there. I am a keen supporter of the water meadows trust. As the Member of Parliament for what is a wonderful constituency, that river means a lot to me.

It is a short step from the general words of my preamble to the principle that the price of water must reflect the full cost of protecting water heritage. That is the issue that I want to discuss. The cost must reflect the full cost of finding alternatives to damaging abstractions and pollution. The long campaigning—20 years, in my case—to protect the quality of the Hampshire Avon from abstraction and effluents is a vivid illustration of what the water framework directive is about.

The first paragraph of article 1 of the directive states that the purpose of the directive is to establish a framework that

"prevents further deterioration and protects and enhances the status of aquatic ecosystems".

Thus the directive is about protecting water qualitatively and quantitatively, and therefore its objectives overlap with the ecological objectives of the habitats directive. That is what is at stake in the argument that has been raging for years in my constituency about abstraction by Wessex Water—a fine company with lots of dedicated personnel who are in constant conflict with Ofwat about their investment plans. In the middle is the Minister.

The price review process gives far too much influence to Ofwat. Back in 1999, Ofwat succeeded in reducing prices substantially by eliminating many environmental programmes in the Wessex Water area, such as the Blashford lakes programme. That was an irony, since I recall an occasion when I had to stand in unexpectedly for the then Secretary of State for the Environment, who had just been sacked, the day before he was due to open the new Blashford lakes complex. I was sent there instead, as a Parliamentary Private Secretary. I still have

[Mr. Robert Key]

a very nice print of the Hampshire Avon hanging in my bathroom, with a hastily rewritten notice underneath, with the name "Key" instead of "Ridley".

This year Ofwat wanted to cut another £5 billion from the programme and it was only a courageous fight by the Minister that prevented that. The River Wylye in my constituency has been a particular victim of what I am describing. The structure of the price review programme should be reviewed in the light of the water framework directive and the habitats directive, to ensure that it gives sufficient weight to environmental protection.

Locally, Wessex Water's draft plan for 2005 to 2010 included virtually no investment in reducing abstraction or removing phosphates from sewage treatment works. There was an allocation of £8 million, compared with a £90 million minimum request from the Environment Agency and English Nature. I understand that after a lot of pressure, Wessex Water has verbally agreed to put £10 or £12 million in its final plan, to cover investigating an alternative to the 1 billion litres a month taken from the little chalk stream of the upper Wylye and exported to Somerset. It is madness. We have massive leakage in the area, yet we are abstracting the headwaters of one of our most precious river systems to fulfil the needs of quite another part of England. The earliest that even the present scheme could have any effect on the river flows would be about 2014 or 2015. That assumes agreement by Ofwat to let Wessex Water finance it in the 2005 price review period.

There is no funding for a solution such as an agreed building programme in a Wessex Water plan, because Ofwat forced the so-called statement of intent on the Environment Agency and English Nature. The statement of intent must be reviewed every year. January is usually the month, so I expect the review to be published shortly. The plan said that Chitterne abstraction would be used as a last resort. As so many of us predicted, however, there was a failure to protect the Wylye. The abstraction at Chitterne for five months was five times the target level. The flow in the River Wylye dropped to 40 per cent. of the average. The agreement nevertheless has to run until 2007, and allows Ofwat to delay the programme and the price increases to find a solution to the low flow problem for another five years.

In spite of all that, Wessex Water last year—last summer was quite warm and dry, as I am sure hon. Members recall—failed to apply for a drought order or introduce any restrictions on supply. Of course, the issue of prices lies behind all that. In retrospect, the policy of 2000 to reduce prices by 12 per cent. was idiotic. Wessex Water bills went down by 5 per cent. in real terms in the period 2000 to 2005. Even from that artificially low base, however, prices in Wessex Water's plan increased by only 12 per cent. for 2005 to 2010, compared with 31 per cent. nationally.

The key issues on which we are fighting locally are to ensure that the £12 million really is there to investigate alternatives to the Wylye abstraction and to ensure that the investigations result in a project agreed by all the parties to eliminate abstraction from the Wylye. Eliminating the abstraction must be the answer. We must also ensure that the full Environment Agency and English Nature programme for phosphate removal is in the Wessex Water final plan, but we have not yet been promised that it will be.

The argument has been going on since 1990, when the Wiltshire fisheries association starting fighting its corner, although I started fighting back in 1983. We shall not get an answer until 2014 at the earliest. It is not acceptable that we have had to wait for a quarter of a century to remedy serious environmental damage to a special area of conservation site, which is supposedly the most important designation.

There is a huge problem of attitude. Water Voice Wessex wrote to me on 22 July 2002 about what it saw as a settlement for low flow rivers such as the Hampshire Avon. It said:

"Water Voice Wessex fought hard for customers against the original £105m proposal"—

that was Blashford lakes—

"which we did not believe was cost effective, and would have increased bills significantly by £11 per year ad infinitum. This new proposal will quickly improve the low flows on the Hampshire Avon and not significantly increase customers' bills. This is a win-win for all concerned."

It is a lose-lose for all concerned. The environment will lose and there will not even be any long-term benefit for consumers, because the other problems will become greater if, for instance, phosphorous and other chemicals are not tackled.

The public consultation draft, "River Avon candidate Special Area of Conservation Strategy", published by English Nature in October 2002, said:

"The River Avon is one of the most biodiverse chalk streams in the UK, with over 180 species of aquatic plant . . . one of the most diverse fish faunas, and a wide range of aquatic invertebrates"

having been recorded. There were populations of Atlantic salmon, bullhead, brook and sea lamprey, as well as flowing water vegetation, including water crowfoot. The river and adjoining areas also provided a habitat for populations of Desmoulins whorl snail, with which I am sure we all familiar.

The key issue was that the discharge of substances, including hormone-disrupting substances, mostly as a result of the pill, discharged from sewage treatment works was affecting much of the sensitive environment. Discharges of phosphorous chemicals—detergents, in other words—from point sources were being reduced, but there was a long way to go. This country must decide what it wants to do. Are we going to go down the route of cheap water for everybody, with no regard for leakage or the consequences for the environment? The leakage levels are still enormous. Paragraph 6.7 of Wessex Water's first annual report to the Minister on progress, published in January 2003, says:

"During 2002 Wessex Water continued to reduce leakage. By March 2003 leakage should be reduced to 75 million litres a day."

That has been assessed as the economic level for leakage.

"For 2003–04 leakage is predicted to reduce to just over 74 million litres a day and remain at the economic level."

Who says that that is an economic level? What sort of economics of the madhouse is it that assumes that it is all right to lose 75 million litres a day, at the same time as 1 billion litres are being taken out of the headwaters of a sensitive chalk stream on Salisbury plain? It does not add up.

The Minister will be familiar with me banging on about this, but I am convinced that the answer must be water metering. There is no way that people will realise how much water they are wasting unless they can see a little dial going round that tells them, before a bill flops on the doormat to remind them every now and then. There are plenty of ways in which we can reduce water consumption—but we are not. Planning authorities are nearly always reluctant to go for grey water schemes and to operate sustainable urban drainage systems in their areas. Planners are put under huge pressure to build more and more housing, as is Salisbury district council. Water companies are not statutory consultees. The whole thing is completely mad.

All power to the Minister if he can persuade No. 10 to take a more enlightened view. Will he please get Ofwat and Water Voice under control, and talk to them about the consequences of their fighting for the consumer? In the long run, apart from the fact that we shall all be dead, we shall not have any decent rivers in this country. I hope that in my few minutes, I have been able to instil some passion into the debate, which was so ably introduced by the hon. Member for Stafford. I am grateful to him, and wish that we could convince our constituents of the importance of the work going on in this area. It is not just about people flopping around looking for things with long Latin names, but about one of the most precious parts of the heritage of this country. If we do not take care of it, we shall lose it.

2.37 pm

Sue Doughty (Guildford) (LD): I, too, congratulate the hon. Member for Stafford (Mr. Kidney) on securing the debate and introducing it in the way that he did. He painted a picture—a glowing canvas—and rightly identified lots of areas that are beginning to shine out here and there as little corners of hope. We must integrate the whole picture: when we talk about waste management, we usually grumble about having a jigsaw with no picture and only some of the pieces. Here, too, there is a vision for the future, and we must find out how to fill it in and move forward.

The subject of this debate should not be as dull as ditchwater. The directive should not be portrayed in that way, because it is one of the most exciting environmental measures that we in Parliament shall see. It sets the scene not only for this country but across Europe, and goes a long way to recognising the stress that our environment is under. It will start to put right some problems and set the scene for the future, where the climate is changing and rainfall is different, and—as the hon. Member for Salisbury (Mr. Key) said—our growing population is making huge demands on water usage within a very small island. It is a matter of urgency, although I accept that we cannot implement it instantly. There must be a lot of careful planning to ensure the outcomes that will deliver the directive's huge benefits.

It was most interesting yesterday to see Folkestone and Dover Water Services Ltd. proposing metered water supply, recognising that we cannot continue to take water without understanding the impact of that. We are looking at the benefits of the water framework directive, which will require rivers, streams, lakes, estuaries and coastal waters to achieve good ecological status by 2015. It is interesting that that is the date when that water company expects 90 per cent. of users to be on metered water. I would expect other water companies to start to take that approach.

I share the views of the hon. Gentleman that we must do much more to manage leakage and water usage, and to recognise their huge threat to the environment. As we always say, our countryside needs to be there not only for our use, but for our children and their children. The work we do now will preserve the heritage for them, start to reverse some of the damage that we and our forebears have done, and start to bring in improvements. That will not be simple, because there is huge pressure on the countryside. We talk about the uses that we make of the countryside—whether we are concerned not to build on it, or whether we want it for leisure access, such as water sports. Those uses have an impact on the countryside, and we must ensure that people get the benefit of the countryside, while understanding that we need to preserve it and that we cannot take a chance on biodiversity.

I had the pleasure of going out with English Nature to look at a site in my constituency—it was almost literally in my backyard, because my home is in the River Wey basin. It was an eye-opener for me to see the diversity of the species on that site, which is being managed to preserve different areas and species such as kingfishers and other birdlife, and deer. It was interesting to see all the different aspects by which we measure the quality of the environment.

There is much work to do. We need to put programmes and measures in place by 2012, and the mechanism for delivery is the river basin management plans. As we have heard, the Government brought the regulations for the transposition of the directive before a Delegated Legislation Committee very late and, as a result, we had little time to debate that important measure. We have concerns about integration of the programme. There are good intentions, but there must also be the means for delivering the environmental improvements that the directive is intended to bring about. We have concerns about the Government's interpretation of the directive and their approach to its implementation. We want to know that the Environment Agency will have the support that it needs to implement the directive, because implementation will not happen without that support. We fear that the Government may take a timidly minimal approach to the directive, both in relation to the environmental improvements and to the public participation that is needed. There must be more flesh on the bones.

The bulk of the duties of regulation are to be carried out by the Environment Agency, and the Minister stated in a Standing Committee that the agency is satisfied with the outcome of its negotiation for the funding settlement. However, he continued:

> "Of course it would like more funding. I understand that and I would like to give it more funding, but we have to work within a budget framework and to a ceiling."—[*Official Report, First Standing Committee on Delegated Legislation*, 27 January 2004; c. 15.]

I do not get the feeling that the Environment Agency is satisfied with the funding. I believe that it will be compromised by insufficient resources in addressing such a demanding agenda.

For once, I will not say to the Minister that I want more and more money to be spent; I recognise the achievements behind the announcements that were

[Sue Doughty]

made last week about how much money would be made available to the environment. However, we need to start working according to the "polluter pays" principle. We must implement mechanisms to ensure that people who damage the environment pay for its reinstatement.

Mr. Kidney: I have every confidence that the Environment Agency does its job well. The resources that it requires are not just financial; what matters is the skills set and the suite of powers and carrots and sticks that it has to do the job. We need to hear details of those from the Minister.

Sue Doughty: I thank the hon. Gentleman for that intervention. He put his point concisely, and I support it, as we want to know how the Environment Agency will carry out the work.

Having said that, I reinforce my praise for last week's announcement. Liberal Democrats will always support the Government when they take a strong line on the environment. We heard about several schemes, and the plan to reduce the input of the nutrient phosphorus, which can upset the ecological balance of rivers, into the River Axe in Devon by removing phosphate at local sewage treatment works is just one example of the good work that can be done to bring about a benefit.

However, the Environment Agency wanted the Government to go further, and I should like to know about future plans because we must recognise and protect our heritage. We must consider the problems of diffuse pollution—the nitrates and pesticides that wash into the rivers through farmlands. We sit on committees and it is our responsibility to keep in touch with farmers, so that we all know about the huge problems that they face and the demands that we are putting on them to change how they work through reform of the common agricultural policy and changes to the rural environment. However, we have to find a way for farmers to reduce nitrate use while passing the cost to others so that they can stay in business as conservers of the countryside as well as producers of excellent food and rural products.

We have some concerns about public participation. If we are saying to people that, because of the environment, they cannot do this, cannot build here or must look after that, and that they will have to pay the price in their water bill, we must negotiate with them and explain why we are saying that. Such a dialogue is missing, and consultation is not always the same as involvement. Regulation 12 of the Water Environment (Water Framework Directive) (England and Wales) Regulations 2003 deals with consultation, but we need to know how it will take place. How do the Government envisage the process developing when we want to spend money? How will we have that conversation? I do not want to use the phrase "big conversation" because I feel a little scarred following the recent public debate on genetically modified crops and the subsequent announcement.

We need to ensure that the public can do more. We should be able to tell them our environmental objectives and ask them how they would prioritise and fund them. Could we put out information with water bills to tell the public what we are trying to do for their environment and how we are spending their money? Some places, particularly in the south-west, have had problems with sewage and coastal water, and we should provide much clearer explanations to the public about why their bills have been at such a level. They are ultimately picking up the cost, so we need to consult more.

The same is true with the NFU, as we are asking the farmers to make changes. I have mentioned the costs, but most farmers want to look after the countryside and do the right thing. Consultation should be a two-way process, so that farmers can explain the implications of what we are asking of them and make their own suggestions about how changes can be delivered. We have a problem with regulation 12, as it does not seem to provide a way for farmers to appeal, perhaps in challenging a river basin management plan. The current requirement is only that the Environment Agency should take representations into account. We need a fairer deal with farmers, so that their voice is properly heard. They need to know, point by point, what the problems are.

There were earlier discussions about accountability to Members of Parliament, and some good suggestions were made. I listened to the hon. Member for Salisbury, who has taken time to look at how the plans affect his constituency. We need to do that so that we understand not only the problem as a whole but how it affects our different regions and river basin management plans. We must listen and talk to our constituents, so that we can bring their views into the debate.

In considering how the directive will be implemented, we have one query about bodies of water. The Environment Agency will be responsible for identifying bodies of water with areas of 50 hectares and over, thus excluding all but 12 per cent. of lakes. We cannot include all the smaller bodies of water, but could we do a representative sample of some of them, as with the pilot in the Ribble valley, so that we get a better understanding of the interrelationship of ponds? I learned yesterday from one of the scientists at the marvellous exhibition in the Terrace marquee that there is a huge interrelationship between small lakes and ponds. There is a large regional diversity in the ecology of ponds, almost more than in large lakes and rivers. Pockets of rare species are found in small areas, which is why small water areas are so important. Networks—whether ponds, streams or marshes—must have proximity if they are related ecologies. It would be interesting to see whether we can investigate that further.

We also need to consider further integrating what we are already doing. We need to integrate the water framework directive with the Government's existing commitments to conserve biodiversity through the UK biodiversity action plan. Wetland biodiversity is under pressure. We need that integration, so that we are not picking off one opportunity at a time. We need to do much more. If the biodiversity action plans were to go into the river basin management plans, it would take us a long way forward and give us a much stronger information base.

I know that other Members will have quite a bit to say on this subject, and I am interested to hear what the Minister has to say. I am especially looking forward to hearing his response to several integration points, and to

hearing any further announcements that he makes about how the water framework directive will be implemented.

2.52 pm

Miss Anne McIntosh (Vale of York) (Con): I, too, congratulate the hon. Member for Stafford (Mr. Kidney) on securing the debate. I regret, on his behalf, that it has not been better attended, although the quality of the contributions more than compensates for that. It has been a stimulating debate, of which the image that I shall take away will be that of my hon. Friend the Member for Salisbury (Mr. Key) making a passionate speech in which he told us about paddling in the Avon waters as a youth. I shall remember that fondly.

I should like to impress upon the Minister that things have moved on a little since we last met, when the Opposition prayed against the implementation of certain regulations. I want to tell him how I started off as an early eco-warrior. Hon. Members may have heard a recent Saturday morning Radio 4 programme about green pioneers in a part of the country that I have kept fairly secret until now—although, as my hon. Friend the Member for Salisbury said, we know that whatever we say in the confines of Westminster Hall will go no further—where I was brought up in the north of England. On one side of the River Tees, there is County Durham and on the other side is North Yorkshire, which is not far from my present stomping ground.

There was a proposal to strip some water from the River Tees and carry it across to industry in Teesside, making what is now Cow Green reservoir. The reason why I was so interested in that, my first environmental issue, was because it would flood an area that had the only known blue gentians outside the alpine countries of Austria and Switzerland. In spite of huge local opposition, the project went ahead to no purpose whatever. By the time that it was finished and Cow Green reservoir was completed, the industry had secured its water supply from another source, and the project had flooded an area of outstanding natural beauty. Of course, it proved impossible to grow blue gentians outside that area in the north of England, so we no longer have fields of blue gentians. That was the start of my eco-warrior campaigning and the setting of our blue-green agenda several years ago. I was delighted that BBC Radio 4 paid tribute to those early green pioneers in that regard.

As the Minister is aware, we support his aim. In his Department's words:

> "The Water Framework Directive . . . is the most substantial piece of EC water legislation to date."

When we prayed against regulations made under the directive, the Minister asked how the Government could be both early and late in the transposition process. As I was not allowed to answer back on that occasion, may I say that, as the hon. Member for Stafford has suggested, one can be both early and late? One might be one of the first European Union countries to transpose the directive, but the Minister almost missed the deadline. The Minister could be said to have been both early and late on that occasion.

The conclusions on pages 22 and 23 of the Government's response—presumably the Department's response—to the excellent report from the Environment, Food and Rural Affairs Committee on the water framework directive, contain two points on which I want to press the Minister this afternoon. First, the Department said that it was

> "conscious of the need to ensure proportionality"

in the way that the regulations are transposed and applied in this country. Precisely how does that proportionality apply, in the Minister's view, to the massive costs that will be inflicted on the farming community through the process, as a number of us have already claimed? Indeed, the Select Committee also argued that point.

The hon. Member for Stafford, in opening the debate, referred to my second point. There is scope for more joined-up government, particularly in land use and land-use planning. I want to place on record my gratitude—I think that the Minister knows of this—for the discussions that I have had with the Environment Agency office in York. Its headquarters are in Clifton moor, but it covers the whole of the region of Yorkshire and the Humber right up to the Scottish border.

I make an urgent plea to the Minister to use the moneys—the rural development moneys in particular—that will become available through reform of the CAP for imaginative flood defence schemes. If he has difficulty thinking of any, perhaps I could have a quiet word with him after the debate this afternoon, as we have identified one in our area. The Ings at Milby island in Boroughbridge are currently flooded because of the lack of compensation. If we can use those funds in an imaginative way to compensate the farmers for the good that they are doing for the rest of the community by shoring up and repairing flood defences, that would be most welcome.

We established the costs when we prayed against the regulations made under the directive. The costs to farm businesses alone are estimated at between £500 million and £3 billion. I have also seen a figure that suggests that the total costs will be much higher. It is estimated in one report in the press—the Minister can reject this figure this afternoon if it is not accurate—that the total cost of implementation has been priced at £9.2 billion.

I also urge the Minister to look favourably at the official Opposition's two early-day motions, and also all who have contributed this afternoon, including the hon. Member for Stroud (Mr. Drew) who clearly had a pressing engagement, which was perhaps related to the subject matter, and who is not here with us—I shall speak to him later. We have tabled early-day motion 511 on the water framework directive and early-day motion 631 on the groundwater directive, which go over these points. I hope that the Minister will look favourably on them.

How can DEFRA argue and how can the Minister say hand on heart that they are applying the principle of proportionality to the farming community when not only are farmers being asked to pay the costs from the directive, which could be as high as £3 billion, but the regulatory burden of most EU directives falls directly on those farmers? There is the integrated pollution prevention and control directive, the nitrates directive, the groundwater directive that will probably cost £1.2 million to apply, the water framework directive and the fallen stock directive. There is also the proposed pesticides directive—I could go on but time prevents me.

[Miss Anne McIntosh]

A number of hon. Members have already referred to the huge costs of the administrative burden falling on the Environment Agency. I did not get a convincing response from the Minister when we raised that point in the Delegated Legislation Committee that considered the transposing regulations, but enormous burdens are being imposed on the Environment Agency. He will confirm whether those burdens are on top of the other work that the agency is being asked to do. Does he expect the agency to juggle the resources? Will water companies be asked to reimburse the agency direct? How does he imagine that that will be paid for?

Water companies will, as we know, pass the charges on to consumers. I know that that will alarm my hon. Friend the Member for Salisbury, who is becoming known as a champion of his constituents in his discussions with Ofwat. It does not seem fair that one category—water companies—can pass on the costs to their customers, who are all of us. That seems particularly unfair on the most vulnerable people, who use water just as the rest of us do. I am thinking particularly of pensioner households and single parent households in which there is only one income earner, bringing up children on their own. How can we ask those people to meet the sizeable increases in their bills? How does the Minister expect farmers to cope when they cannot pass on their costs?

Obviously, the Minister will respond in his own inimitable way to my hon. Friend's question about slicing water off one water source to run it into another watercourse. What are the environmental disbenefits and the costs of that? I should also like to use this opportunity to bring another matter to the Minister's attention. I do not know whether he or the Secretary of State will be asked to rule on this, but the European Commission has apparently been requested, and may agree, to co-fund a highly controversial Spanish hydrological plan, the aim of which is an annual transfer of 1,050 cubic hectolitres of water from Ebro, in Catalunya in the north of the country, to the southern regions. There is deemed to be a mass tourism and intensive agriculture problem, and anyone holidaying in the south of Spain and particularly its islands will be aware of the problems of light rainfall and of getting water to those places. Now that there has been a change of Government in Spain, albeit in highly regrettable circumstances, can the Minister really expect British taxpayers' money to be used to co-fund a hugely expensive hydrological project that will bring no benefits whatever to this country?

I congratulate the hon. Member for Stafford on securing the debate and, in particular, on its timing. I am disappointed that he was unable to join us on and contribute to the Delegated Legislation Committee that considered the transposition and implementation regulations, but there is still time for him and other hon. Members to join us in supporting early-day motions 511 and 631.

Mr. Kidney: The hon. Lady invites us to join her on those early-day motions. Will she join the rest of us who have praised the Minister for the settlement on the guidance in respect of the price review for 2005–10?

Miss McIntosh: I am sure that the hon. Gentleman would not want to stretch my good relationship with the Minister, but had his Department lost that argument with No. 10, it would have made a complete mockery of everything that the Department has been trying to do on the European water framework directive and the groundwater directive.

The Minister, and indeed the hon. Gentleman, would probably join me in paying tribute to the previous Conservative Government, who were the first to apply the EU drinking water and bathing water directives. I have a little anecdote about that, which I shall save for the next Adjournment debate on this subject. For now, I hope that the Minister will, wherever possible, build on the partnership approach—I prefer the term "partner" to "stakeholder", on which the Government insist—and look to a voluntary approach, particularly with the farming community, to ensure that the principle of proportionality espoused by his Department applies on this issue as it does everywhere else. I hope that the Government will take this opportunity to say that they will move away from what can appear to be a heavy-handed, regulatory and burdensome approach to the transposition, and that they will apply a lighter touch, rather than imposing highly expensive, costly and ineffective burdens on businesses such as farming and water companies, as the Department has done in the past.

3.5 pm

The Minister for the Environment (Mr. Elliot Morley): I join hon. Members in congratulating my hon. Friend the Member for Stafford (Mr. Kidney) on the way in which he presented his case. I support the main thrust of his argument that these are complex and significant issues and that it is necessary to raise awareness about them. I will respond to some of his thoughts on the subject, which were quite good.

I endorse his point that we should lead by example and speak with authority on water management issues. Hon. Members have shown great interest in the matter, especially the hon. Member for Salisbury (Mr. Key), who has a long-standing interest in water management matters and has spoken about them many times, with a great deal of sense. I do not doubt his enthusiasm and commitment, and I shall say something about the points that he raised in a moment.

The hon. Gentleman mentioned AMP4—the price guidance—and the Minister's recent guidance to the regulator, which was a fair outcome. There are anxieties about costs and we cannot escape that. We have to bear in mind the costs to consumers, but the hon. Gentleman is right: there will be costs if we want improvements. Although consumers want water prices to be kept down, they are very interested in the quality of the water that they receive and in the management of the aquatic environment. Biodiversity in that environment and the improvement of rivers and coasts are popular with the public. It is a matter of getting the balance right.

My hon. Friend asked how the water framework directive fitted into AMP4. In terms of major commitments under that directive, the bulk are likely to fall within the next round of price guidance, AMP5. Nevertheless, there are several aspects of AMP4 that will contribute to the objectives of the water framework directive. They include the freshwater fish directive, for which there is support, and continued improvement in

the quality of inland and still waters, especially those that apply to SSSIs. There are several upland pilots on water management involving water companies, which I am keen to see up and running. All of those contribute to achieving the objective of good biological quality water courses.

I accept that agriculture is not responsible for all diffuse pollution and I absolutely accept my hon. Friend's point about the farmers in his constituency. However, we cannot ignore the fact that farms are the biggest contributor in that respect, although there are others, such as the run-off from roads and other point-source pollution that we need to tackle. We need a range of measures involving incentives to deal with diffuse pollution, as my hon. Friend said. Our agri-environment programmes are substantial and the objectives of the review now contain some resource protection, which may involve regulation or financial instruments. They will form part of the consultation on our proposals for tackling diffuse pollution, which will be published towards the end of this month or the beginning of April. My hon. Friend will have the opportunity of seeing those proposals and he may wish to contribute to them.

My hon. Friend talked about involving MPs in consultation in its broader sense, and I agree with that. I like the idea of his proposal of a seminar for hon. Members on the water framework directive; I know that there is a lot of interest in the issue in the House, so I will give his proposal serious thought and consult within the Department to see what we can do about it. I am certainly sympathetic to his case.

The hon. Member for Salisbury made a very good speech. He said that he would speak with some passion, and indeed he did. As a matter of fact, the issue deserves some passion. The hon. Gentleman represents an area that has some wonderful chalk streams and some very delicate biodiversity. He has long championed water extraction issues and long campaigned for the kind of measures that we have now introduced in the Water Act. On the issue of management, he strongly argued that environmental aspects must be part of the price review process. That must be recognised, and we are trying to ensure that that happens.

As regards the abstraction problems in his part of the country, it is inevitable that a serious look will have to be taken at the abstraction licences of some of those involved, and some may have to be withdrawn under the new powers in the Water Act. There are facilities to do that, and the hon. Gentleman, who served on the Committee that considered the Bill, will know how they can be applied.

The hon. Gentleman also mentioned Wessex Water's low-flow agreement, and I am in the process of responding to Wessex Water on the issue. Its statement of intent allows for a five-year programme of work and research to assess the effectiveness of measures to restore low flows. As the hon. Gentleman rightly said, Wessex Water is only part way through the programme, and some measures are still to be fully implemented, so it is a bit early to reach conclusions about the programme's overall effectiveness. However, the second annual report to Ministers has shown that overall progress is being made in accordance with the statement of intent. The signatories to the statement—the Environment Agency, English Nature, Wessex Water and Ofwat—are monitoring progress. In addition, a consultation group consisting of wider interest groups can follow progress closely and provide input. I know that the hon. Gentleman will support that approach.

Mr. Key: Will the Minister take care to notice whether Wessex Water has any plans to rebuild inadequate infrastructure? Such infrastructure is a major problem in terms of the flooding of sewerage systems in remote rural areas, which often leads to overflowing at sewage treatment works. Will he also consider the issue of phosphorus? As far as I am aware, there is no intention to upgrade sewage treatment works to filter it out.

Mr. Morley: I will certainly be happy to consider those points. I can tell the hon. Gentleman in general terms that the ministerial guidance to the regulator deals with issues such as sewer flooding and asset maintenance. I know from my regular meetings with him that he thinks that those issues are important, and I am sure that they will feature in the Wessex Water plan.

The hon. Gentleman will be pleased to know that the ministerial guidance covers consultation on research programmes on endocrine disruptors. The problem is important, and its effect on freshwater fish should be taken as a biological indicator of potential problems with pollution in our watercourses. We must understand the problem better and find ways to tackle it. I assure the hon. Gentleman that the Government absolutely agree with him on the point.

I also agree with the hon. Gentleman's comments on water metering, which, as he will know from my comments in Committee, is our ultimate aim. As far as we are concerned, the more people who move on to water metering, the better. That movement is taking place, and I suspect that it will continue, particularly in the light of the forthcoming price guidance.

I also very much support the hon. Gentleman's comments about the planning considerations involved in sustainable urban drainage and grey water systems. Again, we are giving great thought to the issue, particularly in relation to large new developments such as Thames gateway, which offers the prospect of building in sustainable water and energy management from the beginning. Some good examples of building regulations, development and design are in prospect. We are giving careful consideration to that.

I also listened to the hon. Gentleman's very blunt statements about Ofwat and Water Voice. They have a job to do. I have a great deal of confidence in the regulator. I also meet with Water Voice. Its job is to protect and promote the interests of consumers, so it will pay a great deal of attention to prices. But groups such as Water Voice would also agree that there must be an element of environmental improvement and sustainable management of water resources. That is also in the interests of consumers.

There is common ground. It is a question of striking the right balance, but it is difficult. There are these pressures. I heard the hon. Gentleman's comments about the price reductions last time, and I understand the point that he was making. Nevertheless, we must try to achieve a balance, minimising the cost to consumers while recognising that there are still improvements to be made. That is what we are doing. The final decision on prices is a matter for the regulator, as the hon. Gentleman knows.

[Mr. Morley]

The hon. Member for Guildford (Sue Doughty) talked about the implementation of the directive. It is a major directive and it is being implemented over a number of years. The Environment Agency's budget has increased and it decides how it allocates its resources. It has about 40 staff who are dedicated to working on the water framework directive, and that number is likely to increase in due course as we begin to develop the implementation programme. The Environment Agency has done a very good job with the Ribble valley pilot scheme, to which my hon. Friend the Member for Stafford referred.

I have been up to the Ribble valley myself to talk to the Environment Agency, English Nature and other stakeholders who are working in partnership on this programme. It is one of the aspects of the water framework that I like. I like the partnership approach, the public consultation and the involvement of people and the various interest groups in river basin planning. That is a strength of the directive. There is scope for integrating the points that she mentioned such as planning and biodiversity action plans. It is certainly being done in the Ribble basin. That is a useful lesson for us in how we extend this to other river basin catchment plans.

The hon. Member for Guildford also mentioned the important "polluter pays" principle, which the Government accept. We have to apply it in a proportionate way when considering who bears responsibility for some of the pollution problems that we face. She also mentioned public information and explanation, perhaps extending that to information on water bills. That is a sensible suggestion. It is a matter for the water companies, but I shall certainly bear it in mind.

It would be good to explain to the public how some of the budget has been spent on improvements, which was a point made by my hon. Friend the Member for Stafford. We have a good record in this country of improvements in water and coastal quality and in reducing pollution. We should point out the increase in the number of blue flags awarded, as my hon. Friend stated, the improvements in our rivers, which in some cases have been dramatic, and the further steps that have been taken in water management. It is important to stress the desirability of this. I am confident that the public support such issues. Indeed, some of what they pay goes towards that. I emphasise that it is not the largest part of the bill, although I note that some press coverage of the recent ministerial guidance suggested that sticking to green issues was the cause of higher bills.

The environmental programme is about 15 per cent. of the spending programme in relation to the overall price review. The bulk of the money goes to pay for the operation of the companies, and it is divided in various ways—capital assets, maintenance, caps on investment programmes and the other important aspects of delivering quality water. It would be wrong, however, to suggest that water bills will increase simply as a result of further environmental improvements. That is not the case. Although it is a part of the reason, it is entirely defensible.

The hon. Member for Guildford asked about extending the provisions of the water framework directive to smaller areas of water. We can do that, particularly under article 5, whereby we can in due course embrace smaller areas of water. I should like to see that done. The hon. Lady will understand that we want to concentrate on the important wetland areas—they are a priority. However, I do not disagree with her about smaller areas of still water. We can address that under the water framework directive.

The hon. Member for Vale of York (Miss McIntosh) mentioned—

Mr. Kidney: I seek clarification on article 5. In a briefing note, English Nature says that this year's Environment Agency review of what waters will be affected will be binding on the review of river basin management plans in 2009. The agency says that if 88 per cent. of our lakes are left out this year, they will be left out for good. That is not what the Minister is saying.

Mr. Morley: That is not quite my understanding. However, although my hon. Friend is not wrong, we cannot both be right. He is right about the process, but we are using European guidance on small wetlands and biodiversity. The question is how the catchments will protect wetlands both large and small. There is no reason why we cannot consider the matter generally under the article 5 guidance. I should like to go further in due course; the directive has a review period, which will give us the opportunity to consider doing so. I believe that we can deal with small water courses, but the most important thing is to address the river basin catchment plan, taking account of its effect on water in the entire area.

The hon. Member for Vale of York spoke of proportionality in the cost to farmers. I do not disagree; proportionality is the approach that we must take. We must try to be pragmatic and reasonable.

The hon. Lady knows that I am keen on imaginative flood schemes. We have come a long way in recent years in our approach to flood management. We now take a much more integrated and sustainable approach, although we are keen to have soft and hard options for flood defence, or sometimes a combination of the two, and that may involve flooding upland areas. However, I do not rule out compensation if a case can be made for it. Various models of compensation can be provided for landowners. However, landowners who farm on washlands that have traditionally flooded every year because that is the nature of the habitat, and landowners whose land is deliberately flooded as part of a flood management or alleviation scheme, are compensated differently. There is a difference in approach, but we have an open mind and are keen to discuss the matter.

The hon. Lady talked about costings and mentioned a figure of £9 billion. That was a very early figure. The impact assessment is being constantly refined, and we have come a long way from the figure that she gave. Current thinking is that the global figure will be about £450 million to £630 million per annum. Of that figure, the effect on agriculture is estimated as being between £30 million and £210 million. At the moment, these figures should be seen as indicative, not absolute, because I believe that we will refine them further.

Miss McIntosh: Has the Minister been able to discuss the revised figures with the NFU? Will he also report to

the House on how the pilot scheme in the Ribble valley is working? As he will know from the name, the vale of York does not have too much upland. Will it only be upland that will benefit from his schemes?

Mr. Morley: Not necessarily, although the hon. Lady may have been referring to some of the schemes mentioned in the price review, which relate to schemes that were proposed by United Utilities Water. They are upland management schemes, but they are fairly worthy, and I would like them to have the necessary financial backing, because they might add to our knowledge of water management and catchment management and make it more holistic. The benefits of the scheme have been costed at about £560 million a year, so the scheme should not be viewed simply as a cost that falls on consumers, companies or farmers. It is worth emphasising that the directive will provide a range of benefits.

The hon. Lady also mentioned the Ebro water scheme, with which I am familiar. I have followed the controversy surrounding it, and sympathise with her remarks. She will know that UK taxpayers are contributing to it, as regional funds are being used, but as a former MEP she will also know that the same applies when we receive regional funding through the contributions made by European taxpayers. Contributions should not be presented as a one-way process.

The hon. Lady may be interested to know that our latest information is that the incoming Spanish Government have announced that they do not propose to go ahead with the Ebro scheme, which is interesting. It is also encouraging, in a way, as Spain has several water resource management schemes in places, such as the Cota Doñana national park, which is an area that I know very well and have taken a close interest in for many years. I understand that the impetus behind the park came from a group of English people who were working with local Spanish people and were very involved in the area. There has therefore been a long involvement in this area of international importance.

Mr. Kidney: If the consultation with farmers on diffuse pollution is delayed beyond the end of March, the Minister's Department gave the Plymouth *Western Morning News* the wrong date. Will the Minister say whether farmers will be pleasantly surprised by the consultation, or will it be another shocking story of cost?

Mr. Morley: There will be a range of measures under the water framework directive. I cannot guarantee that there will not be costs, but costs are not the only way of dealing with diffuse pollution. It is very important that we consider all the options, some of which may be incentives. We should be imaginative, and take a holistic and integrated approach. That is certainly the view of the House, and I very much welcome the very thoughtful and detailed contributions that have been made today. They add to the Government's commitment to making the directive work effectively.

Wandsworth Council

3.30 pm

Tom Cox (Tooting) (Lab): With the Minister's agreement, I know that my hon. Friends the Member for Battersea (Martin Linton) and for Putney (Mr. Colman) hope to catch your eye in this debate, Mr. Deputy Speaker. We represent constituencies in Wandsworth, and local organisations in each of our areas will be seriously affected by the reduction of their funding proposed by Wandsworth council. We know Wandsworth council and its policies only too well. It has only one objective: to keep its council tax as low as possible. Although some may welcome that, it deeply harms long-established local organisations that provide a service that is much needed and respected by local people in the communities of Wandsworth. We are talking about one of the richest local authorities in the country. If it truly valued the roles of these organisations, it would be considering not reducing their funding, but increasing it.

Early-day motion 761, which has been signed by more than 50 hon. Members, clearly explains our concerns as MPs for the borough, as well as what the organisations and the people of Wandsworth are saying. In proposing the funding cuts, Wandsworth council is clearly threatening these organisations' very existence. They are organisations that many hon. Members will have in their constituencies and whose value they will know well—citizens advice bureaux, cancer support centres, the Wandsworth bereavement service, the Parkinson's disease service, day centres for the elderly and luncheon clubs. All such organisations are the daily lifeblood of a community. If such groups no longer provide services to local people, who will take over from them? Most certainly, it will not be Wandsworth council. I sought this debate to highlight in the House the deep concerns of local organisations and people in Wandsworth.

I pay the warmest tribute to the local Wandsworth newspapers: the *Wandsworth Borough News* and the *Wandsworth Guardian*. For many weeks, they have given these issues a great deal of coverage. Their reporters have not sat in their offices waiting for someone to phone them, but visited the local organisations to which I referred to meet and talk to the people who run them, and the people of Wandsworth who use their services and most certainly want them to continue. Local people's views and concerns have very clearly been reported in the local press. In the *Wandsworth Guardian* on 12 February, Petra Griffiths, the cancer resource centre director, said:

> "This grant is essential as it enables us to function. It seems the council wants to keep their council tax low and have selected schemes like ours for grant cuts that they call low priority. We don't think we come within that category."

How right she is. Do any of us think that a cancer centre that supports and gives advice to patients and their families is a low priority?

Gladys Whigham, who runs the local branch of the Parkinson's Disease Society, said that the proposed cut would leave it with only nine months' funding for a welfare visitor who gives advice and helps its 50 members with benefit claims. She said:

> "Unless we can find funding elsewhere—and everyone is looking for funding from elsewhere—we would be making our people pay for their care. That is not providing a service."

[Tom Cox]

That lady's comments amount to a statement of a clear case. People who need care are often retired people who cannot work because of illness. It is not acceptable to my parliamentary colleagues or to me that such people should be told, "If you want care or services, pay for them." What angers me and many people in Wandsworth is that that is happening in one of the richest local authorities in the country.

Mo Smith runs a luncheon club that is also under threat. She says that it has

"members who have been isolated for up to a year at a time, who have had no real contact with people. We have given them a new lease of life since they have been here."

All Members of the House will fully understand and agree with what she says. Peter Cardy of Macmillan Cancer Relief sums up the matter clearly:

"Less than two years ago, the flagship Conservative council in Wandsworth was so flush with cash that it saw fit to cut its council tax by £50 for a typical band D household. By pure coincidence, this happened just before the London local elections. Apparently, it didn't need the money.

But people living with cancer do need it now. The pre-election savings Wandsworth found could have funded its grant to the excellent Wandsworth Cancer Resource centre alone more than 30-times over."

That is the key to the issue—saving money. It does not matter who will be affected if council tax can be kept low and large sums can be built up in the reserves for elections. My hon. Friend the Minister will be fully aware of the very substantial funding that the Government give to Wandsworth year by year. The debate will clearly show him how Wandsworth council uses some of that funding not as he, I, my colleagues or the people of Wandsworth would expect, but to build up its reserves.

As early-day motion 761 states, there is a very urgent need for discussions with Wandsworth council about why, as one of the richest boroughs in the country, it is cutting funding to key local organisations. I ask my hon. Friend the Minister urgently to demand such a meeting.

3.39 pm

Martin Linton (Battersea) (Lab): I thank my hon. Friend the Member for Tooting (Tom Cox) for securing the debate and providing me with the welcome chance to add a few words to his about the performance and practice of Wandsworth borough council. I appreciate that the Minister is not responsible for the council's policies. That is just as well, because if he were, I do not think that he would sleep easy in his bed. However, Wandsworth's recent actions must make him question its performance and practice. The authority was described only two years ago as excellent, but now, sadly, it is short-sighted and self-defeating.

The cutting of the grant to the cancer resource centre, which my hon. Friend mentioned, is particularly self-defeating, since it is recognised as a pioneering organisation in providing support and home visiting for cancer patients. I attended its 20th anniversary reception last year in the Commons, which was attended by the Minister, my hon. Friend the Member for Stevenage (Barbara Follett) and the chairman of the all-party cancer group, my hon. Friend the Member for Norwich, North (Dr. Gibson), who gave enthusiastic tributes to the Wandsworth campaign as a prototype for local cancer groups. At a similar event attended by Wandsworth councillors, Conservatives lined up to say how much they admired the organisation, but they have now voted to withdraw its grant. The centre will have to close if the grant is withdrawn. It is used to pay for rent and key staff to run it, and there is no alternative way of paying the rent.

I am more concerned about the knock-on effect of withdrawing the grant, which will place a larger burden on the council's statutory responsibilities, costing it more than is saved by not making the grant. There will be more demands on social services and the national health service. The same applies to the cut in Wandsworth's bereavement service; it also does a fantastic job in the prevention field, which is reflected by many letters that I have received.

The council also tried to justify the closure of pensioners' luncheon clubs, saying that they are aimed at a younger and more able section of the older population. However, anyone who has visited the clubs will know that it is often such clubs that keep elderly people more active and mobile. I will read one paragraph from a letter that I received from a pensioner in my constituency:

"The luncheon club is a window into the outside world for many a pensioner who will, after leaving the club, spend the rest of the day and night without seeing or talking to another human being . . . Try to picture yourself alone in an empty room, hoping that somebody will call; then the phone rings and one of your mates from the luncheon club says, 'Don't forget, it's roast beef tomorrow. See you there'."

That is the kind of organisation that will have to close.

Even more destructive is the decision not to passport £529,000 to Wandsworth's schools, which follows a refusal last year not to passport £1.7 million to the schools budget. It is not as if Wandsworth is hard done by. The Government gave it £227 million this year and rely on the council to match the increase in education funding. However, the Government fund about 84 per cent. of Wandsworth's spending, which is one of the highest percentages in the country, while the council refuses to pay its share of the schools budget.

The refusal to passport might be understandable if Wandsworth had the highest education spending, but it has the lowest spending per secondary pupil in inner London in the current year, and it will do so again in future. Its refusal to match the Government's investment in education is appalling. It is taking away from the schoolchildren of Wandsworth £500,000 this year and £2.2 million in all, which it was given to invest in their education.

Wandsworth used the excuse that those cuts were necessary because the Government threatened to use their powers to cap the council tax if the council tried to increase the tax above a certain amount. That excuse is now seen as disingenuous and misleading, because there was never any likelihood that the Government would use their powers to cap Wandsworth and, in any case, it emerged three days later that Wandsworth had no intention of increasing council tax by anything like the amount that would have risked its being capped. Indeed, the council announced a zero increase in its spending. It is total bunk for Wandsworth to try to blame the Government. The cuts are entirely the responsibility of

the leadership of Wandsworth council, and they are not being carried out in any way at the behest of the Government.

More serious than that is the element of bad faith. On 1 January, Wandsworth promised in its indicative schools budget to passport the full amount to the schoolchildren of Wandsworth, with the proviso that it reserved the right to reconsider if material conditions changed. It then announced earlier this month that it would passport not the full amount, but only 93 per cent., and retain the remaining £500,000. However, it is not true that any material changes have occurred. The authority simply tried to mislead the Government into not using their powers under the Education Act 2002 and then changed its mind. That must have been in its mind the whole time, because it was the only party that knew what the council tax rise was likely to be.

I argue that the Government still have powers under the Education Act 2002 to force Wandsworth to passport the full amount. I know that it is after 14 January, but it is less than a fortnight since the announcement that the authority did not intend to passport the full amount. I urge my hon. Friend the Minister to speak to his colleagues in other Departments, and especially the Department for Education and Skills, to remind them that they still have the legal power to use their right.

The future of schoolchildren in the London borough of Wandsworth is at stake. I do not criticise the schools, but I do criticise the council, which is vested with responsibility for education, for withholding money that was paid by the Government to be spent on the children of Wandsworth. The council is retaining that money for political reasons. The Government are beholden to use their powers to ensure that the money finds the recipients for whom it is intended.

3.46 pm

Mr. Tony Colman (Putney) (Lab): I, too, congratulate my hon. Friend the Member for Tooting (Tom Cox) on securing the debate, and I agree with every word that he and my hon. Friend the Member for Battersea (Martin Linton) said. I also welcome the Minister, who grew up in Battersea and went to school in Putney at Southfields school, Wandsworth, where he was head boy. The school was closed by the Conservatives and reopened under a Labour Government as St. Cecilia's, Wandsworth. I am pleased that my son is a pupil at that school.

Having started on that light note, I, too, wish to express my sadness at the loss of the regenerate.com luncheon club, headed by Mo Smith in Roehampton, and the Ashburton and Arndale luncheon clubs. Those clubs are a lifeline to many older people in the community and it is essential that Wandsworth continue to fund them.

My hon. Friends did not mention the cut of some £215,000 in the budget for the citizens advice bureaux, which led to the closure of the Putney CAB, a lifeline for my constituents who need legal advice. I support what has been said about those Wandsworth-wide groups, to which the constituents of all three hon. Members who have spoken in the debate have access. I am very proud of the cancer resource centre, which is a world centre, but that pride does not extend to Wandsworth council. Funding for the bereavement service is going, and so is funding of the local Parkinson's disease service, which will be a real loss. The council has very large reserves that could fund the groups, and it could restore tomorrow what is being cut if the Minister spoke to the leader of the authority and told him what was going on.

I echo the concern expressed about the shortfall in the schools budget; it was £1 million last year and it is £1 million this year. I understood that Wandsworth was the one council in London that was not passporting its money, but this afternoon I received a letter from Sir Jeremy Beecham stating that Wandsworth is the one council in the UK that is refusing to passport the money. That is an extraordinary situation, and as Sir Jeremy said, it completely undermines the concept of local authorities having a role in education funding.

Like my hon. Friends, I have long queues at my surgery of people who are concerned about what is happening in Wandsworth council. They are worried about housing repairs and about the diminishing level of social housing. The council has made no attempt to deal with the housing shortfall in the area, and that is something that the Minister should become involved in.

Wandsworth is very proud of its rank as an excellent council and it is important to take that on board. It is interesting to read what it says on its website about the corporate assessment:

> "Communication of the council's priorities is exemplary. Universally, and with whatever degree of support or concern, stakeholders and partners reported that one of the key strengths of the council is the sharp clarity of its priorities and what it will and will not do."

We are talking about what the council will not do. On "Focus", the assessment says:

> "The council is not distracted by the need to address sudden unexpected crises."

The council has

> "good intelligence, a clear picture of what matters, and a good early warning system for future issues."

Might I suggest that Wandsworth has not lived up to the billing that the Audit Commission gave? I would support "CPA—The Way Forward", in which the commission said:

> "We are continuing to have discussions with central and local government stakeholders about the approach to be adopted in the case of 'excellent' councils whose services slip."

Services are slipping in Wandsworth.

The officers in Wandsworth are brilliant. They do all they can to keep services going. I asked one senior officer, who has since retired, why he remained at Wandsworth. He said, "If I left, the cuts would be deeper, the services would get worse." I look forward to seeing the Minister intervening where the services are slipping.

3.51 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Phil Hope): I congratulate my hon. Friend the Member for Tooting (Tom Cox) on securing this debate. I also congratulate my hon. Friends the Members for Putney (Mr. Colman) and for Battersea (Martin Linton) on their forthright support for the passionate contribution that my hon. Friend the Member for Tooting made on behalf of his constituents,

[Phil Hope]

the voluntary and community organisations in the borough and the schools whose the pupils and parents are so anxious about the problems that they face. I note that my hon. Friend's name is at the top of early-day motion 761, for which he has garnered wide support—

3.52 pm

Sitting suspended for a Division in the House.

4.5 pm

On resuming—

Phil Hope: Before I was interrupted, I was saying that my hon. Friend the Member for Tooting had his name at the head of an early-day motion that describes his very substantial concerns. I see the signatures of 53 other hon. Members who support him, and my hon. Friends the Members for Putney and for Battersea have supported him today in expressing concern about the decisions that Wandsworth council has taken about its council tax. Having grown up and gone to school in the area, as my hon. Friend the Member for Putney reminded us, I am sad that today's debate on Wandsworth should be about difficulties and negativity.

On 5 February, Parliament approved the local government settlement for 2004–05—the next financial year—which provides a generous grant increase of 5.5 per cent. and an overall increase of 7.3 per cent. Since taking office, the Government have increased funding by 30 per cent. in real terms. Indeed, my hon. Friend the Member for Tooting noted at the beginning of the debate the Government's support for local government. That contrasts rather starkly with the 7 per cent. real-terms cut made over the last four years under the Conservative Government. As a former county councillor who had to deal with huge budget cuts as a result, I know how much local government has benefited from the past seven years of Labour Government.

In the recent grant settlement, we reduced the ring-fenced grant from more than 13.3 per cent. to about 11 per cent. of the total grant. That is part of our overall commitment to reverse the trend on the ring-fencing of grants to local authorities.

We have always said that there is no need for excessive council tax rises. I shall come to the Wandsworth point in a second. We said that, given the generous settlement for next year, we expected to see council tax increases in low single figures, and we are encouraged by the evidence that many councils have listened to our exhortations to lower their council tax increases. A general point is that we have targeted capping powers and we will use them as necessary. We will decide on capping principles when we have received and examined the final detailed budgets from all councils. We will not cap for the sake of it, but we will cap to prevent taxpayers being subjected to excessive rises.

I shall now focus on the funding and council tax increases in Wandsworth. In the financial year 2002–03, Wandsworth received a 4 per cent. increase in funding. In 2003–04, there was a 3.5 per cent. increase, and in 2004–05, Wandsworth council will receive £227 million in grant—an increase of almost £9 million or 4.1 per cent.

Apart from the general grant funding, Wandsworth is receiving substantial further funding from the Government for 2004–05. That includes £12 million from the Department for Education and Skills, £5.7 million from the Department of Health and £400,000 of neighbourhood renewal funding. Wandsworth received £400,000 of e-government funding in 2002–03 and 2003–04, and it can expect further substantial support for e-government in 2004–05.

Now let us consider Wandsworth's council tax increases for the same period. In 2002–03—an election year—the borough had a council tax increase of minus 25 per cent. In 2003–04—after the election—it had an increase of 57 per cent., and for 2004–05, the increase is 0 per cent. I leave hon. Members to draw their own conclusions on Wandsworth's financial management, given that track record of council taxes, but I would like to draw my hon. Friends' attention to two contributions made to the debate from other quarters. They may have seen a letter sent by my hon. Friend the Minister for School Standards to the leader of Wandsworth borough council about school funding and passporting into the schools budget. My hon. Friend said:

"At our meeting earlier today you made a number of assertions about the possibility of budget-capping in 2004–05 and said that in the light of those concerns you are proposing no increase in the council tax rate and passporting at only 93.7 per cent."

"I have spoken to Nick Raynsford"—

my right hon. Friend the Minister for Local and Regional Government—

"and can give you that reassurance: as Nick Raynsford has made clear on a number of occasions, where Councils set a council tax increase in low single figures they will not be capped. I understand that Wandsworth could passport in full with a council tax increase of some 2 per cent. There is therefore no case for Wandsworth to break their promise to passport the full SFSS increase to schools, as the risk of capping does not exist. You said that you were committed to education and funding your schools. You have the opportunity to make that commitment a reality."

I read that out in full because it demonstrates that the Government are not happy with a council that decides not to passport 100 per cent. of a grant to schools.

My hon. Friend the Member for Battersea asked about the legal powers to enforce passporting. Regrettably, we can act only when the council considers the proposed schools budget inadequate, and we must act within 14 days of the 31 December deadline. We have passed that deadline and are therefore unable to use the powers to which he referred.

I hope that my response has made the Government's position clear. I also draw Members' attention to a letter sent by Sir Jeremy Beecham, who is chairman of the Local Government Association, to the council leader. He also sent a copy to the Government and the media. He said:

"I am bound to say that it is impossible to avoid the conclusion that political games are being played."

That is the case, and we are deeply concerned.

Budgetary decisions, including on the funding of voluntary bodies, are a matter for individual local authorities, because of the nature of the democratic structures in this country. Therefore, any cuts that

Wandsworth borough council makes in its grants to voluntary organisations in Wandsworth are a matter for that council. However, I point out that Wandsworth, like every other council, is accountable to its electorate for its spending decisions. I make that point—

Mr. Deputy Speaker (Mr. Edward O'Hara: Order. We must now turn our attention to pigswill.

Pigswill

4.13 pm

Mr. Boris Johnson (Henley) (Con): On 24 May 2001, three months after the outbreak of foot and mouth, there entered into force the Animal By-Products (Amendment) (England) Order 2001. At the stroke of a bureaucrat's pen in the Department for Environment, Food and Rural Affairs, there perished in this country a practice that has taken place for thousands of years, ever since mankind domesticated animals—the feeding of food waste to pigs in the form of swill feed.

I know that Members on both sides of the House want to contribute in this short debate, so I do not propose to waste time by disputing the logic of that decision, although I believe that it was illogical to penalise innocent swill feeders for the irresponsible behaviour of one, who may or may not have been implicated in the outbreak of foot and mouth. I hold out no hope that the Minister will do the right thing and revoke the ban, but it is right to draw his attention to its adverse effects, which, like so many pieces of regulation, is adding to the costs of business and industry.

To take one example, Phyllis Court hotel in Henley must now pay an extra £1,000 a year to a licensed collector, whose responsibility is to remove wet waste that previously went to a pigswill feeder. Given that there is room for only three years' waste in our landfill sites, that is not the cleanest and greenest solution. It is estimated that the ban on swill feeding is generating an extra 1.7 million tonnes of waste per year, and that which does not fill up our landfill sites must be going down our drains, clogging up the sewers and attracting vermin.

Yet of all the people who are suffering the ill effects of the ban, the worst hit are the 62 previously licensed swill feeders. It is the injustice to them on which I shall concentrate. I will show that the Government have been triply culpable in their behaviour towards the swill feeders and therefore owe them compensation. There is the simple moral case: many swill feeders were urged by the Ministry of Agriculture, Fisheries and Food to buy very expensive equipment and a few months later that machinery, like their profession, was redundant.

The Minister for the Environment said last week in the House that he would not compensate the 62 swill feeders for this Government-imposed frustration of their Government-inspired expectations on the principle that the Government do not compensate for the introduction of health and safety measures. He cited in support of his actions the Tory Government's refusal to compensate those who de-boned the heads of animals when that practice was banned during the BSE crisis.

Hansard records how in 1996 the hon. Member for Scunthorpe (Mr. Morley), now the Minister for the Environment, clamoured for compensation for the head de-boners saying that the Government had a moral duty to compensate them. Someone has changed his tune. I expect the Under-Secretary of State for Environment, Food and Rural Affairs will invoke the prerogative of government to hypocrisy, to say one thing in opposition and to do another in government. He will brush aside the moral obligation that I believe is on him and his Government. I must warn him that they face a far more difficult legal challenge. Government negligence created

[Mr. Boris Johnson]

the conditions in which the foot and mouth outbreak became more likely and the innocent 62 swill feeders were made more likely to suffer for the Government's negligence.

It is now obvious that at the time of the outbreak the UK Government were in material breach of article 15, paragraph 3, of EU council directive 80/217/EEC, in that the UK's Animal By-Products Order 1999 allowed

"the consigning of swill from premises approved for the processing and feeding swill to other holdings".

Now the EU directive did not ban swill feeding—far from it. In fact the Minister may have inadvertently misled the House when he said that it had been banned across Europe, because it will continue in Germany, Italy and Austria until at least 2006. It might have continued here if Ministers had had more gumption and had stood up for the industry in this country.

The EU directive demanded a more stringent regime than that imposed in Britain, and it could be argued—I should warn the Minister that it will be argued when the matter comes to adjudication by the courts—that the UK Government's lax implementation of the directive created the conditions in which irresponsible and unhygienic swill feeding, of the kind we saw at Bobby Waugh's farm at Heddon-on-the-Wall, was more likely. That made the outbreak of foot and mouth more likely and the innocent swill feeders more likely to be punished for the crimes of the guilty few.

I need hardly remind the Minister, who I am sure is an expert in European law, that under the Francovich ruling the European Court of Justice laid down the principle of state liability for damage caused to individuals by breaches of community law, giving rise to an obligation on that state to make good such damage. Even if, as I hope will not be the case, the Minister does not accept that he and his Government have a moral duty or any legal obligation under Francovich principles, there is the simple moral point that the UK Government failed adequately to enforce their own regulations, never mind EU regulations.

A report by the EU Commission conducted from 1 to 5 October 2001 not only highlighted the legal discrepancies, but found that two former swill feeders were failing to comply with the Animal By-Products Order 1999. The report pointed out that

"insufficient hygiene standards have allowed for the contamination of clean areas by unclean waste".

In other words, it found that the UK Government were not sufficiently enforcing their own Animal By-Products Order, never mind implementing the EU directive correctly.

The clinching point in my case is that made by Mr. Jim Dring, the state veterinary officer responsible for reviewing Bobby Waugh's licence a mere 14 days before the index case of foot and mouth disease appeared on his farm. In a statement dated 5 Oct 2001, Mr. Dring accepted that had his inspection

"been more rigorous than it was, had the licence not been renewed, or renewed subject only to radical revision of Waugh's patently deficient feeding technique, then this awful 2001 foot and mouth epidemic would never have come about."

There could be no clearer admission by the emanations of the state of failure adequately to police their own regulations, nor could it be clearer that, had the state done its duty properly, there would have been no need to ban an innocent and ancient practice.

That is the moral and the legal case for treating those 62 swill feeders well, rather than just brushing them contemptuously aside—as the Minister has been tempted to do in the past—as people engaged in a sordid and mildly amusing activity, which is unlikely to command public support. They may be involved in a mucky business, but that is no reason to treat them like muck.

We must err on the side of caution in the agriculture sector, but my case is that the disaster took place precisely because the Government did not err on the side of caution in implementing the directive and enforcing the law; they must bear the responsibility for that.

I urge the Minister to consider how his Department's money will be best spent—in lodging lawyers in Luxembourg to fight a case in which the Government do not occupy the moral high ground, and which is, at best, legally uncertain, or in doing the right thing by the representatives of an ancient British industry who have been done out of a job through no fault of their own.

4.22 pm

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): I congratulate the hon. Member for Henley (Mr. Johnson) on securing a debate on an important subject. He may have over-egged his pudding in terms of the politics, but the basic point that he makes is correct.

Two potential issues are at stake that should be explored thoroughly and properly in the debate and by the Government, but that has not yet happened. The first issue is whether there has been a failure in policy or procedure by the Government. One incident triggered a ban that affected every swill feeder in the UK. The incident was serious, and it may be the case, although there is some dispute about it, that that incident triggered off the whole problem with foot and mouth disease. However, all swill feeders suffered the consequence of that one lapse. The decision was rushed through in a matter of days—there was no proper consultation, compensation or consideration of the effect that it would have on those swill feeders' livelihoods.

Mark Prescot and his brother were pig farmers in Melling in my constituency. They are not pig farmers any more. They had spent quite a lot of money on the correct equipment, but they were then prevented from engaging in that activity and were given no compensation for the money that they had invested in the equipment. I contend either that the Government were unfair or that they overreacted. If they overreacted, there is a case for maladministration. I have referred Mark Prescot's case to the Parliamentary Commissioner for Administration—several other hon. Members have referred similar cases to him—and he will determine whether there has been maladministration. I believe that there has, but will await his verdict.

However, even allowing for the fact that that investigation is under way, the policy was unfair. Comparisons can be made with deep-sea fishermen and mink farmers, all of whom were compensated for having to disengage from the industries in which they were involved. However, no serious consideration was given to the pig farmers. The most that Mark Prescot got was a helpful consultant who looked at his land and the activities in which he was engaged and concluded that he could not think of anything else that he could do except put in a fishing pond. That was helpful, although Mark Prescot realistically decided that charging people to use a fishing pond might not be the most economic use of his land. That is the only assistance that he received.

Among all the problems in my constituency—yours, Mr. Deputy Speaker, is situated next door to mine and suffers from similar difficulties—it may seem strange for me, as an urban MP, to be taking up this one. However, the fact is that my constituent has lost his livelihood and has not been compensated in any way. That is almost unprecedented. I cannot remember any other industry that has, in effect, been destroyed without any consideration of compensating those involved for the loss of their livelihood. It is quite possibly a case of maladministration—that remains to be seen—but it is most certainly a strong case of unfairness.

4.26 pm

Ann Winterton (Congleton) (Ind Con): I congratulate my hon. Friend the Member for Henley (Mr. Johnson) on introducing this important debate. I was involved with the issue in 2001, when I received representations from Mrs. Lynda Davies of the Association of Swill Users. As a result, I met Mrs. Davies and the Rev. Keith Ineson of the Salvation Army's agricultural chaplaincy in Cheshire to discuss the severe difficulties experienced by swill users. I pay tribute to Keith Ineson for his valuable work during the foot and mouth epidemic, and I am sorry to hear that he has been made redundant: he is the last agricultural chaplain in the United Kingdom.

In November 2001, Keith Ineson reported to me that 41 farmers in Cheshire, most of whom were tenants and had no alternative business or accommodation, were in dire straits, placing many families under great stress. Mr. Ineson reported to me that one elderly farming couple were then living on an income of just £100 a month. I remain concerned that the manner in which the ban on pigswill was implemented by DEFRA paid insufficient attention to the practicalities faced by the majority of farmers using pigswill, in addition to the detrimental way in which the ban impacted on pig farmers' livelihoods.

The decision to introduce a ban was based on the evidence derived from a single case of pigswill use, which was then considered to have been the source of the outbreak of foot and mouth disease, rather than on the usual methods of collection, storage, processing and distribution used generally by pig farmers in the United Kingdom. The feeding of catering waste to pigs was subject to a host of stringent rules and regulations, to which farmers working under licence firmly adhered, and Ministry of Agriculture, Fisheries and Food inspectors visited farms every three months. The failure was due to the lack of inspection, and not to the pigswill users.

There were particularly difficult circumstances pertaining to animal husbandry in the United Kingdom at that time, and DEFRA instituted an extremely brief period of consultation in which interested parties could participate. Even with meaningful consultation, the Department's stringent proposals were not amended as a result of the limited number of representations received during that short period. As a direct result of the ban, a considerable number of small businesses, each feeding an average of 1,500 pigs, were lost. These farmers were given a maximum of 10 days' notification in which to finish feeding pigs completely or to adapt their plants to take alternative feeding methods. Both options were totally unreasonable and unworkable, given the time factor involved.

I do not want to take any more time, except to make the point that in Europe, pigswill continues in Austria, Germany and Italy, those countries having obtained a derogation until 2006. They are more fortunate than the 62 swill users who, at the stroke of a bureaucrat's pen, were put out of business in this country. If justice is to be done, they should be compensated.

4.30 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): I congratulate the hon. Member for Henley (Mr. Johnson) on securing this debate.

It may be helpful if I put the debate on pigswill into its historical context. Legislation controlling the feeding of waste food to animals is not new. In the 1940s, there were a number of swill-related orders, including the Diseases of Animals (Boiling of Animal Foodstuffs) Order 1947 and the Foot and Mouth Disease (Disinfection of Road Vehicles) Order 1941, which was introduced during the war. Since then, the controls have been progressively strengthened in recognition of the risks of feeding food waste to animals and with the aim of trying to avoid outbreaks of serious diseases such as foot and mouth and classical swine fever. Significant among those were the orders of 1954, 1973, 1987 and 1999.

Until recently, swill feeding was considered a useful way to dispose of waste food, provided that the legislative requirements were strictly adhered to. What made us review that practice? In 2001 we had the worst outbreak of foot and mouth disease in living memory. Following the outbreak, the risks from swill feeding became much greater. Before the outbreak, the main risk was from the feeding of imported infected meat products. Afterwards, there was a much greater risk of infectivity from domestically produced meat because of the amount of virus in circulation. That is why we introduced the ban when we did, in order to reduce the risk of foot and mouth spreading. After the introduction of the UK ban, the European Commission proposed an EU-wide ban on swill feeding of waste food to livestock. We supported the continuation of that ban, which now applies across the Community, with Germany and Austria, and not Italy, granted a four-year transitional phase-out period.

Perhaps the hon. Member for Henley opposed the ban in the first place, but he suggested that after foot and mouth we should have reintroduced swill feeding, but

[Mr. Ben Bradshaw]

with stricter controls. We were not prepared to do so, and the Anderson inquiry into foot and mouth recommended that we should not do so.

Mrs. Angela Browning (Tiverton and Honiton) (Con): Since the Minister has mentioned the Anderson inquiry, perhaps he can deal with the one point that I wished to make. My hon. Friend the Member for Henley (Mr. Johnson) has brought the issue forward and we have all had sight of Mr. Dring's full report. However, that report was not available to the Anderson inquiry. The Secretary of State has admitted that, although the report was available to Ministers, they chose not to make it available to Anderson. It is clear to anyone who has read the report that it is pertinent to foot and mouth. In the light of the new evidence now in the public domain, will the Minister reconvene the Anderson committee to see what lessons should be learned from that important document?

Mr. Bradshaw: No, I shall not do that, but I shall address the genuine concern that the hon. Lady raises.

The origin for the 2001 outbreak is considered to have been at Burnside farm, Heddon-on-the-Wall, Northumberland, which was licensed to feed processed waste food under the Animal By-Products Order 1999. Burnside farm was permitted to obtain processed waste food from approved premises. Following the outbreak, evidence was found of unprocessed waste food having been fed to pigs at Burnside farm. That is the most likely source of infection of the pigs.

As hon. Members have said, in recent days there has been highly misleading and mischievous press coverage based on selective quoting of a personal statement made by the local MAFF vet, Jim Dring, in autumn 2001 about his contacts with the Waughs' farm in the run-up to the outbreak. I have decided today to publish Mr. Dring's personal testimony in full, so that people can read it and make up their own minds. A copy has been placed in the Library and on the DEFRA website. Far from showing any incompetence on the part of Mr. Dring or the then MAFF part, I believe that the document shows a dedicated and conscientious vet dealing with some difficult customers who went out of their way to conceal dangerous and illegal activity on their farm. To suggest, as some have done, that Mr. Dring was responsible for the foot and mouth outbreak is like saying that a police officer who misses a piece of evidence at the scene of a crime is responsible for that crime rather than the criminal himself.

Ann Winterton: Will the Minister give way?

Mr. Bradshaw: No, I shall not do so any more.

There has also been some confusion about the EU directive that governed the feeding of pigswill at the time, which the hon. Member for Henley mentioned. The directive permitted the treatment of swill in specialised establishments under official control and provided for such swill to be consigned from those establishments to approved premises. It states:

"Member States may authorize the treatment of swill in specialized establishments equipped for the purpose, on which there are no animals and which are under official control. In this case, by way of derogation from paragraph 2, the swill may, after heat-treatment, also be used for the feeding of pigs other than fattening pigs, provided that its distribution and use are controlled so as to avoid any risk of the swine fever virus spreading".

In my Department's view, our legislation fully implemented the provisions of the directive. Consigning properly processed swill from approved premises to approved swill feeders was, at that time, a legitimate activity, and it was permitted under the directive.

Mr. George Howarth: Does my hon. Friend accept that my constituent Mark Prescot, for example, complied fully with those regulations and yet was stopped from using swill feed and therefore lost his livelihood? Does that not deserve compensation?

Mr. Bradshaw: That was very unfortunate for my hon. Friend's constituent, but I will come to the issue of compensation in a short while.

As I said, the introduction of the Animal By-Products Order 1999 provided more stringent controls than ever before. However, experience demonstrated that no matter how stringent the legislation, there will be those who will do not follow the rules. In the case of foot and mouth disease, which cost the country approximately £8 billion, that had catastrophic consequences. There is only one conclusion to be drawn: the Government made the right decision in banning the feeding of swill to pigs.

I turn now to the issue of compensation, which was raised by my hon. Friend the Member for Knowsley, North and Sefton, East (Mr. Howarth). I fully appreciate that the introduction of the ban affected a group of producers that combined two roles—waste collector and pig farmer. In the past, Governments have not compensated farmers for changes in feed material available for their livestock. The ban did not prevent those affected from keeping pigs, although I accept that some farmers may have faced additional costs to adapt their feeding systems.

Pig producers, including former swill feeders, may continue to feed their livestock vegetable or bread waste or liquid feed that neither contains the banned products nor has originated from a kitchen or other premises where meat has been handled. Equally, the business of waste food collection could continue provided that no livestock are kept on the premises to which the waste was taken. In those circumstances, the waste would have to be disposed of by the collector at an approved disposal site.

My hon. Friend the Member for Knowsley, North and Sefton, East made comparisons with other sectors—the fishing and mink farming industries. The ban on mink farming prevented producers from farming mink, whereas the ban on swill feeding did not prevent the keeping of pigs. As I stated, it is not Government policy to compensate farmers for changes in the feed material available for their livestock and it would not be appropriate to start that now. The announcement made by my hon. Friend the Minister for the Environment in April 2001 about a £22.5 million package of aid to the fishing industry was not about compensation; it was an encouragement to adopt more sustainable fishing practices and to rationalise the industry through decommissioning.

The Government did, however, assist swill feeders in other ways. Free business advice from professional consultants was made available to all registered swill

users and processors. Our records show that there were 93 of these, and I am aware that the reaction of those that took part was mixed, but it was a major effort to provide practical assistance.

Other opportunities were available, such as the rural enterprise scheme to help diversification, details of which have been made available to those campaigning on behalf of the swill feeders. I consider that the Government have not only gone to considerable lengths to listen to the concerns of former swill feeders, but done what they can to make available practical assistance to help overcome the difficulties that the ban may have caused individual businesses.

Mr. Boris Johnson: Will the Minister specify exactly what practical help the Government have given to those swill feeders and why it cannot be extended to compensation for the machinery in which they have invested considerable sums?

Mr. Bradshaw: As I said, such compensation would set a precedent. The practical help is what I have just outlined: free business advice and help to encourage the swill feeders to diversify and to stay in business.

The hon. Member for Congleton (Ann Winterton) made a point about the consultation. The reason why the consultation period was brief was that we were in the middle of a foot and mouth outbreak. There were a good number of responses to the consultation. The overwhelming majority of organisations, including the National Farmers Union, the National Pig Association, the National Consumer Council and the Meat and Livestock Commission, supported the Government's decision to ban feeding pigswill to pigs.

Ann Winterton: They replied as they did because they were unaware that the Department for Environment, Food and Rural Affairs, or MAFF as it was, had failed to inspect the premises in question. MAFF, not the pigswill user, was the true culprit.

Mr. Bradshaw: I do not accept that at all. When the hon. Lady reads Jim Dring's report in full, she will reach the same conclusion that I reached, which is that the culprit was a farmer—

Ann Winterton *rose—*

Mr. Bradshaw: I shall not give way. The culprit was a farmer who was indulging in a dangerous and illegal activity, and Mr. Dring made every effort to do his job properly when he made his January visit. No one has suggested that he was negligent or that he missed important evidence. It is very easy for hon. Members to say in hindsight that the activity was obvious. It was not. I suggest that the hon. Lady reads the verbatim report made when Mr. Dring visited the farm in January.

The hon. Member for Henley also expressed concern that the ban has increased the amount of waste going to landfill. That needs to be put into context. When the ban was introduced, the number of pigs fed on swill amounted to approximately 1.5 per cent. of the national herd, which is very few pigs. The amount of waste food being used to feed pigs was not great compared with the amounts of waste food going to landfill from other sources. However, the Government take their recycling targets seriously and are aware that the amount of biodegradable waste sent to landfill must be reduced, not increased. DEFRA strongly supports the option of composting and the biogas treatment of catering wastes. Those plants must be approved under the animal by-products regulation. Given that that legislation was introduced only recently, we have been doing well in dealing with applications for approval. To date, 10 plants are being validated and are now treating catering waste.

Question put and agreed to.

Adjourned accordingly at eighteen minutes to Five o'clock.

Westminster Hall

Wednesday 17 March 2004

[MR. FRANK COOK *in the Chair*]

National Offender Management Service

Motion made, and Question proposed, That the sitting be now adjourned—*[Mr. Jim Murphy.]*

9.30 am

Mr. Neil Gerrard (Walthamstow) (Lab): I am grateful to have the opportunity to introduce such an important debate. This is the first time that we have had the chance to discuss the new national offender management service. No one would disagree that improvements must be made to the way in which offenders are managed. That is not to say that some progress has not been made. In their response to the Carter report, the Government had a lot to say about improvements, such as the policies that have been adopted in prisons to deal with mental health and drug abuse. This year, 50,000 prisoners will be subject to clinical detoxification, which is an enormous improvement on what was happening a few years ago. As for education, I think that 50,000 prisoners will gain basic skills qualifications this year.

Significant improvements have been made. The percentage of prisoners who are in work or training compared with a few years ago has improved enormously. We all recognise that progress has been made but there are still some problems. We must bear in mind two key issues: first, the number of people in prison, which is far too high and is still rising and, secondly, the reoffending rates, which do not show any great signs of coming down.

Although there have been improvements, there have been worrying shortfalls in some parts of the country. I am thinking in particular of the probation service in London, which has significant resource problems, and the capability of the service to do the work that it should be doing. I shall cite a recent example. An offender was leaving prison after a fairly short sentence, but there were problems with completing his probation report. No one was available to undertake such necessary work.

Although we shall be discussing the structures of the service this morning, there are clearly resource implications. We must consider what resources are available. The services are overstretched and, if we do not examine resources, we will not solve the problem. In the past two or three years, there has been a tendency not to use the extra money that has been put into the service to fund front-line services. There have been large increases in bureaucracy at national level within the probation service but, as I said, money has not gone into front-line issues.

There are two stated aims of NOMS: first, to punish offenders appropriately and, secondly, to reduce reoffending. As for the structure that is proposed, Martin Narey has been appointed to head the service. There will be 10 regional offender managers. I am not clear why reorganisation is regarded as so important that it must be done quickly by June this year. The regional managers will be in place within the next year, but it has only been three years since the probation service was last reorganised and some of that reorganisation has hardly had time to settle in. That is causing concern to many people who work in the probation service.

There was not any serious consultation with stakeholders prior to the publication of the Government's plans. Patrick Carter did not appear to carry out any consultations with stakeholders or trade unions. I was told in a written answer that he was conducting an independent review, so he was not expected necessarily to consult, and that the Government's response to "Reducing Crime—Changing Lives" would seek views from stakeholders on a number of issues. However, the paper was published on 6 January and the closing date for responses was 3 March, although the Cabinet Office guidelines recommend a standard 12-week period for consultation with key stakeholders. There seems to be a rush to get things through.

It would have been better if there had been consultation before, rather than after, announcements were made. That leaves us with a lot of uncertainty about how the new organisation will work, and I hope that the Minister will deal with that. We are told that one of the key aspects is that the reorganisation is about ensuring that individual offenders are managed right through the system. I cannot see how 10 regional managers will be able to deal with all the individuals concerned. I am unclear about what will happen on the ground. What will be the relationship between people in the Prison Service and people in the probation service? Where will decisions be made about what happens to an individual offender?

Mr. Andrew Turner (Isle of Wight) (Con): I apologise for the fact that I shall not be able to stay for the whole debate. Does the hon. Gentleman agree with representatives of the Prison Officers Association in my constituency that the consultation did not make it clear whether those who work in prisons will have the same training under the new system as they have under the existing system? If that training cannot be delivered, security in prisons cannot be delivered.

Mr. Gerrard: There is a serious issue about training. I attended a meeting yesterday evening that Martin Narey addressed. The hon. Member for Chesham and Amersham (Mrs. Gillan), who is on the Opposition Front Bench, and the hon. Member for Worthing, West (Peter Bottomley) were also at that meeting. Training was mentioned. There is not enough training in general for prison officers; there is a nine-week training period for prison officers. The training period for probation officers is much longer. I hope that that will be addressed. If we expect prison officers to be much more involved in rehabilitation, dealing with reoffending, education provision, drug testing schemes and so forth, there is a case for there to be much more training, regardless of what is happening with the restructuring of the organisation.

There is a lack of clarity about what the plans will mean for staff in other respects. There are issues to do with governance, employment status, collective bargaining and the Transfer of Undertakings (Protection of Employment) Regulations 1981. A part

[Mr. Gerrard]

of the proposals involves what is now called contestability. That is a new word that I had not come across before I studied these proposals; some of my hon. Friends might have something to say about what it means. That has serious implications for the employment status of current staff. Naturally, there are concerns about that in prisons—there are suggestions that groups of prisons will be put out to tender—and in other parts of the service.

I was struck by a comment by the Probation Boards Association about the impact on staff. It commented as an employers' organisation on the industrial relations issues that it would need to deal with, particularly during the transition period. It said:

"An agitated workforce, already threatening industrial action over workloads is in danger of becoming demoralised by the proposals to disband its service and jettison its name. Of equal concern is the likely loss of senior managers who, seeing no future in the new structure, may look for alternative employment at a time when they are most needed to deliver the changes."

Clearly, employers in the probation service believe that, if staff in the service do not receive the reassurance that they need, there may be serious consequences over the next year, before we reach the point at which the new structure should start to operate.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): The hon. Gentleman is introducing and laying out his case extremely well. Does he agree that one point made to us by representatives of prison officers is that pay is on average 24 to 32 per cent. lower for those employed in the private sector than for those employed in the Prison Service, and that pensions are between 10 and 13 per cent. more valuable in the public sector than in the private sector? There is real concern among prison officers and their families about the implications of what may be happening with so-called contestability and about the lack of consultation.

Mr. Gerrard: That is absolutely right. When considering pay levels in the different sectors, people will naturally be concerned about what may happen to them if the prison in which they work becomes part of a group of prisons that ends up in the private sector. I understand clearly the rationale for involvement of the not-for-profit sector when we are dealing with community-based sentences, but I am far less convinced by the case for putting large sections of the service out to tender. I remember being involved in such arguments in this place 10 or 12 years ago, when the then Government embarked on the privatisation of prisons.

Another issue on which we need to be clear is the need to create a level playing field, so that public sector bidders are not disadvantaged. The Probation Boards Association stated:

"The government will need to create a level playing for voluntary and not-for-profit organisations to . . . enable them to participate."

The association also made a rather technical point when it said that

"the current Home Office re-charge system for probation property would seriously disadvantage an 'in-house' bid in probation areas with low commercial property costs."

Those issues must be addressed, so that a level playing field is created.

Another point, which is not part of NOMS in a sense but is critical to its success, is what happens on sentencing. Martin Narey, as head of the service, will be an observer on the Sentencing Guidelines Council, which I think has had its first meeting in the past two or three weeks. However, he will not be a member of the council. If the council does not work and does not lead to changes in sentencing, we will face serious problems in the new structure—indeed, in any structure.

Perhaps the Minister will comment on what messages will be sent about sentencing, because that is the key to bringing prison numbers down. In particular, people should not be in prison doing short sentences that could be dealt with as community-based sentences. One message that came out in the meeting that some of us attended yesterday evening concerned the futility of many short sentences, because people going into prison for a short sentence do not get into drug treatment programmes, education programmes and so on. They end up doing very little while they are in prison. That message needs to be got across, particularly in magistrates courts, where there has been an enormous increase in the use of custodial sentences over the past few years.

David Taylor (North-West Leicestershire) (Lab/Co-op): I declare an interest as a member of the Magistrates Association. Does my hon. Friend agree that the Minister and his colleagues should consider carefully custodial sentences for offences such as shoplifting? The number of people in prison now compared with 10 years ago, when I was last sitting actively, has increased by a factor of 10. That is astonishing. Surely something needs to be done.

Mr. Gerrard: My hon. Friend is right. If I remember correctly, about 1,400 people are in prison for shoplifting, whereas a few years ago there were 100 and something; the numbers have increased by a factor of 10. That is not the only kind of offence that is relevant. Many people are in prison because of unpaid fines and motoring offences. We accept that there are some very serious motoring offences that should lead to a prison sentence, but whether everyone who is in prison for such offences should be there is another matter.

Peter Bottomley (Worthing, West) (Con): The best kind of contestability may be to ask magistrates and judges whether they have seen any studies on whether the person they are considering sending to jail would be better disposed of in the community. The one thing that I suspect we all favour—it is one of the purposes for which NOMS was created—is seamless care and control of the person who has been convicted. We all have examples in which someone has come out of prison and the probation service has not managed to look after them. That is as big a concern as having people in prison who should not be there in the first place.

Mr. Gerrard: That is absolutely right. We also need to get the message across that community-based sentences are not necessarily soft touches. I am not sure whether that needs to be communicated to magistrates, but it certainly should be got across to the public. There is an image that, if people are given a community sentence, they are being let off, whereas such sentences can—and should in many cases—be fairly demanding to do.

I know that many hon. Members want to speak, so I will make my final points. With regard to parliamentary scrutiny of the process, it does not appear at all certain that legislation will be involved unless the role of probation boards changes substantially. Another area of uncertainty concerns what will happen to probation boards, which are currently the employers and managers of staff. There are some issues for us about how Parliament will examine the profound changes that are taking place in the rapid reorganisation. The lack of clarity about the detail is causing concern among a number of hon. Members. We do not want to repeat the mistakes that were made in other reorganisations.

As I said at the beginning of my contribution, we all want to see cuts in the number of people in prison and success in preventing people from reoffending. We want to be certain that the new structures being put in place will do that. We do not want to end up with confusion about responsibility, and over-centralisation of services such as the probation service that have been developing well at local level. I hope that the Minister will reassure us on those issues.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. It is advisable to remind hon. Members that, in these 90-minute Adjournment debates, it is customary to commence the first of the three winding-up speeches 30 minutes before conclusion. Five hon. Members have indicated to the Chair that they want to contribute to the debate, and another two have added themselves to the quest to catch my eye. That makes seven, and we have 41 minutes left. That means that, if I am to squeeze everyone in before 10.30, hon. Members will have to be very careful about the time that they take in making their contributions, and about allowing or responding to interventions. I ask all hon. Members to bear that carefully in mind.

While I am making announcements, I should say that I would be remiss in carrying out my duties if I did not remind the Chamber that, when any of the four senior Chairmen of the Chairmen's Panel occupies this seat, they are to be addressed as Mr. Deputy Speaker. That was the decision of Mr. Speaker.

9.50 am

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I speak as a great supporter of the probation service, who has 30 years' experience in the criminal law—not as an offender, I might add. The probation service and its independence should not be interfered with, because if it ain't broke, why fix it?

In these days of the big conversation, I cannot understand why there has been so little consultation on such a fundamentally important change. As was mentioned by the hon. Member for Walthamstow (Mr. Gerrard), whom I congratulate on securing the debate, the changes appear to breach the Government's own commitment on consultation in the Cabinet code on written consultation.

As the hon. Gentleman said, there does not appear to be a mechanism for any real parliamentary scrutiny of these wide-ranging changes. The National Association of Probation Officers has been told that legislation will not be required unless the role of probation boards, which manage staff locally, alters substantially.

The changes are profound, and the role of probation boards will be altered. I understand that the new service will have the power to affect the professional livelihoods of all staff currently employed in both services. That is a fundamental question, worthy of full parliamentary consideration.

The other question that I have to ask is whether the open market is appropriate for administering punishment and justice. There is a long list of unanswered questions about the detail of NOMS, including whether the national probation directorate will continue to function and what role, if any, local probation areas will have. Of course, such detail is vital and should have been consulted on properly.

NAPO considers it totally unacceptable that there should be no information about what the new structures will mean for the employment status of staff: in other words, terms, conditions, collective bargaining, trade union rights and the implications of TUPE. Many believe that the reasoning behind NOMS is flawed. A key purpose, apparently, is to reduce the projected prison population for 2009 from 93,000 to 80,000. It is difficult to see how the new structures will do that.

I fully endorse what the hon. Gentleman said about non-custodial sentences being useful. Indeed, in many cases, they lead to less recidivism. They are not a soft option, but a labour-intensive option, which is, I suspect, why magistrates tend to send people to prison rather than impose further burdens on the probation service, which, as we all know, is overburdened as it is.

We are looking at a very difficult position. NOMS is to increase co-operation between prison and probation staff—nothing wrong with that. However, that might be better achieved by other means: for example, by an increase in targeted resources, sentence planning in and out of prison and an increase in support.

Many believe that the reorganisation is an effort to cut costs. It is obvious to all who know anything about criminal justice that the prison and probation services need more resources on the front line. The probation service is in financial crisis, with probation areas facing a compulsory 2 per cent. underspend for this financial year and a further real-terms standstill budget next year. Therefore, it is of great concern that those two under-resourced services should be asked to improve performance and to implement a further layer of bureaucracy without there being a commitment to additional funding.

As has been mentioned, the last restructuring was in April 2001. Many people do not think that the changes have had time to bed down properly. The first half of "Reducing Crime—Changing Lives" praises the work of both prison and probation services. Would it not be better to build on that expertise and encourage closer working relationships without including further layers of bureaucracy, which always drain resources from the front line? The progress made does not logically point to a need for the wholesale reorganisation of both services.

In "Reducing Crime—Changing Lives", there is a list of achievements. Considerable achievements have been made; it would be wrong to deny that. There has been an increase in literacy programmes for offenders, greater

[Mr. Elfyn Llwyd]

enforcement of community orders, a reduction in the number of escapes from prison, the launch of the custody to work initiative, the effective roll-out of drug treatment and testing orders, effective assessment of need and of risk to the public, and the establishment of multi-agency public protection arrangements, to name but a few achievements.

"Reducing Crime—Changing Lives" does not refer to the fact that the probation service was substantially reorganised in April 2001, under the Criminal Justice and Court Services Act 2000. The number of services was reduced from 54 to 42, and a national service and directorate were created. Many of the new combined services, particularly the service in London, have not yet bedded down. As a consequence, the changes are yet to come through properly. The national probation directorate increased its number of employees from about 90 in 2001 to 460 in November 2003. In the same period, however, there was no commensurate increase in the number of field staff.

When the Children and Family Court Advisory and Support Service came into being, many of us warned that its introduction was rushed and not thought out properly. We have seen the result: it has been an absolute disaster. Much as I respect those who work in the field, they cannot be asked to do a 48-hour job in 24 hours. Many commentators assumed that the growth at the centre was a precursor to an increase in capacity in the field.

The conclusion that one draws is that there has been a failure adequately to resource prison and probation services. Both services are ill equipped to deal with yet another reorganisation and further layers of bureaucracy. The projected national offender management service could be an organisational disaster, compared to which the problems faced by the Criminal Records Bureau will pale into insignificance.

9.57 am

Mr. Austin Mitchell (Great Grimsby) (Lab): I am grateful for the conveniently labelled plan before me, so that I know in what terms I should talk.

I want to concentrate on the speedy way in which the change has been brought in. It has been produced out of the blue and imposed without consultation. There has been far too much of that in Government policy in recent times. One of the Prime Minister's policy advisers gets a bright idea on, say, foundation hospitals or top-up fees and suddenly it becomes Government policy. We workers and peasants in the party—looking around, it seems it is the old lags in this case, and some young lags, too—are asked to vote it through without being convinced of it. That seems to be happening again in this case.

The Leader of the House has promised that we will not do that kind of thing any more, and has said that the Government will consult thoroughly before new policy initiatives are announced. However, here we have another policy initiative, again coming from the No. 10 policy unit and the Government's all-purpose privatiser, Mr. Carter. It was rushed through—the Government's response was announced on the same day that the report was published.

Looking at the document, I can see that there is no necessary link between the stated aim, which is to reduce the increase in the prison population, and the merger, at national and regional levels—and eventually totally—of the two services. Prison numbers, as hon. Members have said, are a response to the panic climate of the "bang 'em up" culture, produced largely by the clamour of the *Daily Mail*, but responded to by Ministers and Departments. That culture says that the only way to deal with the increase in crime is to send more people to prison. We face a very retributionist mood. If that is the real cause of the increase in the prison population, I cannot see that the merger of the services will have any bearing on it. The hon. Member—I forget which constituency he represents now.

Peter Bottomley: Worthing, West.

Mr. Mitchell: I thank the hon. Gentleman. He said that we need a seamless service. However, carving out chunks of the service by privatisation will not produce that seamlessness. It will produce a fragmented service in which it is difficult, if not impossible, to follow things through. Therefore, merging the services will not produce anything that will reduce prison numbers, or achieve better treatment for prisoners. This is a question of more resources and more staff, particularly in the hard-pressed probation service, which is under considerable strain, as I can testify from representations that have come to me locally. It has just had a reorganisation, which has not quite settled down yet and has disturbed the service. It has been given tight financial targets and it is under-staffed and under-resourced. The answer to the problem is better staffing and better resources.

Mrs. Helen Clark (Peterborough) (Lab): Would my hon. Friend suggest that Home Office policy is being dictated not by the needs of the nation but by the demands of certain national newspapers? That applies to the asylum issue as well.

Mr. Mitchell: That is exactly right. It is a panic situation, to which the Home Office feels it necessary to respond. The national press, particularly the *Daily Mail*—this also goes for *The Sun* and other Murdoch papers—experiences a hackneyed fear of crime. That produces a retributionist sentencing culture on the part of magistrates who are panicked into it. The way to deal with the matter is to staff the services better and to fight against that culture, rather than submitting to it by introducing this kind of proposal, which works against staffing improvement. It seems that there is a hidden agenda to cut costs and that is why there is talk of privatising chunks of the service.

My hon. Friend the Member for Walthamstow (Mr. Gerrard) made a point about contestability. I remember it in New Zealand in the 1980s under a Labour Government there. It is a contest that the public sector always loses, because its costs are inevitably higher. It is maintaining the system and along come people—the Minister has gone to America to try to interest prison providers there—who offer a much more glamorous and exciting prospect. They are often given contracts on preferential terms, or they have been in the Prison

Service, and in the glamour stakes they win. Therefore, it is not real contestability—it is a contest that is loaded against the public sector.

My basic point is that this is a question of money and resources and not one of this type of reorganisation, where so many questions have gone unanswered. I have a long list of questions, which I would like to put to my hon. Friend the Minister, but time is pressing. We do not know how many additional staff will be needed or what the role of the offender manager will be at area level. We do not know about the relationship between the local areas. A business case has not been presented to us. We do not know how the continuity of offender supervision will be maintained in the interim period. All those questions have been unanswered.

However, I cannot see any answer to the central question. The one principle of bad government is that, when things go wrong, order a reorganisation. Things are going wrong in terms of prison numbers and a reorganisation has been ordered. Perhaps the Minister can convince me with his charm and his honeyed words that this restructuring, merging of the services and opening to privatisation of chunks of the service will tackle the fundamental problem of reducing prison numbers. I do not know, but I always hope, in tense excitement, that I can be convinced.

10.5 am

John McDonnell (Hayes and Harlington) (Lab): I will be brief. We have had compulsory competitive tendering, market testing, the public-private finance initiative, public-private partnerships, better value and now we have contestability. In reality, all paths lead to privatisation, so we may as well call it that. It is straightforward privatisation.

The origins of NOMS go back to November 2002, when the then Minister, my right hon. Friend the Member for Leeds, Central (Mr. Benn), announced a review of the correction services. Seminars were held in central London to discuss the wider functioning of the two services. As has been exemplified before, in February 2003, suddenly and without any consultation, the policy and the review were taken over by No. 10. Without any consultation with stakeholders, Patrick Carter was appointed to head the review. It became apparent what the review process was about: the answer to the problems of the probation service and the Prison Service was not increased investment but privatisation.

It is extremely worrying that the concept will not be the subject of legislation. We will never have the opportunity on the Floor of the House to debate any measure to implement the supposed reforms. Therefore, there will be no detailed parliamentary scrutiny. The probation service works increasingly closely with the police service and the Prison Service on public protection issues, and the House should, through the legislative process, not in Adjournment debates, properly discuss whether the market is the appropriate vehicle for delivering these services.

The Government envisage that the state of contestability should be achieved by 2009. Under that arrangement, national offender managers, supported by 10 regional offender managers, will purchase prison places and community supervision from a range of public, private and voluntary providers. I reiterate that our concern is not necessarily with the voluntary providers. We understand the role that they can play, but we are worried that a market is being introduced, and it is difficult to envisage how it will work. Many tasks undertaken by the services are already multi-agency—for example, public protection panels—and could not be the subject of tendering in competition, as we have seen elsewhere.

The 101 hostels in England and Wales provide 2,500 residential places, primarily for ex-prisoners. More than 40 per cent. of the hostel places are taken up by sex offenders and others known to local multi-agency protection panels. If public confidence is to be maintained in the service, it is essential that the public sector, in conjunction with the police, monitors those ex-prisoners to minimise the risk to the public.

Let us look at the prison experience. The main sector from which non-public organisations could recruit would be the probation service, which is already under-staffed and under-resourced. The unions feel that one consequence would be that wages would be depressed and service quality would suffer. The trade unions' experience of the market and of the public finance initiative in the justice system in the past decade differs starkly from what the Home Office has told us on successive occasions.

For example, prison officer pay is on average 24.6 to 32.4 per cent. lower in the private sector than in the Prison Service. Pensions are between 10.5 and 13.5 per cent. more valuable than pensions available to those employed by the private sector. The Prison Service offers between 5 and 28 per cent. more leave than the private sector and limited competition from the few firms bidding means that in many instances there has been only one bidder for the tender.

David Taylor: Will my hon. Friend comment on the recent merger between Group 4 and Securicor and the ability of the much vaunted market to respond in such circumstances?

John McDonnell: What is happening throughout the process is that cartels, or monopolies, are being formed, which reinforce their ability to drive down wages and suppress conditions. There is a general lack of transparency. Information is withheld, in particular from trade unions, on the ground that it is commercially confidential. Many of the questions tabled by MPs have been unable to elicit the information required to make a proper judgment of the process of privatisation at a prison or elsewhere. Consultations with the unions on the planning and procurement processes have been negligible.

Judging from recent experience, private sector involvement in the probation service has been pretty disastrous. In 2002, the national probation directorate privatised hostel facilities, including cooks, cleaners and maintenance staff. The contract was awarded to Morrison's and costs subsequently rose by 62 per cent. In 2003, the NPD decided to privatise the management and maintenance of probation premises. The increase in costs in that case was less—35 per cent.—but still outrageous.

The situation is becoming a comedy of errors, almost merging into a combination of "Fawlty Towers" and "Porridge". Staff in probation hostels have reported a

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catalogue of problems bordering on the farcical. I will not detail the numerous examples with which we have been supplied but there have been several complaints about standards of hygiene in kitchens and environmental health officers have been called in. People have asked how many private contractors it takes to change a light bulb in a hostel—usually only one, but it will take about four days with consultation. One hostel in Sheffield has had no regular cleaners for 12 weeks. A London hostel needed its boiler switching on and Morrison's sent a carpenter from Portsmouth. Costs build up through the inefficiencies and incompetence of the private sector.

Is it still the case, as we believed in opposition, that profits should not be made from incarcerating people, or is that now the Government's policy? It is difficult to see how the market will improve offender supervision and how it will not have the same results as we have seen in prisons of demoralising staff and driving down conditions of employment and wages. There is a real fear that the purpose of centralisation and of the review is to act as a forerunner to the wholesale privatisation of the service. That would lead to fragmentation of the service, erosion of local accountability and the failure of quality standards.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. There are 18 minutes remaining and four hon. Members seeking to contribute. Please bear in mind the remarks that I have made.

10.12 am

Mr. David Drew (Stroud) (Lab/Co-op): Mr. Deputy Speaker, I shall certainly bear in mind what you said and I shall not re-cover old ground.

I have been greatly influenced by my discussions with two probation officers in Gloucestershire, initially Gill Mackenzie, who went on to national prominence, and more recently John Carter. The fact that we do not know with who or what Mr. Carter will be replaced concerns me. I am meeting a representative of NAPO on Friday—I know that she will read the debate and will no doubt express her concerns to me.

I want to talk about something that has not yet been mentioned but is important, which is how the probation service interfaces with employment, housing and health authorities. I shall deal with the last of those three first. The Government are, according to their rhetoric, decentralising the health service, and I support that. There is an important element of discourse with the different health authorities, particularly primary care trusts, to try to get them to spend more money on caring for offenders, many of whom will have a drug problem.

However, while we appear to be decentralising the health service, we are nationalising the probation service and dividing it between a potentially more unaccountable set of bodies. I do not understand that logic. It would make sense to bed down some of the other changes, such as those to criminal justice boards, in which probation should play an important part. Unless I have understood incorrectly, those boards are based along county lines. I asked a parliamentary question to elicit who would sit on my local board, and they were all worthy people from Gloucestershire, including the chief police officer and people from the county council. I do not understand why we are taking what appears to be a contradictory approach, and that might matter for the other side of probation—community service. With the best will in the world, no national body will be able to find employment that people who are serving their sentences in the community need to have found for them.

I hope that my hon. Friend the Minister will assuage some of my fears. From all the evidence, including that from my friends in the probation service, I know that this is a period of uncertainty that comes on the back of another reorganisation, which has yet to bed down. I hope that the Minister will consider how we assess whether this reorganisation is the appropriate way forward. If we are to have a genuine national probation service, I want assurances that that will not be pushed into the market, or removed from local accountability.

10.16 am

Julie Morgan (Cardiff, North) (Lab): I am pleased to speak in today's debate because I am a past member of the South Glamorgan probation committee, which preceded the present board; I was a local authority representative on that committee. As my background is as a social worker, I have worked closely with probation officers in south Wales and discussed this issue with them. I can confirm that there is anxiety and concern about the proposals.

I, too, am concerned about a change so soon after the previous change in 2001. In my area of Cardiff, three probation services came together in 2001—mid, south and west Glamorgan—to become the south Wales probation service, coterminous with the police and court boundaries. We supported those changes. However, this new change, along with the change in chief officer, has caused a great deal of uncertainty and worry. It is far too soon to launch another change so swiftly after other big changes. I will be interested to hear from my hon. Friend the Minister about the future role of probation boards. I hope that he will respond to that uncertainty.

I regret the probation service becoming even more of a correctional service than a social work service. That is a move in the wrong direction, and we cannot over-emphasise the good that can be done with the traditional method of advising, assisting and befriending. The document entitled "Reducing Crime—Changing Lives" states:

> "Believing that offenders in the community will reduce their re-offending through occasional interviews with probation officers is also naive."

That belittles what probation officers have managed to do with offenders over the years. They have been a great success, because they have been people whom the offender can turn to and trust.

The points raised by my hon. Friend the Member for Stroud (Mr. Drew) pertain especially to Wales, because the probation service will be moved away from all the agencies with which it should work closely, such as local government, social services, housing departments and drug and alcohol services. With the existence of the

National Assembly for Wales, another dimension causes difficulties. The probation service needs to be fully involved in the crime and disorder partnerships and the community first partnerships set up by the Assembly. It is difficult to get probation involved at the moment; certainly, prison is not involved at all. Things will become even more difficult when the service becomes national. When problems arise, it is important that young people in particular are seen as a part of the local community and that solutions are found in the community.

As my hon. Friend the Member for Stroud said, we are moving away from the Government's commitment to localism towards a more national structure. That is going in the opposite direction of the Children and Family Court Advisory and Support Service, which is being devolved to Wales. Can the Minister say whether Wales will be classed as one of the 10 regions? Will there be an all-Wales manager? I draw his attention to the response of the Probation Boards Association, which asked:

"In a regionalised structure would the NOMS function in Wales become the responsibility of the Welsh Assembly?"

I should be grateful if the Minister commented on the role of the Welsh Assembly, which is not being taken into account in these proposals. It is so important that probation services operate at a local level, for reasons of employment and links with the voluntary sector. If contestability happens in Wales, not many people will put their names forward because we do not have much of a private sector, although we have a voluntary sector. The proposals are not at all suitable for the climate in Wales.

The other issue to take into account is the Welsh language. It is already difficult to deliver a service in Welsh. How will the devolved service and the competition for jobs deal with that sensitively? I should be grateful if the Minister addressed those points in his response.

Mr. Deputy Speaker: Nine minutes and counting.

10.21 am

Jim Knight (South Dorset) (Lab): I congratulate my hon. Friend the Member for Walthamstow (Mr. Gerrard) on securing this debate. I echo his opening comments on the improvements to the Prison Service under this Government, as well as many of his other comments. I should also make it clear that I see some benefits of joining up the prison and probation services. We need a clearer pathway from prison through rehabilitation to resettlement for prisoners to become law-abiding citizens again, and it is possible that the proposal to create NOMS will achieve that.

I represent three prisons, all on Portland, which has a residential population of about 12,000 voters, and a prison population of 1,500. Some 300 people are employed in those prisons. One of them, the young offenders institution, had a £3 million custody to work programme funded by the Government, which shows that reoffending can be reduced if accommodation and employment can be found for young offenders on release, so that they have a pathway to a decent and secure future outside. As for the problem of overcrowding, there are young offenders in that prison from as far away as Newcastle.

The notion that officers working in those prisons can develop relationships with local authorities all over the country is very difficult. That reflects the importance of developing a regional approach, so that there is a limit to the number of agencies with which prisons have to liaise in order to secure that pathway.

I obviously welcome the aim of reducing the prison population that is implicit in the proposals, but I must reflect the concerns put to me by the chair of the Dorset branch of NAPO, Avril Harris. The Minister must answer the main questions that have arisen from this debate. A number of good questions about contestability were articulated, particularly by my hon. Friend the Member for Hayes and Harlington (John McDonnell). If there is going to be a transfer to the private sector, we must secure the pay and conditions of all those officers working in the service on Portland. If their pay and conditions are cut to the extent that has been described in this debate, that will have a noticeable impact on the economy of the island. There are exceptionally valid questions about contestability. Why the hurry, and why the need for another reorganisation after 2001?

There is also the question of probation service funding. There is a potential vulnerability in merging the two services, especially if the Government were elected on the basis of "Prison works", rather than "Probation works". When I have had conversations about crime and antisocial behaviour in my constituency, my constituents tell me that they want to see tough community sentences, but they do not see necessarily that the answer is prison, which too often becomes a university of crime.

Problems have been created by the national probation directorate's £20 million overspend, which has been devolved to local probation services. In Dorset, it meant cuts in funding of 2 per cent. this year and 8 per cent. next year, and the 14 current job vacancies will become 14 job cuts. That is a serious diminution in the service.

I have taken note of your comments, Mr. Deputy Speaker, so I shall conclude. I am not instinctively against the proposals, but in the absence in particular of proper consultation, they raise too many questions at best and considerable opposition at worst. To echo the comments of my hon. Friend the Member for Great Grimsby (Mr. Mitchell), it is time that this Government learned not to impose new ideas or to bounce us into agreeing to new policies without proper consultation. They would have a much easier time if they relaxed, took their time and ensured that we all understood what they were doing before we had to agree to it.

Mr. Deputy Speaker: There are five minutes remaining for the hon. Member for Peterborough (Mrs. Clark).

10.25 am

Mrs. Helen Clark (Peterborough) (Lab): I shall shed half my speech and be as prompt as I can.

I do not believe that the case has been made for a further reorganisation of prisons and probation, primarily because of the recent changes to the service and the achievements that the Government acknowledge have been made since 1997. Those

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developments should be monitored, evaluated and built on rather than made the subject of further disruptive change—that that is my view about many other strands of current Government policy, particularly in the field of home affairs.

The substantial reorganisation of probation service structures implemented in April 2001 should have been monitored and independently evaluated prior to the introduction of yet further structural changes. If we had had such sensible and careful evaluation, we might have concluded that the creation of the national offender management service was not needed.

It is vital that the probation service is close to the community that it serves. I welcomed the 2001 reorganisation, which established coterminous boundaries for police, local authorities and the Crown Prosecution Service. That process is continuing, as the reorganised court structure will also be coterminous by spring 2005. Many hon. Members have praised probation, and it plays a key role in representing the local community, particular ethnic minority groups such as those in my constituency.

The Prime Minister talked about centralisation in his *The Guardian* lecture. He said:

"When central government becomes too big it sucks up resources that should be at the front line. It runs the risk that ministers and officials try to intervene even when there is little value they can add. We must create a centre that is streamlined and focused, developing strategic frameworks, for example the thinking the Home Office is doing on how different kinds of criminality—organised crime, repeat offending, anti-social behaviour—require different organisation and policy responses. A centre that acts as a resource for best practice, that sets and monitors minimum standards, that intervenes in the front line rarely but in the case of failure doing so swiftly and effectively."

I agree with that. I am not an advocate of change for the sake of change. We need to build on the foundations that we have to create public confidence in such essential services and home affairs policy in general.

10.28 am

Mr. David Heath (Somerton and Frome) (LD): I congratulate the hon. Member for Walthamstow (Mr. Gerrard) on securing an important debate.

The Minister may leave this debate thinking that there is a measure of disquiet on the Government Benches about his proposals and that he needs to provide some reassurance. I share some of the concerns expressed. The key question on the issue of the service being correctional, or one that provides social assistance to offenders, is whether it protects the public and reduces reoffending. That is the test that needs to be applied to the reorganisation.

Any sensible person would argue that there is a case for better integration of the Prison Service and probation service. Inherent in some of the Government's other policies such as custody plus, which we have welcomed, is the aim of ensuring a seamless transition between different elements of sentencing policy. I accept the point made by the hon. Member for Walthamstow that there have been some improvements in the management of offenders in the present Prison Service and probation service. I sometimes think that those improvements are slightly over-advertised and that there is an awful lot to do in terms of prison education, dealing with health—particularly mental health problems—and women in prison. Those are still real issues. Nevertheless, there have been improvements.

The major problem faced by the Prison Service is that we send too many people to prison and we have not got the accommodation to meet their needs. That problem will not go away as a result of a structural reorganisation of this kind. More consideration must be given to better fine management as an alternative and the use of the Sentencing Guidelines Council (Supplementary Provisions) Order 2004 to provide public confidence in the alternatives to prison and ways of sentencing offenders. That leads, incidentally, to much higher visibility for non-custodial sentences, so people feel that something is happening in their community to those who have offended against it.

I have the highest regard for the probation service, which comes from way back in the days when I was working with it as leader of a county council. The service is facing huge problems, as the hon. Member for South Dorset (Jim Knight) said. The problems of financing the probation service are becoming an almost unbearable burden on its effective operation. I have heard nothing from the Minister or his colleagues that suggests that that funding crisis is being addressed. We have a structural change, but the immediate problem of not being able to provide a sufficient number of officers in the probation service to do the job that we want them to do is not being dealt with. That has knock-on effects for the police, the court system and, of course, most immediately for offenders and their families.

The financial crisis in the probation service is made worse by an absurd system of target management, whereby fines are imposed on probation services for not meeting the targets that the Government have set. I understand—the Minister will correct me if I am wrong—that 37 of the 42 probation services have been fined a total of £4.3 million in the past year for failing to meet their targets. There is a correlation between a target-based approach and a failure of the service.

The reorganisation is yet another aspect of the restless change that is endemic in the Home Office. There is an almost permanent state of revolution in the area of home affairs, which, uniquely, is rallying to the standards raised by the leader writers of the *Daily Mail*. That is not an attractive aspect of the Government's programme. Hon. Members have already drawn attention to that. The hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) mentioned the analogy with CAFCASS and the fact that it was a mess because the Government did not take the time to get the measures right in the first instance, but rushed through a reform and repented at leisure. That must not happen again.

On looking at the parliamentary answers to questions asked about the national offender management service, I find all too often that the Minister says that it is too early to say what the answer is to a particular question. We must start getting those answers, and we need them quickly if the speed of change envisaged by the Government is to continue.

There is so much uncertainty occasioned by that vagueness on the final outcome that inevitably it causes concern among practitioners in the service, who simply want to be able to do their job more effectively. It is not

an easy change. As I said when it was first announced, we are melding two organisations with a different ethos and different ways of doing things. If anyone imagines that the transition will be effortless, they are wrong. Much careful thought needs to be applied to the process, and I have no confidence that that has yet been done. One of the greatest worries for all of us is that, in implementing the proposals, we will lose some of the essential elements of inter-agency working, which is so valuable in that area of work.

We know of the concerns that have been expressed by probation officers and prison officers. Some of those concerns have been have been raised in the debate by other hon. Members, so I shall not repeat them. Probation officers and prison officers look at the process, which has been rather grandly labelled "metamorphosis"—with a fine disregard for both Kafka and Ovid in its implications—and know that it follows on from a process that was, equally absurdly, labelled "a new choreography". They wonder at what point the new choreography becomes the metamorphosis, and how those processes overlap. They consider their terms and conditions, which are perfectly proper considerations for those working in the service, and wonder where the process is going. They also examine the new concept of contestability—I wonder how many more euphemisms Governments, whether it be this Government or the previous right-wing Government, will find for this essential process of privatisation. I think that it was the hon. Member for Hayes and Harlington (John McDonnell) who read out a list of terms that have been applied to what is essentially the same process. We now have a new term, contestability, and we must see how it works. There are benefits in the process for some aspects of the Prison Service—I will not take a rigid ideological view—but I wonder how it will be applied in any valuable way to the work of probation officers.

I seek an explanation from the Minister on the regional dimension. My hon. Friend the Member for Mid-Dorset and North Poole (Mrs. Brooke) tabled a written question about whether the national offender management service would work closely on a regional level with the complementary services, including the police. The Minister's reply was that the supervision of offenders

"is best managed at regional level where effective links can be forged and joint strategies developed with complementary services including police, health, education and employment."—[*Official Report*, 9 February 2004; Vol. 417, c. 1269W.]

Have I missed something there? We do not have regional police forces. Police forces are based on police authority areas, which are coterminous with the present probation boards. We do not have regional education services; we have local education authorities. Health is no longer organised on a regional basis; the trusts, which are not regional bodies, are now the prime operatives for health. What is the regional co-ordination that the Minister says will be improved by the new structure operating on a regional basis?

I am concerned that we will lose innovation at local level through seeking consistency, which may be of value in some cases, but too often will be a dumbing-down of the process. I am also concerned that there is insufficient parliamentary scrutiny of the process. I return to my initial point. The test is whether the proposal will reduce reoffending and protect the public. The Minister must persuade his hon. Friends and the country at large that the changes will achieve that. Assertion will not do it. There must be a fully rounded strategy that demonstrates where the added value in the process lies.

10.39 am

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): I congratulate the hon. Member for Walthamstow (Mr. Gerrard) on securing the debate. Many of us, having heard some of the comments about the NOMS proposals, decided to apply for such a debate, and I was glad that he led the charge on this occasion. Mr. Deputy Speaker, it is a pleasure to serve under your chairmanship. If there were contestability for the role of the speaking clock, I know whom I would back.

Rarely have I heard so much disquiet expressed by hon. Members on both sides of the Chamber about a Government proposal. I am sad to hear the concern expressed by all hon. Members this morning, not least because, in the short time that I have been speaking on prison matters for my party, I have seen some of the excellent work that is being carried out in our prisons and some first-class work that is being carried out by not-for-profit agencies. Many individuals in the probation service, the Prison Service and the voluntary sector do sterling work in this difficult and sensitive area. We should set our debate today against the background of that excellent work and the current chronic overcrowding in our prisons.

I appreciate that the Minister will have only 10 minutes in which to wind up and that he has another debate on prisoners this afternoon, but today's debate cannot pass without taking into account the fact that more than 75,000 prisoners are now in custody and there are fewer than 200 places available before we have meltdown in the service. I hope that the Minister will be able to comment on that. Can he confirm that women prisoners are being moved out of Winchester and Edmunds Hill to other accommodation? How many of our police forces are on standby for Operation Safeguard? We have a Prison Service that is in crisis as we debate this matter.

I want to congratulate the Government because I have rarely seen such speed. Patrick Carter presented his report to the Prime Minister on 11 December 2003. In the intervening period, we had Christmas but on 6 January the Government were able to produce "Reducing Crime—Changing Lives", their response to the Carter report. That breaks all records for a Government response. It is a miracle what can be achieved over the Christmas period when one sets one's mind to it.

When we see how rapidly the Government responded, all the alarm bells start ringing. We heard them today. The Home Secretary proudly declared that this was the next phase of the Government's strategy to improve the criminal justice system, a system that he acknowledged needed attention when he spoke of the deep disquiet about it. We never expected him to have a ready-made response on the drawing board before the Carter report was presented, so that it could be whipped out at the beginning of the year.

[Mrs. Cheryl Gillan]

The debate has highlighted the concerns of the probation service, the Prison Service, the unions and politicians on both sides of the House. The Minister will have a difficult time answering the massive amount of questions that have been raised by hon. Members. I hope that he will not try to produce all the answers in his allotted 10 minutes but will write to each and every hon. Member who has participated, whether in an intervention or in a short speech. He has to start putting the flesh on the bones of these proposals and to come out with the detail.

Like many of the organisations that have been cited today, I was surprised that the proposed changes required no parliamentary scrutiny. I should be grateful if the Minister confirmed that he still does not plan to allow any parliamentary scrutiny at any stage other than through the medium of Adjournment debates or questions. Does he consider that adequate, bearing in mind that he is creating a completely new service that will take over the employment of thousands of people and responsibility for the entire downstream part of the criminal justice system? Victims of crime, offenders and people who work in the criminal justice system are concerned because, again, we appear to be seeing the creation of a centralised monolith, to say nothing of the budget that it will command. People need to see that there is parliamentary scrutiny and accountability.

The response of the probation boards to NOMS sums it up. They say that they are dismayed that the Home Office appears to have taken far-reaching decisions without public or parliamentary scrutiny. They raise further questions, reflecting the surprise that, after the major and costly reorganisation of the probation service less than three years ago, the Government now propose to dismantle the service with little or no evaluation of the effects of the original reorganisation. Can the Minister say why no business case or costings have been available on NOMS and, in particular, what the implications are for the investment that has already been made in the probation service's reorganisation? Is that an investment that the Government are now prepared to write off?

NAPO has registered fundamental concerns about the proposals. It does not hold back on the questions that it asks and the criticisms that it makes. It believes that the proposals have been hurriedly announced and that they appear to be ill thought out and lacking in detail. Following a meeting of NAPO's national executive committee on 29 January, representatives from its 37 branches unanimously passed a motion to oppose the introduction of NOMS as currently proposed. That took place some time ago, and I am sure that it has been communicated to the Minister.

I hope that the Minister will address the concerns that have been expressed and say how he will handle the obvious problem that is developing with the unions. They have concerns with the timetable, and they make the point that the Government's own code of practice requires a standard 12-week period of consultation, which does not appear to have taken place in the case of NOMS—they are disregarding the code on occasions. I want the Minister to explain why, or to announce that he will reorganise the timetable, so that we have longer to consider the implications of these changes and the way in which they can be brought about.

Many speeches have reflected the high degree of uncertainty that probation staff and NAPO members have about their future. That will have serious consequences for recruitment and affect the functioning of the probation service. There are some alarming statistics on the numbers of prison officers who have joined and left the service over the past few years. During the past three financial years, 3,647 prison officers have left the service and only 2,245 have joined. The Minister must address the uncertainty among staff. That is also reflected in the figures that show the differences between remuneration packages in the private sector and in the Prison Service.

The logic behind the Minister's creation of NOMS escapes everybody. We all appreciate that changes need to be made to the service. I have been acquainted with this area a short time, but it seems that nothing much has changed since I started visiting prisons as an articled clerk just a few years ago. There still does not appear to be a seamless service between how offenders are treated in prison and how they are reintegrated into the community when they come out. People have been trying, but there has been continual failure. Everyone would support the proposals if NOMS could create that seamless service, so that we could reduce reoffending. However, it is difficult to understand how the reorganisation, as it is currently proposed, will help to achieve those aims.

Last night, the hon. Member for Walthamstow and I listened to Martin Narey. The hon. Member for Great Grimsby (Mr. Mitchell) will be interested to learn that Martin Narey made much of the fact that he is intending to save money over the period that he is in charge of the reorganisation and merger of these two sides of the criminal justice system. I would be interested to hear from the Minister how much money he is anticipating saving on those budgets, because the cat is out of the bag now and we need to know that.

There are 1 million questions, and I hope that the Minister is becoming familiar with them. The proposals will affect a large number of people. Many believe that they are panic proposals. That has been articulated today. There is little confidence in the process and a distinct absence of detail. We are looking to the Minister to provide us with an explanation and enlightenment on the handling, logic and uncertainty that exist around the creation of NOMS.

10.50 am

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): Ten minutes is not a long time in which to respond to all the questions that have been asked. I will do my best in the time available, but I will write to all hon. Members who have participated in today's debate to ensure that they receive a full answer.

I congratulate my hon. Friend the Member for Walthamstow (Mr. Gerrard) on securing the debate and thank him for doing so. There was an opportunity to question my right hon. Friend the Home Secretary when he made his statement to the House in January, but this morning's debate has provided an opportunity for a

more thoughtful discussion, having had the chance to reflect on the document that was published at that time. This thoughtful debate is built on the tremendous amount of experience that all hon. Members who have participated in it have of the correctional services.

There are three key reasons why the proposals in "Reducing Crime—Changing Lives" are so important. First, there is the day-to-day experience of the people who operate our prison and probation services. We all know, because we talk to those people, that there are still many gaps in the service—too many cracks in the system—through which offenders can fall back into crime. Although I know full well from my visits to prisons and the probation service that there is a lot of anxiety about the impact of changes on individual members of staff, there is a recognition that joining the two services together as we intend will provide a more effective service.

Secondly, Patrick Carter provided a powerful assessment in the correctional services review. Hon. Members have had the opportunity to read the document. I shall refer to a number of key points that it contained, such as the sentencing drift. My hon. Friend the Member for North-West Leicestershire (David Taylor) referred to custodial sentences for shoplifting. The fact is that people are three times more likely to receive a custodial sentence in a magistrates court for that now than 10 years ago, and twice as likely in a Crown court. The prison population increased from 55,000 in 1996 to 66,000 in 2002, and is 75,000 today. That inexorable rise does not reflect an increase in criminality.

Patrick Carter identified regional disparities. For example, someone who is convicted of an assault in Lancashire has a one in 50 chance of going to prison, whereas in parts of London the chance can be as high as one in three. Patrick Carter's projections were that, if we did nothing to the correctional services, by 2009 there will be 93,000 people in our prisons and some 300,000 people on community sentences. He concluded that, even if we allowed that to happen, it would not be an effective way to reduce reoffending. Accordingly, he advocated greater use of financial penalties and called for a more effective use of community sentences, not least using electronic surveillance, which is increasingly available.

Patrick Carter called for a new role for the judiciary, particularly the Sentencing Guidelines Council—looking not just at what is an appropriate punishment but at what is effective. His conclusion was that, if we could rebalance the correctional system with more people out of short-term prison sentences and on to community sentences, and more people fined, rather than given probation, we could have a stable prison population of about 80,000 by the end of the decade. Such matters would all have to be underpinned by effective case management of individual offenders.

Thirdly, there is the Criminal Justice Act 2003, within which we are creating the new generic community sentence and, perhaps more important, new sentences of custody plus and a new arrangement whereby people on determinate sentences of more than 12 months will serve half their sentence in prison and half in the community under supervision. In other words, no longer will we have prison sentences for some and community sentences for others—we will have increasing numbers of sentences that combine the two elements. Therefore, it is essential that we bring the prison and the probation services together.

My hon. Friend the Member for Great Grimsby (Mr. Mitchell) said that change occurs when there is chaos and when there is crisis. That is far from the case in respect of the matter under discussion. As hon. Members from all parties have said, much has been achieved in our prison and probation services in recent years, of which we should be proud. We are now spending £3.2 billion on prisons and probation. That is an increase of £900 million in real terms. There have been 11,000 additional members of staff, and some 5,000 of them have gone to the probation service over the past six years, so I do not recognise the description of that service as being denuded of staff.

Hon. Members have paid tribute to the achievements in terms of education, detoxification and drug treatment in the Prison Service. That there have been achievements is equally true of the probation service, which has been rebuilt, having dwindled under the previous Government, when no investment was made in training, and there was very little public commitment to it. That service is now putting new sentences into place, such as the drug treatment and testing order and the intensive control and change programme. That is real innovation, and provides the effective alternative to prison that so many hon. Members have called for.

Mention has been made of the speed of implementation. The correctional services review was announced in the "Justice for All" White Paper published in July 2002, so it was not a surprise that a review was taking place. "Reducing Crime—Changing Lives" is the Government's initial response to the Carter review, and gives an indication of the direction in which we go. It will take at least five years from the implementation of the national offender management service in 1 June for the new system to be fully operational.

I want the process of moving to that service to be inclusive for the staff delivering front-line services. I offer the Chamber an assurance that that is how I intend the reform to happen. For example, I want staff representation on the board of the national offender management service, so that there is interface and dialogue between the Home Office, Ministers and senior officials in the Department and those who provide front-line services.

Mention was made of training. There will be a continued commitment to appropriate training. The training offered to a prison officer in a high-security establishment will be different from that offered to a probation officer working with drug treatment and testing orders and responsible for the supervision that they involve.

The word "contestability" was used. We are talking about contestability, not privatisation. Contestability is about getting the best value out of the investment that the taxpayer makes. We have seen from the contestability applied to the Prison Service that there is much to be gained from it, certainly in terms of an improved service and better value for money. I tell my hon. Friend the Member for Great Grimsby that the public sector does not always lose. Blakenhurst and Buckley Hall, two prisons that were in the private sector,

[Paul Goggins]

are back in the public sector, providing better value than the private sector could offer. I want a contestability philosophy in correctional services that allows us to include the best of the public, private and not-for-profit or community sectors, the latter of which is so important.

On staffing issues, I understand that there will always be anxiety among members of staff when their service is to be reorganised in a way that may impact on them. I pledge, as I have done throughout, that there will be full negotiation with the relevant trade unions and staff if there are to be any changes to staff's terms and conditions.

I have been asked about parliamentary scrutiny. If there were to be a change to the employing body for probation officers and a change to the local area boards, that would be subject to legislative change, and there would be the usual parliamentary scrutiny associated with that. If the prison population is to be stable when it has increased by 5,000, and if probation officers are not just to provide intervention but to become the offender managers of the future, what with the additional capacity required to implement the Criminal Justice Act, there will be a role for every prison and probation officer in the service, and more besides. That is because we need to do more, with ever greater numbers.

My final point is that, in the end, the reorganisation is not just about rearranging the furniture; it is also about reducing reoffending. That has to be our overall objective.

Offshore Oil and Gas Industry

11 am

Mr. Bob Blizzard (Waveney) (Lab): It is five months since I last secured a debate on this topic. It could be argued that not a lot has changed, so why we are having another debate? The slow pace of progress is the main problem, and what is happening in the UK oil and gas industry—or, rather, what is not happening—is now clearer. We can now see that it is even more urgent for certain things to happen if we are to maximise opportunities and not witness the premature decline of our oil and gas industry.

I note that my right hon. Friend the Minister for Industry and the Regions will reply to this debate. I hope that she will take back today's central message to her Department and work with the Minister for Energy, E-Commerce and Postal Services on the issues that I raise. Those issues are important to regional economies and manufacturing in the UK—which are both in my right hon. Friend's portfolio, I believe—as well as to energy policy and Treasury revenues.

For any country, reserves of oil and gas are an extremely valuable asset. They represent a huge source of national wealth—in our case from tax revenues—and a source of employment. More than 350,000 people used to be employed in the industry, although that is sadly not so today. Oil and gas reserves also provide a secure energy supply. On any of those counts, it is vital to maximise recovery of our oil and gas, and added together, they demonstrate that it would be irresponsible not to do everything to extract all the reserves that can be economically exploited. However, that is what we risk doing at a time when we need all the energy that we can get—although we could do without last week's exaggerated scare from the BBC.

I intend to argue that, if the Government set the direction, the oil and gas industry could play a huge part in meeting our environmental policy commitments to reducing CO_2 emissions. However, I want first to speak about the Government's draft allocation plan for the emissions trading scheme. The emissions allowances for the offshore oil and gas sector must be incorrect, as they are not based on business as usual and involve reductions of 30 to 45 per cent. The natural characteristics of oil and gas reservoirs also mean that the pressure in the reservoir falls as the field matures, which results in the need for increasing amounts of power to extract hydrocarbons and deliver them to shore. There is a real problem in the draft plan that needs sorting out, and I hope that it will be.

Our oil and gas is not running out. The industry, the Government and experts such as Professor Alex Kemp of Aberdeen university agree that, as 33 billion barrels of oil equivalent have already been produced from the North sea, between 22 billion and 31 billion barrels are still left. That is enough for significant production to continue well beyond 2020—plus that which may yet be discovered. However, the activity survey published in January by the United Kingdom Offshore Operators Association and the Department of Trade and Industry paints a worrying picture. We are simply not on course to recover those amounts. Only 14 billion barrels—about 50 per cent. of what is available—are even targeted, and only 70 per cent. of that will be produced by 2010 if all the planned work goes ahead.

Even more worrying is the question of whether the work will go ahead. There are low levels of new activity, even though the oil price is $33 a barrel and has been high for one of the longest sustained periods ever. If there are not higher levels of activity on the United Kingdom continental shelf in that scenario, one can only wonder what might happen if oil prices dropped back to the low $20s or below. The survey reports that forecasts for near-term oil and gas production continue to slip. It concludes:

"Urgent action by all stakeholders, including Government, is required to increase investment in marginally economic fields, maximise the recovery of reserves in producing (brown) fields and stimulate the exploration and appraisal activity that is essential for future production."

The most significant measure of activity that gives a pointer to the future is drilling, which was even lower in 2003 than the previous low levels of recent years. It was 10 per cent. down for exploration and appraisal wells in 2002, and 20 per cent. down for development wells. Historically, those are pitifully low levels. If we do not drill, we do not find, we do not produce and there is no tax revenue.

The supply chain industry is contracting; thousands of jobs have already been lost, as fabrication yards along the coast have closed or lie idle. The yard in my constituency has been virtually empty for months, although the company is actively pursuing contracts and wind turbines are being assembled there instead. Why is that happening? It is easy to call for tax breaks from the Government; fiscal incentives have a part to play, but we must consider the behaviour of oil companies.

Too often, the prevailing view is that the best that can be achieved is managed decline, but some companies want to explore, and others want to develop brownfields and in so doing invest significant proportions of their capital in new activity. New entrants that specialise in mature provinces are being attracted, and some well-established players want to do more. However, some companies appear to be harvesting—deriving huge revenues from substantial production levels from existing fields, especially at the record high oil price—yet reinvesting only a tiny proportion of those revenues in the North sea, placing most of what is available for investment in other parts of the world to gain higher returns. That may be good business for those companies, but it is not so good for UK plc, although even such minor reinvestment adds up to a substantial amount and it is a large proportion of the reduced total of investment in the North sea. However, that is not a recipe for maximising recovery, tax revenue, employment and energy for UK plc.

A great deal of work has been done in the joint industry-Government body PILOT: excellent initiatives on fallow fields, undeveloped discoveries, progressing partnerships, and supply-chain efficiency. Unfortunately, the end result is as I described: the PILOT vision of maintaining production at 3 million barrels in 2010 will not be achieved if we carry on as we are.

The success rate of exploration drilling has been higher in recent years, but much less has been carried out and, sadly, too often the UK continental shelf is seen as a difficult, time-consuming and costly place to do business. What is wrong? Time and again, oil companies that are keen to develop the field complain about access to infrastructure or high charges for use demanded by other, usually larger, companies.

There are complaints from companies that believe that they have a good prospect about access to assets and licences owned but not used by other companies. Sometimes, partnerships cannot be realigned because one company is reluctant. Such problems are not unique to the UK continental shelf, but it is unacceptable that it seems to take so long to reach agreement and negotiate the necessary deals. One executive told me recently that what takes 30 days to sort out in Canada or the Gulf of Mexico can take 30 months here.

The Government cannot let the UK's assets be wasted or not fully and efficiently exploited because of commercial interests or lack of interest. Our licensing and regulatory regime suited the earlier years of regular, substantial discoveries, but it is not so appropriate to today's circumstances. We have already had one voluntary code of practice on infrastructure access, which did not work, and another is being negotiated. Will the terms be tougher? Will they be adhered to? Will the new code be any better than its predecessor? Is it taking too long to draw up? It certainly is. New developments need to be taken forward before the existing infrastructure is decommissioned or shut down.

The point is that oil and gas is not running out, but time is. Those who do not use assets must give way to those who will use them, and the Department of Trade and Industry must use its powers to determine price disputes between companies. We must ensure that all assets are made available in one form or another to those best able and willing to invest in and make maximum use of them.

I will say something about fiscal measures; it is Budget day, after all. Last year, the Treasury undertook a major consultation on low levels of activity, involving unprecedented engagement with the industry. The problem was that it was difficult to get a unified view, except that what seemed to be on offer from the Treasury would not make a difference. Unsurprisingly, that view did not appear in the pre-Budget report.

There still does not appear to be much unity of view between companies investing a high proportion and those investing a low proportion of their returns in the North sea. However, we need a fiscal regime that encourages movement from so-called harvesting towards investment in exploration and development. Could that be done at no cost to the Treasury, and without unwanted consequences? I do not know. We have to accept that there are marginal fields that are not economic to develop under the present fiscal regime, but it is obvious that it will be difficult to persuade the Treasury to give anything away unless the industry changes the culture on non-fiscal matters that are preventing the maximisation of hydrocarbon recovery. We have only a two or three-year window to get this right; otherwise, we may enter a decline that it might not be easy to arrest.

There is another reason why we need to act quickly. Our oil and gas industries have an important role to play in wider energy policy relating to our obligation to meet targets on emissions of CO_2: carbon capture and storage, and enhanced oil recovery. The idea is to capture the CO_2 emitted from gas and coal-fired power

[Mr. Bob Blizzard]

stations fitted with special equipment, pipe it under the sea and bury it by injecting it into oil reservoirs that are nearing the end of their lives. The effect of that will be to enhance the oil and squeeze out more of it—a new chapter in maximising the recovery of valuable assets.

We know that that is technically achievable, and I am grateful to Dr. John Gibbins of Imperial College for the information that he has provided. However, the bigger prize is near-zero emissions in electricity generation. The technology would provide the legal and lower-cost storage that we need for the first few decades, and could maintain and extend the necessary infrastructure for long-term storage for hundreds of years, using aquifers deep beneath the floor of the North sea.

Why do we need that? If we consider the electricity projections to 2020, we see a substantial rise in consumption. Even if we reach the target of 20 per cent. generation from renewables—and there must be some doubt about that—given the reduction in generation from retiring nuclear power stations, the overall projection is that zero-emission generation in the UK will not increase significantly between 2010 and 2020. Therefore, there will be insufficient reduction in CO_2 to meet our stated targets, including the target of a 60 per cent. cut in carbon emissions by 2050.

Unless we go down the road of carbon capture and storage, the only answer will be to create another generation of nuclear power stations. Whatever one thinks of nuclear power, a new generation of such stations would present political problems. In any case, it would be sensible to have another option; we may need both. Carbon capture and storage is the only other option. That is why we must move forward with that and with enhanced oil recovery, as detailed in last year's energy White Paper, which recognised the strong case for both and set up a study.

I understand that the DTI is about to publish the report. I imagine that it will state that the market will not deliver carbon capture and storage and enhanced oil recovery, and that oil industry revenues will be too low and too long-term under simple market conditions to deliver them. Their delivery would therefore require some strategic priority from the Government, but so would nuclear build, and that might be even more expensive. If carbon capture and storage and enhanced oil recovery are to be an option, and because of the long lead-in times involved, we must move forward now. Even more crucially, if enhanced oil recovery is not started in the second decade of this century, oilfields will be closed and the opportunity lost for ever. Additional revenue from increased oil production will not then be available to offset carbon capture and storage electricity generation costs.

This is a great opportunity for the UK to take a global lead in these technologies, and to bring future economic success and jobs. The technology is also key to enabling developing countries to participate in CO_2 emissions reduction while still using their own resources for the economic and social development that they need and from which they will not want to turn away.

Time is of the essence. The key point that I want to make is that time is running out and that unless all stakeholders and the Government ensure that action is taken now, those great opportunities to maximise the recovery of our oil and gas reserves and to pursue new environmentally beneficial technology will be lost, and, along with them, jobs in parts of the country that really need them and much needed tax revenues and energy.

11.15 am

The Minister for Industry and the Regions (Jacqui Smith): I congratulate my hon. Friend the Member for Waveney (Mr. Blizzard) on initiating this debate, which is, as he said, a follow-up to the debate that was held last October and is part of his ongoing work to bring these issues to Parliament's attention, to put pressure—understandably—on Government, and to engage stakeholders more widely. He plays an important role in that. I hope that I can give him some encouragement not only about progress since October's debate, but about progress on initiatives that were instituted before then.

My hon. Friend is right that the energy White Paper, which was published just over a year ago, reaffirms our commitment to maintaining an active and successful oil and gas industry and to promoting the future development of the UK's oil and gas reserves. There are still huge quantities of oil and gas to be produced from under the North sea—potentially more than we have already produced. The Government are committed to working closely with industry, the oil companies and their supply chain to secure the best licensing, environmental and business frameworks to attract the investment activity that is needed to deliver that potential. We believe that, working together, we can explore and produce every economic drop of oil; but there is no room for complacency.

Through the PILOT process and the Government-industry oil and gas forum, we are making progress on providing the right incentives for continued and new investment from existing and new players. In particular, we are continuing enhancements to our licensing processes; considering ways to free up more fallow acreage; working to ensure third-party access to infrastructure on fair and reasonable terms; seeking continued improvement to commercial behaviours; pursuing further innovations; and working with industry to ensure that the UK supply chain remains competitive.

Mr. Stephen Byers (Tyneside, North) (Lab): I know that the Minister is aware of the importance of the offshore industry to employment and the manufacturing sector not only in the United Kingdom generally, but in the north-east of England specifically. We were particularly worried about the failure of AMEC to win the contract for the Buzzard development. In the light of that experience, will her Department reconsider the licensing regime to identify the ways in which it can benefit the UK offshore industry and secure British jobs in British yards?

Jacqui Smith: As I said, we constantly update the licensing regime to ensure that it encourages activity. I understand my right hon. Friend's disappointment about the case of AMEC, although the Buzzard field is directly sustaining around 1,000 jobs between Hartlepool and Scotland in companies that won contracts. I assure him that we shall continue to do what we can to support the UK energy industry supply chain

companies such as AMEC to help to build up their competitiveness. That is a key role of the DTI's oil and gas industry development directorate, which works with regional partners—not least in my right hon. Friend's constituency—to ensure that we are in the best possible position to take advantage of the activity that taking place.

The licensing regime must adapt to the changing commercial environment and bring about activity as quickly as possible. That is why, in the 21st offshore licensing round last year, we offered a new form of licence to attract new entrants. The promote licence was offered at a 10th of the cost of a traditional licence, and proved very popular. The response to that round was the best for years: 89 licences were awarded, including 53 promote licences. During last year's debate, my hon. Friend the Minister for Energy, E-Commerce and Postal Services mentioned the Prospect fair, which was a successful event that gave those awarded with promote licences an opportunity to inform industry and financiers of their plans for acreage and to attract investment. We are looking forward to seeing which of the promote licensees will be the first to deliver a firm drilling commitment. As regards progress since last October, earlier this month we announced the 22nd offshore licensing round, which makes available the largest number of blocks since the second round in 1965.

Mr. Frank Doran (Aberdeen, Central) (Lab): My right hon. Friend rightly points to the positive measures that the Government are introducing to encourage activity in the North sea. My hon. Friend the Member for Waveney (Mr. Blizzard) made a powerful speech setting out the disincentives to activity, such as the difficulty in gaining access to infrastructure and the fact that several companies are holding on to acreage. Around 80 per cent. of explorable acreage in the North sea is held by just half a dozen companies, which are investing elsewhere in the world while queues of new entrants are desperate to get access to that acreage. Are the Government addressing that problem?

Jacqui Smith: My hon. Friend has made that case strongly before. The 22nd round adds to promote licences the new frontier licences, which allow companies to apply for relatively large amounts of acreage at reduced cost. That will allow more time for exploration and development, reflecting the additional technical challenges, especially in the Atlantic margin west of the Shetland islands. The change in the licensing regime will help to promote the introduction of new entrants and activity that my hon. Friends the Member for Waveney and for Aberdeen, Central (Mr. Doran) have called for.

There is no doubt that we need to encourage more exploration activity. In 2003, there was a small increase in the number of exploration and appraisal wells drilled in the UK, although if one scans back over the past decade it is clear that the number is still relatively small. Nevertheless, there are some encouraging signs—for example, the recent drilling success of new entrant Oilexco on the Brenda prospect, where good quantities of oil appear to be present. That acreage was specifically identified by the DTI, and it was promoted and awarded in the 20th offshore licensing round in 2002. That is good news for the UK continental shelf. It gives us confidence that there is sufficient untapped potential to encourage experienced players from overseas and that that can be done within two years.

Mr. Alex Salmond (Banff and Buchan) (SNP): Will the Minister give way?

Jacqui Smith: Yes, but hon. Members must recognise that giving way limits what I can say.

Mr. Salmond: The Minister said that good things are happening, and I accept that there are encouraging signs. I agree with the hon. Member for Waveney that there is huge untapped potential and little sign of firm action to release the substantial amount of fallow acreage. What more does the Department intend to do to secure the release of that fallow acreage and to get the exploration figures to a more reasonable level?

Jacqui Smith: I was coming to that. Early indications are that more exploration and appraisal wells need to be drilled in 2004 than last year. Certain fiscal measures, especially the tax change, are designed to stimulate exploration activity in the North sea by companies without current taxable income. The exploration expenditure supplement will increase the amount of exploration and appraisal expenditure that can be carried from one accounting period to the next for a maximum of six years. It is important to set the right climate for investment, and that is what we are doing.

Several hon. Members referred to fallow blocks. We have continued to push hard in dealing with that. For example, 151 fallow blocks are identified on the DTI's oil and gas website, including 109 blocks that were added to the list this January. They must have significant activity planned within one year of being put on the website, or be relinquished. In addition, there are 83 fallow discoveries, including 17 that were added to the list in January, for which a licensee or third party has two years from publication to come forward with plans for significant activity. That drives precisely the kind of emphasis on action on fallow blocks for which hon. Members have argued. In fact, since the PILOT process began in 2002, eight exploration or appraisal wells have been drilled on those blocks. As a result, three new fields are being developed and two other wells have been announced as discoveries. Since 2002, 10 discoveries are no longer fallow because they have had new dedicated seismic, and a further eight discoveries have had appraisal drilling. Thirteen discoveries are no longer fallow because they are included in development plans approved by the DTI or are part of fields now in production.

Despite those outcomes, there is no room for complacency. We will continue to work with the industry to push for even more acreage to be made available. We have taken action to ensure that there can be no more inactivity on licences. All new standard licences issued now have a shorter overall term to ensure that new acreage that is acquired but not worked on is handed back and made available for others to exploit.

On infrastructure, the key issues relate to perceptions about access and the time that it takes for some deals to go through on the UK continental shelf. I am pleased

[Jacqui Smith]

that the industry has been fully engaged in discussions on that and has reached an agreement to take forward measures to allow the Government to intervene in cases in which commercial negotiations are stagnating. That is a response to concerns that were raised in the previous debate about the unwillingness of those suffering to come forward to complain; it establishes a process for such intervention. That consensus was reached last October, and detailed implementation of the infrastructure work group is progressing well.

In terms of commercial practices, last year the industry signed up to the master deed agreement. The commercial code of practice is also relevant. The DTI and the United Kingdom Offshore Operators Association—UKOOA—are pulling in the results of a code of practice survey for 2003 and intend to report to PILOT in the coming months on trends and industry performance. Action is therefore under way on ensuring access to infrastructure. Work is also being undertaken on the great potential for additional production in our brownfields. The PILOT brownfield work group published its second brownfield benchmarking studies in 2003.

We already have good examples of the industry's commitment not to miss out. UK independents are making significant investments. Those include Paladin; Energy North Sea's recent plans for the Montrose and Arbroath fields, where substantial drilling contracts have just been awarded; and Venture's acquisition, with Dana, of the Kittiwake fields.

More generally, at this stage in the life of the UKCS, a wide spectrum of companies—existing and new players, large, medium and small—must be involved if we are fully to exploit all the opportunities. I have explained how we are making progress through the licensing process and action on access to infrastructure.

My hon. Friend the Member for Waveney asked about CO_2 capture and storage. We are aware of the benefits that carbon capture and storage could provide in contributing to our energy White Paper target. Indeed, we recently undertook two studies of the feasibilities of those technologies and concluded that, in time, they could assist us in meeting that target, although in the longer term—beyond 2020. The first study investigated the feasibility of carbon capture and storage; the second considered the possibility of using CO_2 for enhancing the recovery of oil from our depleting oil fields as a lead-in to CO_2 storage by enabling an infrastructure to be developed. We are about to publish that second report.

Meanwhile, we are developing a carbon abatement technology programme that will provide a basis for a strategy for the use of fossil fuels for power generation. We plan to publish that strategy towards the end of the year. We also have an ongoing research programme—the sustainable hydrocarbons additional recovery programme—that is specifically targeted at identifying areas in the North sea where improved oil recovery techniques might be applied.

There is still a great deal to do. Industry, too, recognises the need for change. Only recently, Alan Booth, Managing Director of EnCana (UK) Ltd., outlined a number of areas in which industry must quickly adopt new approaches if it is to ensure that it gets the full benefits of what the North sea has to offer. This year, PILOT and the Government will focus on concluding the new procedures that will improve third-party access to infrastructure and on finding ways to enhance oil and gas recovery from brownfields. We know that the production gap exists, but the UKCS is still thriving and we are committed to working with the industry to overcome production barriers and to find innovative solutions for the future.

11.30 am

Sitting suspended until Two o'clock.

Prisoners (Mental Health)

2 pm

Mrs. Annette L. Brooke (Mid-Dorset and North Poole) (LD): We are here to discuss an important subject this afternoon, notwithstanding the alternative attractions: some people are listening to the speeches on the Budget, and others are talking to the media. I particularly wanted to have this discussion following the annual report of Her Majesty's chief inspector of prisons for England and Wales for 2002–03. I tabled an early-day motion earlier this year welcoming the report, but also calling for an urgent review of how those with mental illnesses are treated.

Hon. Members will almost certainly have witnessed the sad results of girls self-harming in prison, and I have a tragic memory of visiting the special unit in Feltham young offenders institution for young men with severe mental health conditions. The dedication of the staff was impressive, but that memory stays with me. Prison suicides currently average two a week.

The chief inspector of prisons, Anne Owers, suggested that the most serious incidents of self-harm, as well as deaths in custody, should be the subject of official investigations. In her annual report she said that the inquiries should not only ensure that help is focused on suicidal inmates, but should identify inmates who are so mentally ill that they should not be in prison. She suggested that a new network of mental health units should be set up to provide support and treatment for hundreds of disturbed offenders who could be detained there instead of in prison, where overcrowding is having an insidious and chronic effect.

Today the prison population stands at more than 75,000. The vast majority of the men and women locked up in our jails have mental health problems. Recent research by the Office for National Statistics found that seven out of 10 prisoners suffer from two or more mental health disorders. In many cases those include problems with substance abuse. Therefore, as I speak, more than 50,000 people who are mentally ill are locked up in our jails. They are supported by staff who are dedicated, but are not always trained psychiatric nurses. Many are trying to do their best in very difficult circumstances. One prison officer recently told a national newspaper:

"We are no longer prison officers, we are mental health workers. We are enthusiastic, but we are only amateurs."

I do not like to call those people amateurs, because they are professionals, but they are not fully trained to deal with the full range of mental health problems.

First, there are the seriously and acutely mentally ill. Martin Narey, the head of the recently formed national offenders management service, which we were discussing this morning, says that at any one time there are some 5,000 prisoners who should be immediately transferred to secure psychiatric settings. It is difficult, verging on impossible, to provide the right kind of environment for those people in prisons. Prisons are not by their nature therapeutic environments, so they are not places where prisoners can be compulsorily treated. They deal with extremely disturbed people, and prison staff struggle, and do a terrific job, simply trying to contain the degree of illness and danger.

Compared with 10 or even five years ago, the transfer of prisoners who are sectioned under the Mental Health Act 1983 to secure NHS facilities is improving. It is usually possible to do it within three months of diagnosis. Even in those three months, a prisoner's circumstances can deteriorate dramatically. The situation is not as good as it should be. The chief inspector of prisons pointed out:

"The arrival of mental health in-reach teams in many prisons has been of benefit both to prisoners and staff, enabling those with chronic mental disorder to be better managed on the wings."

I do not wish to undermine the improvements that have been made and the excellent ongoing work. Today's debate is about what more can and should be done in our prisons.

In parts of the country in which mental health trusts are unable to find room, deeply troubled prisoners can remain festering in prison for many months, locked up for many hours and remaining a danger to themselves and to other prisoners and staff. Many seriously mentally ill prisoners are not sectioned because, as they suffer from personality disorders, they are not considered to be treatable. A staggering 64 per cent. of male and 50 per cent. of female sentenced prisoners have a personality disorder. They are not always being accepted into mental health institutions, and those that are will sometimes be returned to prisons because they are too dangerous and difficult to deal with in special hospitals. Governors are reluctant to take those prisoners.

As is highlighted by Her Majesty's chief inspector of prisons, there is a policy in the Prison Service shockingly called "sale or return", whereby prisoners are sent by one governor to another on the understanding that if they misbehave, they will be returned. That is not the way in which we should deal with people who may be difficult but who have great needs and are usually damaged. A whole category of prisoners is on a merry-go-round, although "merry" is hardly the right word to use. They go from one prison to another for weeks at a time, usually to provide respite for prison staff. That does little to help them, but instead exacerbates their mental condition.

In a prison, disturbed men and women are often held away from the main wing, either in the health care unit or in special segregation units. As the independent monitoring board—the prison watchdog appointed by the Home Office—recently reported to the Home Secretary of Her Majesty's prison at High Down in Surrey:

"It is distressing to watch mentally ill men being shuttled between the segregation and health care units. Their condition is adversely affected by segregation, but their behaviour cannot be adequately managed in our standard prison health care unit."

There are also levels of mental disorder associated with substance abuse. I do not discount the advances made in recent years for prisoners with drug problems, but there is still a long way to go. The Government proudly tell us that more than 40,000 detoxifications take place across the Prison Service each year, but there are question marks over the quality of those detoxifications. How many of them took place in health care centres rather than on prison landings? How many detoxified prisoners received follow-up, and of what kind?

[Mrs. Annette L. Brooke]

The Home Office also says that more than 40,000 initial assessments were made last year under the CARAT programme for prisoners with drug problems. But how many of those initial assessments led to the full process of counselling, assessment, referral, advice and through-care? I do not underestimate the extent of what I am identifying and I realise that it cannot be solved overnight, but it is right to outline the whole situation.

How many prisoners complete treatment and rehabilitation programmes? How many prisoners have access to treatment and support services on release, and with what delay? Is there any information about the number of prisoners with dual diagnosis, and what co-ordinated Prison Service provisions address their needs? Those questions are all being asked by prison reform groups such as the Prison Reform Trust, but the Home Office has not provided satisfactory answers—perhaps the Minister will be able to help today.

The situation is compounded by the severe overcrowding in jails across the country. According to the Prison Reform Trust, 85 of the 138 jails in England and Wales are overcrowded and more than 16,500 prisoners have to double up in cells designed for one person. The large local jails up and down the country have in effect become vast transit camps, where tens of thousands of prisoners are processed each year. There is a danger, because the system is so overstretched, that staff will fail to identify and monitor vulnerable and the mentally unstable prisoners.

We are already seeing the consequences of cramming mentally ill people into overcrowded jails. Incidents of self-harm among prisoners have increased fivefold since 1998. Last year, there were 17,300 such incidents recorded. Among female prisoners the level of self-harm is particularly alarming. A far higher proportion of women injure themselves repeatedly. Many of them will have suffered domestic violence and sexual abuse. For them, and for the many desperate men in our prisons, self-harm is a way to release their mental pain. As one former prisoner wrote in a recent report by the Prison Reform Trust:

"During the two-and-a-half years of my incarceration I was to discover the depths of despair one can fall into, believing I was losing my mind, believing I was dead, believing I was buried alive, believing I would never be free. I learnt about self-harm, physically and emotionally, I learnt how to survive, yet at the same time how it feels to want to die every day . . . Prison is not a place for the mentally ill and too many . . . are there already that should not be."

In her annual report, Anne Owers says:

"Women in prison are at ever greater risk of suicide and self-harm. There were 14 self-inflicted deaths this year, and six of them occurred within the first eight days in prison . . . This places local prisons, which receive women directly from the courts, in the front line. The key elements they need to have in place are effective strategies on self-harm and bullying, effective detoxification, proper mental health support and a sufficiently active regime. None of the three local prisons that we reported on this year met all these requirements; though between them they showed that it is possible to have effective practice in all these areas."

Although there were many worrying statements in the annual report, there was some light. There are those pockets of good practice—if only we could spread them more.

The chief inspector goes on to say:

"Proper detoxification is a key part of safer custody. Holloway had extremely good detoxification, which we say should be a model of good practice. But sadly it is not a model that is followed elsewhere. In our inspection of Styal, we found that inadequate detoxification severely affected women's physical and mental health and future chances. We noted that the Governor's two bids for additional resources for detoxification had been rejected. Our report was unequivocal: 'Our strongest recommendation is that drug detoxification programmes should be introduced immediately'. It is inexcusable, that, 18 months after our inspection, this was still not the case and, in the interim, six women drug users had died there within a month of admission . . . Styal had no proper detoxification unit. We describe women, in their early days there, fitting and vomiting in their cells, with staff unable to do more than observe and try to alleviate their distress. This had profound and damaging effects, both on women's safety and on their chance of effective education and training."

We have recently heard that the successful therapeutic project at Winchester is to be uprooted and transferred to Her Majesty's prison Send as part of emergency plans to find extra spaces and avoid holding male prisoners in police cells. That rushed plan is surely a symptom of the crisis in the Prison Service. It is difficult to imagine that those vulnerable women will not be affected by the move. The overcrowding crisis is now so great that the Government perpetually seem to be running behind the problems.

I welcome the strategy for women prisoners, which was announced on the same day as the announcement about moving the special unit at Winchester. It has long been argued that women prisoners need different treatment, and it is a sad reflection on society that the number of women prisoners has increased by 173 per cent. in the last 10 years. Their sentences may be short but the women are very vulnerable, and it is a problem for them to be located far away from their homes and families. About 50 per cent. of women are more than 50 miles from their families, and a quarter are more than 100 miles away. There are different circumstances, but it is worrying that women are receiving more severe sentences than they would have been given a decade ago for the same offences.

We must get the right message across about sentencing policy. I am not convinced that the Government always give clear signals to the justice system. There are many good schemes in the Criminal Justice Act 2003: more community service, custody plus, custody minus, and intermittent jail sentences. However, women are still going to prison when other settings would be more appropriate.

Research by Young Minds concludes that more than 1 million children have a mental disorder and half of all children who have been involved with the police have a mental disorder. That is not to say that all children with a mental disorder offend, but it is important to expand children's mental health services rapidly as a preventive strategy to help to such vulnerable children.

I welcome the fact that the Government have invested heavily in child and adolescent mental health services. We might speculate that some of the problems that we face might not be quite so desperate if that investment had been made earlier. In my former life as a councillor, I was frequently frustrated by the lack of money for children's mental health; although the Government have done an enormous amount, there is much more to be done. I am straying from Home Office to health

issues, but one reason why I wanted this debate was because we need joined-up thinking to tackle the issue from all sides.

Why have prisons become dumping grounds for the mentally ill? The answer is simple: according to the mental health charity Mind, 50,000 psychiatric beds have been lost over 20 years. There is nowhere for people to go when they have a mental breakdown, and that often leads to prison for people who commit minor offences. The courts are remanding increasing numbers of mentally ill offenders in custody to await pre-sentence psychiatric reports, because there are not sufficient places available in bail hostels.

In addition, there is a shortage of court diversion schemes so that offenders who are acutely ill or at risk of suicide can be given hospital places or the treatment they need. The solution in these tragic circumstances is not to turn prisons into treatment centres on the cheap; the solution lies outside the criminal justice system.

So much offending by mentally ill people is really a public health, rather than a criminal justice, issue. The problem will certainly not be solved by cramming more people into jails or by investing in another prison building programme, as it costs £36,500 a year to keep a person behind bars. The solution is to provide more services for mental health care, drug treatment, court diversion, and mental health support and supervision centres throughout the country. With that investment, surely we could find the money for the treatment that our mentally ill people need? Why should we continually throw so much money at our prison system, when the more prisons we build, the more demands to send people to jail fill the tabloids? Does the Minister accept that we must invest to save not only money but people, and their self-esteem?

The World Health Organisation has highlighted the link between access to physical education, work and the arts—all of which are restricted in prisons, especially at times of overcrowding—and mental health. We have had a lot of information about prisons in which the inmates are kept in their cells for up to 23 hours a day. That is all part of the crisis of a shortage of staff and space. We have a self-perpetuating crisis of overcrowded prisons, including the presence of prisoners with severe mental health conditions, who obviously absorb a lot of staff time; meanwhile, we are making the mental health conditions for other prisoners worse. That vicious circle must be broken.

I would like to see a clear strategy from the Government on mental health, because it is the biggest area that needs to be tackled to improve our Prison Service. We need genuine rehabilitation for those who offend, along with the punishment that is clearly needed for all offences—we accept that there must be longer prison sentences for those who have been involved in violent or sexual crimes. However, we also need good sense, because our prison system is not working. There might be small cuts here or there in reoffending, but I have not seen any figure of less than 50 per cent. for that, although there may have been large percentage reductions. There is a revolving-door phenomenon. When people go in through that door, those who may have entered without a mental health condition can develop one because of prison conditions. Worse still, those who should have hope in their lives are not receiving the education or support that they need, and they are not engaging in rehabilitation activities.

There is so much to be done. For those with severe mental health conditions and drug addictions, it is important to invest to ensure that there is total through-care. I hope that the Minister will tell us about both the short-term plans, which I hope are not just quick fixes, and the long-term strategy, because we have a real crisis. There are already tragedies of suicide and violence in prisons, and it will not be much longer before there is a bigger tragedy. We need action and a long-term strategy that will address the problems that I have outlined today.

2.24 pm

Mr. Paul Marsden (Shrewsbury and Atcham) (LD): I congratulate my hon. Friend the Member for Mid-Dorset and North Poole (Mrs. Brooke) on securing this debate. I realise that an interesting debate on the Budget is taking place in the main Chamber, but it is still disappointing that so few Members are present in this Chamber.

As my hon. Friend said, the problem of mental health in prisons is avoidable and can be resolved. We are talking about some of the most vulnerable people in our society. I have often found on my travels that people who have been in prison have also been homeless or have experienced all sorts of suffering in socially deprived areas. They are people with a lot of baggage. We need to find ways to help that hardcore group of people. They have problems—and, to be honest, many of them create problems, too. Mental health services have been neglected for many years, and it is to the Government's credit that they have put their money where their mouth is and begun to address the problem that they inherited.

There is a pitiful lack of resources for helping people with mental health problems inside prisons. I remember going to Shrewsbury prison, where excellent staff attention is given to looking out for the obvious problems of the prisoners who go quiet and do not express themselves, and for those with a background of mental health problems. It also has a good counselling room, where staff can try to talk to prisoners. However, the fact remains that there are too many people in prison who should not be there.

The statistics alone are worrying, and even they belie the real truth of the heartache—the details of the cases behind the numbers. None the less, they show that in 1992 there were 41 self-inflicted deaths in our prisons, and that by 1997 there were 68; the latest available annual figure is 94. The Minister will probably say that the number of people in prison has dramatically increased for a variety of reasons, and that is right; in 1992 there were 45,817 people in our prisons on average, and the latest figure is 74,960. However, if the proportion is worked out on a pro rata basis—per 100,000 prison population, let us say—there has still been an increase: the latest statistics say that 125 people per 100,000 in the prison population commit suicide, but in 1997 that figure was 111, and in 1992 it was 89. The trend is going up, over and above any increase in the prison population. People in British prisons are now 13 times more likely to commit suicide than people in the outside world.

[Mr. Paul Marsden]

Something is seriously wrong. There is a breakdown in the way in which our overstretched public services are dealing with this issue, because at the same time the statistics in the wider community are getting better. The Government and the Minister can rightly take credit for that. Extra resources are going into the wider mental health services and the suicide rate is decreasing; it has come down from almost 11 per 100,000 to about nine. That is good.

However, although resources are being spent and that is creating some success, not enough is being done. On 9 February, *The Guardian* reported:

"Incidents of self-harm among prisoners in England and Wales have increased fivefold since 1998".

Those new figures were revealed in response to a parliamentary question from Lord Lester, QC. The annual report of HM chief inspector of prisons for England and Wales 2002–03 states:

"Mental health continues to be a major problem in prisons, with a large number of prisoners who have either acute or chronic mental disorders. We have noticed some improvement in moving seriously mentally ill patients to NHS care".

The Government were right to do that. The report continues:

"Nevertheless, three months"—

the target time for assessment—

"is a long time for prisons to hold seriously ill, often potentially violent, prisoners that they cannot treat and who deteriorate visibly. The regimes available in healthcare centres rarely provided the support and stimulation that such patients need."

Likewise, on 9 February in *The Birmingham Post*, Professor David Wilson of the university of Central England said:

"Prisons seem to be for the homeless, people with social problems and the excluded. It is a disgrace to our nation. They are for locking people up, not treating people with mental problems, no matter how many times they offend."

He warned that if prisons continued to house the mentally ill they would lose the public's respect, and I think that he is right.

My hon. Friend mentioned problems at Styal prison in Cheshire. Five of the six women who died there last year were in the induction wing, which was found to be "isolating and forbidding". There was inadequate provision for mental health treatment and there were inadequate facilities for dealing with drug-dependent prisoners. I am sure that the Minister will say that action is being taken on that, and that there will be extra resources. Nevertheless, surely we have to change the procedures and expand capacity—possibly in the community, certainly in secure mental health hospitals—to make sure that such people, who should be treated, do not constantly go in and out of prison. That is counter-productive in every way.

The present situation produces many problems on the streets, as I saw recently when I spent an evening on patrol with special constables in Shrewsbury. I was with them between half-past 5 in the evening until half-past 11, when they finished the patrol, and the first four call-outs were all to deal with problems on the streets caused by people with mental health problems who were known to the police.

The policemen told me that in each case, all they could do was to calm the people down and move them on; there was simply no provision for getting mental health workers out in the evening. The police pointed out two individuals who had criminal records and who had previously been to prison. It is only right and proper that we make those responsible for crimes and for their actions to pay for their actions, but there are clearly too many people on our streets and in our prisons who are not necessarily responsible. Prison is the wrong place to send them.

Finally, the Prison Reform Trust has said:

"One in five men in prison, and nearly 40 per cent. of women, have attempted suicide at some time—rates that are much higher than in the general public. At some stage in their sentence most prisoners are going to experience personal distress, mental health problems, drug dependency or a lack of family support—all factors which increase the risk of suicide."

With almost two people a week now committing suicide in our prisons, it is time that this terrible tragedy came to an end.

2.33 pm

Mr. Mark Oaten (Winchester) (LD): I, too, congratulate my hon. Friend the Member for Mid-Dorset and North Poole (Mrs. Brooke) on securing the debate. Often prisons and matters to do with mental health are seen as a Cinderella issue. However, this debate is not the only one we have had today; it follows the debate this morning on the soon-to-be-established national offenders management service. That debate set the background for the new structure that the Government are putting in place, and I hope that the Minister will make it clear that one urgent priority for that new system will be to address some of the issues that my hon. Friend has raised; the two subjects work closely alongside each other.

My hon. Friend was right to focus on some of the figures involved. There are 5,000 individuals with serious mental health issues in prison, whom all the professionals recognise should not be in prison. Beyond those 5,000, there are a considerable number—seven out of 10 prisoners—who have some form of mental illness. Those are damning figures indeed.

My hon. Friend mentioned what took place at Feltham some time ago. I visited Feltham a couple of weeks ago and I would like to put on record the enormous progress that has been made at that institution. I was extremely impressed with what I saw—the dedication of the staff and the way in which they have turned round an organisation that had the problems to which my hon. Friend referred. The institution—touch wood—now has a regime that has calmed things down and is making enormous progress. I was extremely impressed with the work that they do there.

My hon. Friend made a damning point about the cost of keeping individuals in prison: £350 a night. Imagine how that money could be invested in tackling mental health problems. It is a very large sum. If we could put all that into solving some of the problems that she mentioned, that would surely be better value for money.

I also thank my hon. Friend the Member for Shrewsbury and Atcham (Mr. Marsden) for his contribution, in which he made three or four telling

points. He drew attention to the increases in the prison population, and mentioned an extremely damning figure, which I had not heard before: people in prison are 13 times more likely to commit suicide than those outside. One would have thought that people would be less likely to commit suicide in a secure institution, and that they would be secured from that vulnerability and put into a system that would make them safer. It is an absolute disgrace that they are 13 times more likely to commit suicide.

I concur entirely with my hon. Friend about the experience of going out with the police on a Friday or Saturday night. I did that in my constituency too, and it was amazing how the police knew the names of all the individuals. Sometimes they even knew the medication that some of them should be taking, and were asking them whether they had taken it. On the streets on a Friday or Saturday night, the police were almost like mental health experts themselves. Without that knowledge, people can often misinterpret behaviour, not understanding that there is a mental health reason behind it. One can easily see how such disturbing behaviour can lead individuals into prison. My hon. Friend was right to raise that concern.

The background to this debate, as has been said, is the increasing prison population. I do not want to go into the issues behind that, other than to put on the record the fact that we are heading towards a crisis. We know that the Government are trying to juggle the figures every week, to avoid police cells having to be used to cope with the numbers involved. Something must be done in the system to tackle the growing numbers of folk in prison, as prison cannot do the job that we would all like it to do. The problem manifests itself in move away from the concept of a community prison to prisons that have no connection with the community in which the prisoners are held. Prisoners are always being moved up and down the country.

My hon. Friend the Member for Mid-Dorset and North Poole raised the case of my own constituency prison, Winchester, where the decision has recently been taken to close the women's prison and to move the therapeutic community experiment that was taking place there—the only experiment of its kind in Europe. I have visited it, and the concept of giving the prisoners some responsibility is exciting. They set their daily timetable and consider the prison's agenda and the tasks that take place there. Most importantly, individual prisoners start to have some responsibility for how their lives are run. Such issues are all too often taken out of their control when they go into an institution, and when they leave prison, not having had responsibility for themselves can cause great problems.

That is excellent work; I acknowledge that the Minister has been helpful in keeping me posted on the issue, and I do not criticise him for his communications. He has reassured me that the unit will move to a different location, and stay together as much as possible. He recognises, as I do, the importance of keeping as many of the women and staff that started the experiment together when they move. When he responds, perhaps he will be able to update me on negotiations with staff, as we obviously want to persuade the staff who are taking part in the experiment to relocate, at least in the short term, to keep it going. However, the point remains that moving prisoners around the country like that cannot be good for the purposes that prison is supposed to serve.

The debate is not about prison and reoffending, but something is wrong with a system that allows 87 per cent. of 18 to 21-year-olds to reoffend. It is a national scandal that 87 per cent. of the individuals in that captive audience come out and commit a crime again. The figure is 57 per cent. for the rest of the prison population—something is clearly going wrong.

We cannot debate education and training today, but we must do more to ensure that individuals leave prison with the ability to read and write, and the skills to get a job. However, none of that can happen while the size of the prison population is going out of control and the staff are under increasing pressure. The prison officers to whom I speak about issues related to prisoners with mental health say, "Frankly, Mark, it's enough for us to be able to get through the day, to make sure the prison is secure and that we don't have riots or other serious incidents on our hands. Don't talk to us about prisoners with mental health or health problems, or about trying to get more education and training. That's an ideal that we could move towards, but we're trying to survive from day to day."

Others have rightly mentioned the chief inspector of prisons' report—the language used by the inspector is strong, and I am glad that she took some trouble to raise concerns about the mental health of prisoners. I will quote one example that the inspector gave in connection with my local prison. About mental health problems at Winchester prison, the report says:

"Patients had a very impoverished day, with very little activity: only out of their rooms for two to three hours at most on many days. Disturbed young men should have some space and human contact."

The conditions in which we hold ordinary prisoners—who often stay in their cells for 23 hours a day—are unacceptable, but those conditions are particularly acute for prisoners who have mental health problems. If someone is in that sort of environment without contact, without exercise or sport or anything purposeful to do, that will not help with the condition that they had when they entered prison. Indeed, it is likely to make that condition worse.

The inspector discussed some examples of good practice, and the mental health inreach teams that have been put in place in several prisons. Could the Minister give us an update on the progress in establishing those teams? How many are there, and what sort of progress is being made putting them into as many prisons as possible? Those teams have a role to play in solving the problem.

The inspector also raised the question of assessment, and the importance of ensuring that when someone arrives in prison an assessment takes place quickly. The target is that the assessment should take place within three months. As my hon. Friend the Member for Shrewsbury and Atcham said, that is not a particularly effective target, because someone in that condition should not have to go for three months without any proper assessment.

However, I want to draw the Minister's attention to an assessment that should happen even before that—the one that happens to a prisoner in the first five or six

[Mr. Mark Oaten]

hours after they arrive at the prison. I am extremely concerned that the assessment procedure for a prisoner who has just arrived remains inadequate. That is not necessarily the fault of the Prison Service; it may be the fault of the back-up system. If someone arrives at a prison, it is important that medical notes and any case history or doctor's evidence are made available as soon as possible. I know that in some of the cases of suicide that occur in prisons, which often happen in the first 24 hours, that crucial back-up information has not been made known to the prison. I hope that the Minister can tell us what can be done to improve not the three-month assessment of prisoners' mental health needs, which is more complicated, but the assessment within 24 hours, so that any indications on a medical note or a doctor's note that there could be mental health problems are spotted quickly. We know that those first 24 hours are critical.

My hon. Friend the Member for Mid-Dorset and North Poole mentioned the work of the children's charity Young Minds. In a briefing that Young Minds gave to a number of MPs a couple of days ago, it said that some 95 per cent. of young prisoners have a mental health disorder. It seems that among young prisoners and young offenders, problems with mental health are more acute. I hope that the Minister will acknowledge that and will see what can be done for those particularly vulnerable groups.

Both my hon. Friends mentioned suicide figures and self-harm, and I do not wish to rehearse those issues. However, there is another set of figures that I am concerned about: those to do with attempted suicide. The Minister gave me an answer to a question on that issue a couple of Mondays ago. We know that suicide and self-harm rates are increasing in prisons, but I was concerned to find that in 2002, some 154 prisoners were resuscitated. That means that they were in such a vulnerable state that they were trying to commit suicide. Last year, 211 prisoners were resuscitated. Those figures are alarming: they could so easily have added to the suicide rate.

Obviously, the good news is that those people were resuscitated. Fortunately, something happened in the system to prevent them from committing suicide when they were so close to doing so. The bad news is that we need to look at the self-harm, suicide and resuscitation figures as a whole, and they show that there is an increasing problem with suicides and the threat of suicides in prison. In response to my question, the Minister said that there was a three-year programme to develop policies and practices designed to reduce prisoner suicide and manage self-harm in prisons. He said that the results of that programme and research would inform future suicide prevention and self-harm management strategy. Will he let me know when that three-year programme is due to conclude, and what early indications he has received of the kind of programmes that the Government will put in place following that?

I have a final question about mental health in prison, relating to the practice of DNA testing people in prison. I understand that the Government's policy involved a prisoner DNA sampling exercise. That took place between February and September 2003. The aim was to take a DNA sample from all convicted offenders held in prison or mental health establishments. I am slightly concerned, and wanted reassurance, about the way in which DNA tests are carried out on those with mental health problems. I understand that people held in mental hospitals who have been found unfit to plead or have been acquitted of an offence on grounds of insanity are also included in the DNA testing process. Will the Minister run the rationale for that past the House, and give us reassurance about exactly how the process takes place? Obviously, that is a sensitive issue, given that those concerned have been found unfit or insane.

What is the way forward? I think that we should start to recognise that prison is not like hospital. If a person is ill and has something wrong with them, and they go to hospital, something happens in hospital to put that right; they go into a bed, have drugs or an operation, and come out better. In contrast, if a person goes to prison, although something is wrong with them, nothing happens to them in prison to put it right. That is the opposite of the way in which the hospital service works. People stay in prison and do not come out—and when they do come out, unfortunately, a large majority of them are not better, and have to go straight back to prison.

Is it not our aim that the philosophy and principles that apply to the treatment of those going into hospital should also apply to those going into prison? That must be the overarching aim towards which the Government should move. However, they also need to recognise that prison may not be the most appropriate place to deal with those with mental health problems. That means moving towards more community prisons, so that those with mental health problems are near local services, and perhaps family back-up and support, which can be invaluable. That is better than family and relatives having to travel miles to visit such people. It also means reducing overcrowding in prisons, and giving prison staff responsibility and more space, so that they can look after those with mental health issues and get involved with those problems.

That approach means understanding why people with mental health problems are sentenced in such a way. Most importantly of all, it means understanding why those with mental health problems are committing the crimes that lead to sentencing. I accept that that goes way beyond the Minister's remit and involves general cross-cutting policy. Surely at the heart of the issue is the need to understand why people with such problems get into the crime culture in the first place. I am grateful to my hon. Friend the Member for Mid-Dorset and North Poole for raising this important issue, and I hope that the Minister can tackle some of the points raised and find a positive way forward.

2.50 pm

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): I add my congratulations to the hon. Member for Mid-Dorset and North Poole (Mrs. Brooke) on raising this debate. The Minister and I have spent a considerable amount of time in this Chamber today. This is our second debate, this morning's having been on the national offender management service, and the two subjects are interrelated. Indeed, we could have run one debate into the other, which would have given us a welcome opportunity to consider all the relevant issues.

I, too, am sad that there is such a dearth of Members in this Chamber today, but as you know, Mr. Deputy Speaker, there are other attractions today in the main Chamber. Some of us have not even managed to have our lunch yet, as we have been running between the two Chambers. Sometimes I wonder whether Westminster Hall could not be re-timetabled to allow us to have some normality in our lives.

The subject chosen by the hon. Lady is not glamorous or often highlighted, as it almost seems taboo to discuss mental health. However, one in four people will suffer with mental health problems at some stage in their lives, so everyone in this Chamber will know someone—a friend, relative or colleague—who has had mental health problems, whether in their early or their later years.

Mental health issues cover a broad spectrum, from post-natal depression to psychotic behaviour and from Alzheimer's to schizophrenia, so we are talking about the full range of illness. Whatever incidence is found in society at large, it is concentrated in the prison population, and whereas once we hid our mentally ill in asylums, we now find them in our prisons.

The Minister will be familiar with the Prison Reform Trust, as it does such sterling work in this area. It provides us with some grim statistics, which possibly need some updating—I hope that Minister will be able to fill in the gaps. Most prisoners have significant mental health problems, and some 72 per cent. of male and 70 per cent. of female sentenced prisoners suffer from two or more mental health disorders. Neurotic and personality disorders are particularly prevalent: some 40 per cent. of male and 63 per cent. of female sentenced prisoners have a neurotic disorder, which is more than three times the general population. Some 64 per cent. of male and 50 per cent. of female sentenced prisoners have a personality disorder.

I want also to consider the position of older prisoners, as 85 per cent. of prisoners over 60 suffer from chronic illness, and I hope that the Minister can shed some light on how many prisoners currently in custody suffer from Alzheimer's or other debilitating diseases that generally affect people later in life. A significant number of prisoners suffer from a psychotic disorder—7 per cent. of male and 14 per cent. of female prisoners exhibit signs of one, which is 14 to 23 times the level in the general population.

Other hon. Members have spoken about the increase in reported incidents of self-harm among prisoners and the alarming statistics on prisoner suicides. I understand that there have been 27 suicides in our prison system already this year. I hope that the Minister will comment about the change in how suicides are investigated, as they will soon be investigated by the prisons ombudsman. It would be helpful to know whether, in the course of those investigations, the ombudsman will consider the mental health of the deceased and the treatment that they received, or did not receive, when they entered the prison system. That is a sensitive and painful subject for the families of those who have committed suicide, but we may be able to learn some lessons and adjust our practices and procedures in the prison system to ensure that more prisoners do not lose their lives.

A high proportion of prisoners have been treated in psychiatric hospitals. Some 20 per cent. of male and 15 per cent. of female sentenced prisoners have previously been admitted for in-patient psychiatric care. The Prison Reform Trust has done some work on the female prison population, and as many as 40 per cent. of the women whom they interviewed reported having received help or treatment for mental, nervous, or emotional problems in the year before going to prison. There must be some early indicators that we may be missing.

I hope that that sort of information will inform the way in which we handle women in the prison system. There is no doubt that there has been a vast increase in women going to prison. That must be considered closely, because if women are imprisoned there are tremendous social on-costs and implications, particularly if they have families. As we all know, if a woman in prison has a family, she loses her home and her children go into care, and a cycle is set up whereby the children, too, can end up in the criminal justice system. The Minister must reassure me, and others, that he will carefully consider the mental health issues as they apply to women.

There is another alarming statistic from the Prison Reform Trust, upon which I hope that the Minister will throw some light. Research suggests that people are twice as likely to be refused treatment for mental health problems in prison as outside. I understand that the Government's social exclusion unit concluded that mental health care in prisons was in significant need of improvement. That is an understatement, bearing in mind the number of prisoners who have been identified as suffering from significant mental health problems. If a high proportion—some 50 per cent.—are turned down when they ask for mental health treatment in prison, we have an even bigger problem than I thought.

There is a shortage of mental health professionals working in the prison system, as I think everybody would acknowledge. I acknowledge that progress is being made—certainly, that seems so from the answers to my questions to the Department of Health—and there are targets for increasing the number of mental health professionals in prisons, although I am not entirely convinced that those targets have been met, and that the numbers are fully up to the levels anticipated by the Department.

It is troubling to think that anyone who is mentally ill and has a brush with the law could find themselves in surroundings that are almost Dickensian and are certainly inadequate for the treatment that they require. I believe that I am right in saying that facilities often amount to little more than sick bays with limited primary care provision. The assessment of a prisoner on his or her arrival at prison typically takes just a few minutes, and is often conducted by a retired GP or a locum, who may not have specialist knowledge of mental health. The level of training of staff does not always match the complexity of the conditions with which prisoners present.

Earlier, I briefly met some of the representatives from the Salvation Army, which does some sterling work in this area. They look at a throughput of some 60,000 people and have identified the complexity of need. They

[Mrs. Cheryl Gillan]

are finding that some of their methods are helping to deal with the complex needs of mentally ill ex-prisoners and people still in custody.

The report from John Reed, the medical inspector at Her Majesty's inspectorate of prisons, states:

"A period in prison should present an opportunity to detect, diagnose, and treat mental illness in a population . . . hard to engage with NHS services. This could bring major benefits not only to patients but to the wider community by ensuring continuity of care and reducing the risk of re-offending on release."

The fact that that opportunity is not grasped is an indictment of the current system. In *Nursing Times* in 2000, John Reed said something that strikes horror in all our hearts: that many prisoners

"are quietly mad behind their cell door and are not getting any treatment. Care for mentally disordered offenders in prison is a disgrace."

That was written in 2000, but we still need to reform many areas of the Prison Service as a matter of urgency. Research is still required to determine the impact that the prison environment, and in particular, overcrowding, to which I referred in this morning's debate, have on mental health. As we have the luxury of more time in this debate, I hope that the Minister will update us on the latest figures for the prison population, which exceeds 75,000. As the Prison Service is in crisis in terms of numbers, will he tell us what arrangements have been made and how many police forces are on standby for Operation Safeguard? As the hon. Member for Winchester (Mr. Oaten) noted, the police have to take the overflow from the system, and that worries all hon. Members.

I was also worried to read "Securing Our Future Health: Taking a Long-Term View", the interim report by Derek Wanless. Part of that dealt with the costs of mental illness and the savings that could be made by introducing a better system, and it says:

"It is difficult to estimate the exact value of potential savings, but it does not seem unreasonable to assume that there might be a 5 per cent. reduction in the costs of mental illness and a 2 per cent. reduction in the costs of crime . . . giving a net saving across government as a whole of some £3.1 billion a year."

That may be so if the nettle is grasped and the problem dealt with as Derek Wanless recommends. What will the potential savings be if the system is improved, perhaps along the lines that the Minister started to explain this morning, but did not quite finish?

I appreciate that some progress has been made. I spoke to Steve Gannon at Holloway prison, where he has made great strides in the treatment of mentally ill prisoners over a very short period. He told me, and I believe it, that the inreach teams have made a big impact, mostly because they came in with a little money. Having resources attached to the inreach teams works wonders.

However, there are still tremendous difficulties. For example, it is difficult to allocate key workers to a prisoner, because prisoners are often moved around the country. Will the Minister comment on the reports that women prisoners are being moved out of Winchester and Edmunds Hill as we speak, because of overcrowding, so that male prisoners can be accommodated? How will those individuals receive the continuing support that is needed? If prisoners are moved around the country, they will be away from their home, friends and support systems. There is an obvious social dimension to mental illness, and if support systems are not accessible, the individuals involved are less likely to benefit from interventions, and the outcomes will be poorer.

I am also worried about the transfer of the responsibility for commissioning to primary care trusts. How will that fit in with the new structure of the national offender management service? Will that money be ring-fenced, or will it go to options that are more attractive to the PCTs than mental health in prisons? I hope that the Minister will reassure us about that, because I am thinking particularly about the pressure under which PCTs operate at the moment. Many of them are turning in deficit budgets. The transfer of responsibility and the dedication of that money is extremely important to improving the conditions of prisoners with mental health problems.

There appear to be limited resources to identify prisoners with learning difficulties. Those prisoners have a number of problems, and need to be identified at an early stage, not least for their own protection in some instances. What resources are available to identify them?

Starting a process is always difficult. I appreciate that there have been targets for the number of staff working in mental health teams in prisons, and a number of my questions have been answered. However, the nine-week basic training that prison officers receive is not only cursory, but almost wholly inadequate.

I am particularly worried about the lack of information on the treatment of mental health disorders in each prison establishment. I asked the Secretary of State for Health how many people were employed to treat such disorders in each prison establishment, but I was told:

"This information is not available."

The answer continued:

"By March 2004 we expect to meet the NHS Plan commitment for 300 additional staff to provide specialist community type mental health services to over 5,000 prisoners."—[*Official Report*, 23 February 2004; Vol. 418, c. 289W.]

If, however, we do not have the information on how many staff work in the area, I lack confidence in the way in which the Government are handling the prison system.

The enormous problem that we are discussing could well be exacerbated by the major reorganisation being carried out by the Government. Once again, we look to the Minister to reassure us that he is in charge of the situation—that he has the necessary information at his fingertips and an action plan to deal with it.

3.6 pm

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): This is indeed the second time that some of us have attended a debate in Westminster Hall today, and the first debate was on similar issues. I admire the capacity of the hon. Member for Chesham and Amersham (Mrs. Gillan) not only to participate in debates, but to ask the Prime Minister a question, meet the Salvation Army, and, no doubt, table another half dozen questions to me for written answer. I pay tribute to her energy.

I compliment the hon. Member for Mid-Dorset and North Poole (Mrs. Brooke) on obtaining this very important debate. She spoke this afternoon as she always does, whether in Committee or on the Floor of the House—with great care, knowledge and concern. It does her great credit that she brings such issues to our attention in that way. She asked many questions, some of which I hope to be able to answer during this debate. On those that I do not answer, I will write to her, as I will to other hon. Members.

Behind some of the hon. Lady's factual questions lay deeper questions about how correctional services are organised, who prison is for, and how we can effect changes in sentencing so that people who need and deserve to be in prison are in prison, while people who can be dealt with in the community are in the community. Those issues were also at the heart of the debate that we had earlier about the national offender management service. The discussion will continue, and I want to encourage it. I want people to participate in it not only in Parliament but throughout the work force, because we must get the system right. Too many people who are in prison today should not be there, and could be dealt with more effectively in the community. Whether or not they have mental health problems, or are first-time offenders, or non-dangerous people, more of them should be in the community, and that is the direction in which the Government want to move.

A number of statistics were used about the prevalence of mental illness in prisons. I shall add two statistics that show the seriousness of the challenge that we face: 90 per cent. of prisoners have at least one significant mental health problem, and 20 per cent. have four of the five major mental health disorders. This is, therefore, a very serious issue, and not one that the Home Office or I, as the Minister responsible, seek to shy away from. We are facing the issue head on, and trying to devise solutions.

The overall aim of the programme to improve health services for prisoners, which we began in 2000, is to provide prisoners with access to the same range and quality of health services as the general public expect to receive from the NHS. There should be equality of access to health care whether one is in prison or in the community. Of course, ensuring that prisoners have access to good health care can improve their physical and mental health. In so doing, we increase the extent to which they can participate in education, work on offending behaviour, and other aspects of prison life. In turn, that improves the potential for their successful rehabilitation and resettlement in the community.

"Changing the Outlook", the Government's strategy for modernising mental health services in prisons, was published in December 2001. It set out a vision of where prison mental health care was expected to be in three to five years' time and identified the steps that would need to be taken if that vision were to be realised. "Changing the Outlook" was published against a widespread consensus that the care and treatment of prisoners with mental disorders was in need of drastic improvement. The hon. Member for Mid-Dorset and North Poole referred to the independent monitoring board for a particular prison. I receive reports from all the independent monitoring boards for prisons throughout the country, and they still regularly raise the issue of the mental health of the prisoners for whom they have responsibility.

It was also acknowledged in "Changing the Outlook" that the best way to achieve and maintain an improvement in prison health services in general is for prisons and the national health service to work ever closer together. I have been asked this afternoon about the move to the commissioning by primary care trusts of health services for our prisons. I am pleased to confirm that from April this year, 18 primary care trusts will be commissioning services for the prisons in their area. The commitment is clear that by 2006, all prisons will have health care commissioned by primary care trusts. I am sure that, not least because of additional investment, as well as the professionalism that is being developed, we will have better health care in general, as well as better mental health care, in our prisons as a result of the close partnership between the NHS and the Prison Service.

The Department of Health's NHS plan, which was published in 2000, included firm commitments that by 2004, the 5,000 or so prisoners who at any one time have a severe mental illness should be receiving more comprehensive mental health services in prison. If there is one matter over which I take issue with the hon. Lady, it is the description of 5,000 prisoners all needing to be in hospital. Those people with those severe mental health problems do not all need to be in hospital, any more than a member of the public with a severe mental health problem who lives at home in the community needs to be in hospital.

It is possible to provide appropriate primary and secondary care for people in the community and for those in prison, and that is what we strive to do for the 5,000 people whom we estimate have a severe mental health problem. The NHS plan also confirmed the Government's view that all prisoners with severe mental illness should be in receipt of treatment, and no prisoner with a serious mental illness would leave prison without a care plan. Indeed, there is a clear commitment within the new partnership between the NHS and the Prison Service that 300 additional staff will be employed in providing mental health services in prisons. I am pleased to confirm that we are on target to deliver on that promise, and that those 300 members of staff will be employed in our prisons.

The means by which the commitments in the NHS plan are being implemented is the prison mental health inreach project. The hon. Member for Winchester (Mr. Oaten) asked me for some updates on the project, which began in 2001. Dedicated funding has been made available to provide mental health services for prisoners along similar lines to the community mental health teams that already provide mental health services in the wider community. The inreach project began at 18 establishments in England and four in Wales in 2001–02, and was extended to another 26 sites during 2002–03. This year, a total of £10 million will be spent on NHS prison inreach services in England alone, as professional teams are developed in another 46 establishments. We can see that the investment is there and that the inreach work is extending ever further throughout the Prison Service.

Resources are also being made available to tackle the more specialised mental health needs of the small number of prisoners held in close supervision centres. Between March 2004 and March 2006, I expect NHS mental health inreach investment to double so that it reaches £20 million a year by 2005–06. That means that

[Paul Goggins]

within the next three years, the services will be available to every prison in England and Wales. The extra investment will also help many of the existing inreach teams to expand the services that they currently offer.

"Changing the Outlook" signalled the intention to establish a prison mental health collaborative to support and empower staff to modernise clinical services for prisoners with mental health problems. I am pleased to say that that collaborative action is now well under way, in partnership with the National Institute for Mental Health in England and the NHS modernisation agency. Its aim is to identify and share good practice, as well as to identify the training required as we try to modernise clinical services in our prisons. Central to that approach is the determination to empower staff, to bring about better peer group support and to improve satisfaction for service users.

There are two other developments in prison mental health care that I would like to draw to the attention of the Chamber. We know from research that prison reception screening processes were failing to identify up to three quarters of prisoners who had a severe mental illness. Several hon. Members referred to the fact that many of those people were missed at the point where they were received into prison custody. To rectify that, new triage-based reception health screening arrangements have been developed and successfully piloted. They focus on identifying and managing a prisoner's needs on first reception into prison custody. That work has been closely linked to the development of the Prison Service's suicide prevention strategy. Much comment has been made and many questions have been asked about that this afternoon, and I will return to the subject in a short while.

Four of the reception screening pilots form part of the Prison Service's "Safer Locals" programme, and as a result there has already been a substantial improvement in the identification of prisoners with severe mental illness. I am pleased to confirm that that new approach to reception health screening is now being phased in at all local prisons, in a programme that will be completed this year.

We remain firmly attached to the principle that prisoners who need in-patient treatment for their mental disorders should be transferred to hospital as soon as possible. The number of prisoners transferred to hospital as restricted patients under sections 47 and 48 of the Mental Health Act 1983 rose from 180 in 1987 to 785 in 1994. It then remained relatively stable, at an average of 745 each year, until 1999. In 2001, 635 prisoners were transferred to hospital. In 2002, the latest year for which we have figures, the number was 639.

Generally speaking, the arrangements for assessment and transfer work smoothly, and many mentally disordered prisoners can be transferred to hospital quite quickly. I was pleased that the hon. Member for Mid-Dorset and North Poole made a positive comment about that. Increasingly, we are able to identify and move people on more rapidly than we used to. I am the first to accept that delays still occur in individual cases. Some prisoners have to wait longer than we would ideally like before they can be transferred to hospital. At any one time, there are likely to be about 40 prisoners who have been waiting for three months before being transferred to an NHS hospital. We appreciate that such delays can be enormously distressing for the prisoners concerned, the prisoners around them, the staff, and the prisoner's family and friends.

The prison health team and NHS regional commissioners of forensic mental health services have examined ways to reduce the time that prisoners might have to wait for a hospital place. Tighter regular monitoring has been introduced, together with a protocol that sets out the actions required of the Prison Service and the NHS when a prisoner reaches that three-month deadline. I emphasise that it is a three-month deadline, not a target. As I said, at any one time there could be 40 people who have reached that deadline. When someone reaches it, everything is done to ensure that they are moved as quickly as possible.

Following the publication of "Changing the Outlook", all prisons, in collaboration with their local NHS partners, undertook a detailed review of their mental health needs and developed action plans to fill any gaps in services that they identified. We do not underestimate the challenge—indeed, no participant in the debate has underestimated the challenge that we face, but we confidently expect that in the next three years or so there will be further progress. For example, fewer mentally disordered prisoners will be accommodated in prison health care centres, more resources will be deployed to provide day care and support on prison wings, and there will be a reduction in the average time that mentally disordered prisoners spend in the remaining prison health care beds. There will also be a more appropriate skill mix among those who provide mental health services in prisons, and quicker and more effective arrangements for transferring the most seriously ill prisoners to appropriate NHS hospitals and transferring them back when appropriate. I expect ever closer collaboration with NHS staff in the management of prisoners who are seriously mentally ill, including those who may be vulnerable to suicide or self-harm while they are in prison.

Several hon. Members raised the issue of population pressures. It is true that there are more than 75,000 people in prison—75,059, to be precise. We have plans in place to ensure that we can continue to expand prison capacity; we have added 14,700 places to the prison estate in the last six years and we will add another 2,500 this calendar year. We intend to ensure that we stay ahead of the undeniable pressure in the system.

Mr. Oaten: I understand the capacity problem, but can the Minister confirm that no cells will contain three people as a result of the attempt to maximise capacity?

Paul Goggins: No cell designed for one person will accommodate three people, as was the case not so very long ago. Cells designed for two people may accommodate three people, but the days of three people in a cell designed for one are, thankfully, over.

We will not be making routine use of police cells as part of Operation Safeguard, although it may be necessary to make occasional overnight use of a police cell, as is done now if there is a lockout, and when someone is held overnight prior to being moved to another region. It is not appropriate for prisoners to be

held in police cells, or for police officers' time to be tied up in looking after and supervising those prisoners. I am adamant that we will not make routine use of police cells as an extension of the prison estate.

Mrs. Gillan: Can the Minister confirm that he is moving women prisoners from the two prisons that I identified earlier? How many women prisoners are involved, and where will they be moved to?

Paul Goggins: Yes, I can confirm that there is a re-roll, as it is called, at Winchester prison, in the constituency of the hon. Member for Winchester, and at Edmunds Hill. It was a step that had to be taken in view of the rising population pressure on prisons. When there is a re-roll, staff must be informed; questions are asked and detailed discussions have to take place. I can confirm that the therapeutic community will go to the prison at Send, and we will try to maintain the momentum of that important work.

There is some good news: in June we shall open a new prison for women at Ashford, because of the projected increase in the population of women in prisons, which has risen dramatically in recent years, far outstripping the general increase in the prison population. The number of women going to prison is levelling off, which means that we can open the new prison and re-roll the existing women's prisons for men. We can therefore provide newer accommodation for women, and additional accommodation for male prisoners.

I am not running away from the fact that the prison population is under enormous pressure. I return to my previous point that we must rebalance the system so that those who need and deserve to be in prison are in prison, and those who can be dealt with and supervised in the community are in the community.

In opening the debate, the hon. Member for Mid-Dorset and North Poole forcefully drew attention to the serious and interrelated issues of suicide and self-harm in prisons. Of my many responsibilities, I regard that as of the highest importance. Too many people self-harm or take their lives in prisons, and we must do everything possible to drive that number down. There were 94 self-inflicted deaths last year, and 14 of those people were women; a disproportionately higher number of women than men took their own lives. There have been 26 self-inflicted deaths so far this year, and 24 deaths have occurred in prison for other reasons. Those figures are high. Every death in custody—I am notified immediately of every one—is deeply distressing, and a tragedy for the individual and their family, no matter what they have done to end up in prison.

It is sometimes suggested that overcrowding is a direct cause of suicides and self-harm. The prison population is a related matter, but more important is the degree of movement in the system because of population pressures. People are moved around the system more quickly, and vulnerable people are more exposed to risk. That, rather than simply the numbers involved, is the problem. The prison population includes a large number of people who come into custody already struggling to cope with a wide range of problems including drug and alcohol abuse, difficult family backgrounds, histories of sexual and physical abuse, and the problems of mental ill health that we have discussed.

I have a couple of points to make in response to questions that were put to me. A question was asked about detoxification, and reference was made to the chief inspector's report on an inspection at Styal prison. I am happy to say that things have progressed substantially at Styal since that inspection. The detoxification programme is now in operation; the money was already there but the problem was in recruiting staff to run that programme. I visited the prison last July and was concerned that the detoxification programme was not up and running, but since September it has been operating. I visited again in January and was pleased to see and hear directly from the prisoners about the difference that the programme is making. Every woman who needs one is on a methadone programme, and the system is better than the previous one.

Mention was also made of the CARATs system and the staff who work on those programmes. I am sure that hon. Members visit prisons in their constituencies and elsewhere, and will be aware of the fantastic work done by CARATs workers. I was in Norwich prison last week and met some of the team. The work that they do with prisoners to try to keep them off drugs, and to follow them once they leave prison to ensure that they receive the necessary support in the community, is essential.

The role of the ombudsman was also raised in relation to Styal prison. I commissioned the ombudsman to undertake an investigation into the six deaths that occurred over 12 months at Styal to ascertain what similarities there might have been between those deaths. Stephen Shaw produced an excellent report, and has also produced one or two other reports. From 1 April, he will be responsible for investigating all deaths in custody. That is an important step because, despite the fact that there is an investigation into every death in custody, the greater independence of Stephen Shaw and his team will be invaluable. Tragic as every death in custody is, we must learn whatever lessons we can from each one.

I can confirm that last week, the women's offending reduction programme was published—

Mr. Deputy Speaker (Mr. Frank Cook): Order. We must now move on to the next debate.

Police Funding (Southend)

3.30 pm

Mr. David Amess (Southend, West) (Con): For some time now, I have been concerned about what many people regard as inadequate police cover in my constituency. My mind really focused on the issue when I was called to an emergency meeting of Leigh crime prevention panel by Councillor John Lamb and Councillor Gwen Horrigan. That was when I learned first hand about the seriousness of the situation.

The Minister will be armed with facts and figures to knock me down after my speech. I am under no illusion about that, because that is the way it works here—the Minister has the last word. However, regardless of how often she says that there is more money, there are more police, and so on, the people whom I represent feel that the situation is serious and needs addressing. Leaving aside the facts and figures with which her brilliant civil servants will have armed her, I hope that she will reflect on the issues that I raise.

Members of the general public are overwhelmingly against crime, as are all Members of Parliament. There is nothing remarkable about that. If there were a magic solution for stopping crime, we can imagine how much money would be available for the health service, for education, and for fighting the terrible new threat of terrorism. Before he became Prime Minister in 1997, the leader of the Labour party made great play of his slogan, "Tough on crime, tough on the causes of crime." Yet there has been a huge increase of 800,000 in instances of recorded crime, violent crime has soared, robberies and muggings have increased, and fewer than one in four crimes is detected. No doubt the Minister will have reasons for all those increases. It is interesting, however, that we were told in the 1997 Labour party manifesto—its so-called contract with the people—that more police would be on the beat, not pushing paper, and that there would be a crackdown on petty crimes and neighbourhood disorder. In the 2001 manifesto, the rhetoric changed. We were told that the Labour party would ensure that all families were safe in their communities by tackling crime and its causes, but tackling crime was no longer described as a priority, but as an ambition.

Like many others, I am absolutely fed up with gesture politics. Never a day goes by without the Home Secretary waking up with a new idea. What on earth is the point of making more and more laws if there is no one to enforce them? I was shocked and alarmed when, in response to my parliamentary questions about drug-related offences, the Home Office said that the number of defendants proceeded against for drug offences has dropped significantly since 1998, although we all know that drug abuse is rising rapidly. Furthermore, violence and robberies have more than doubled in four years.

When the only independent councillor in Southend, Councillor Martin Terry, decided to go out on a night patrol with the chief superintendent, he came back with some shocking facts and figures. The class A drug culture in Southend is not being dealt with owing to the lack of police officers. I have many friends who work for police forces in various parts of the country. All hon. Members would agree that the police do a wonderful job and that they are overworked and underpaid. The Government should be concerned about the fact that a great age gap has developed, because, for all sorts of reasons, too many older and more experienced policewomen and men take early retirement. Nice though it is to see young officers on the streets, there is a great need for more experience.

I make no complaint about the way in which motorists are treated. No one can complain about lack of enforcement of motoring laws—there are many speed cameras and traps and armies of officers detecting whether people have paid their car tax. However, the Minister will understand why the general public think it unfair that if they do something wrong as a motorist, they will be caught, but if they are burgled, attacked or have noisy neighbours, the situation will be somewhat different.

I recently spoke to Mr. and Mrs. Hawkins, who established the south Westcliff community group. They identified a number of problems in the constituency. Elsmere hotel has had to install closed circuit television cameras because youths are walking in from the street and helping themselves to property. Many residents are concerned about their safety around Westcliff station in the evening, but they sometimes have great difficulty in getting through to Southend police station unless they dial 999. Some people have waited more than 15 minutes to report a crime and given up on trying to get through. The Minister will have heard such complaints before. That must have something to do with the financial settlement for Southend—perhaps the amount of money that is allocated to our call centres. One of our local retail proprietors has had to put up with antisocial behaviour by youths. Recently, he reported that a group of five young people were drunk outside his shop; the police eventually came to see him three days later. That, too, must be something to do with funding. A common theme is emerging.

A local entrepreneur called Con Donovan runs the Choice discount store, which sells what are euphemistically called rejects of the Next retail outlet. Every customer needs a plastic carrier bag in which to take away their goods, and he decided to print on the bottom of his bags, "We support Crimestoppers" and a telephone number. That is a simple thing to do, and I am sure that the Minister would like to encourage similar activities.

All the community organisations with which I am in contact tell me that when they raise funding concerns, the police say that a lot of money is spent on CCTV. The feeling locally is that although CCTV is essential, it is not a sole deterrent. Funding a more visible police presence is the only way to deter the most hardened criminals.

I recently spoke to a local cab driver who told me that when a sum of money became available, the police issued cab drivers with a pager so that they could act as the eyes and ears of the local police. That appeared to be a good initiative—it had the support of the town's Cab Drivers Association—but drivers discovered that when they reported incidents, police assistance sometimes took up to 45 minutes to arrive. The initiative has now been abandoned.

When Councillor Martin Terry went out on his night patrol with the local chief superintendent to see what was going on, the funding situation was confirmed.

There is a long-held view that the police are mainly concentrated in Southend town centre. It is good to have police in town centres, but that is not necessarily the case in my constituency. The residents of Leigh-on-Sea and Eastwood say that they suffer huge neglect, particularly on Friday and Saturday evenings. The councillor wrote to me to say:

"When the Police are telephoned residents are often told that there is not anyone available and the Police have to prioritise resources."

Having experienced that on several occasions—which is worrying, given the increase in violent crime and class A drugs—he believes that some police stations have been downgraded. Leigh police station is now closed in the evening, Westcliff police station has been shut completely, and Eastwood police station is open only very infrequently. On Fridays and Saturdays, the police have to deal with 10,000 to 15,000 revellers coming into Southend from London and other parts of the area.

The *Leigh Times* has highlighted our local traders' concerns about funding—for example, Sue Jeffs, who runs Vanilla hairdressers, is particularly worried about crime levels in Leigh—and the *Yellow Advertiser* is doing all that it can to enter into the spirit of the Government's efforts to combat crime. The community wants to unite against what is unfortunately happening in the town, but people feel that we need more money.

The 2001 census data have been used as evidence that funding is satisfactory, but that model is flawed. It uses specific socio-demographic figures as the basis for estimating likely criminal activity, but the people concerned did not fill in the census forms. The Minister may not be aware of that matter, but we are pursuing it with various Government Departments.

I end with a plea. The Select Committee on Health, of which I am a member, is studying obesity. We recently visited Odense, where we were given a presentation in which we were told that the city has a successful car-free policy because nearly everyone rides bikes, especially the police. My hon. Friend the Member for West Chelmsford (Mr. Burns) and I were surprised about that, but Labour members of the Committee told us that it is happening in some parts of this country. It is certainly not happening in Essex. Last month, I wrote to the chief constable in the hope that he might consider adopting that policy in future.

The trouble is that cash is tight because of the terrible threat that we face from terrorism. I wish that we had an answer to that, but it is difficult for this or any Government to tackle the problem of terrorists who are prepared to take their own lives. If the general public saw more policewomen and men on bikes, as well as in cars, their support might help us in our fight against crime.

The Minister and I are united in our wish to defeat the criminals. Please, please, please can we have a little bit more financial help in Southend, West?

3.45 pm

The Minister for Crime Reduction, Policing and Community Safety (Ms Hazel Blears): I am delighted to congratulate the hon. Member for Southend, West (Mr. Amess) on securing this debate, which has given us a good chance to air some issues of local concern that also have a national impact. I am more than happy to give him the undertaking that he seeks. I will reflect on some of the matters that he raised. I will do so if he will get things in perspective.

I should like to lay out the funding situation nationally and, more relevantly, for Essex, in order to highlight some of the good practice in the county not just in the police but in crime reduction and prevention. The hon. Gentleman mentioned the role of his local councillors in that partnership, which is key to building safer communities. I should also like to highlight the work that we are doing on antisocial behaviour—those low-level issues that make people's lives a misery—which has not always been fully reflected in some of the national priorities, but is beginning to be so. I should like to give him some hope and optimism.

I am inevitably going to say to the hon. Gentleman that this Government are delivering on the various manifesto pledges that they made in 1997 and 2001. Since 1997, crime generally has fallen by about 25 per cent., burglary is down by 39 per cent., vehicle crime is down by 30 per cent., and robbery is down by 17 per cent. in the last year. Those are fully validated statistics. The hon. Gentleman has a point that, despite the fact that crime has decreased dramatically over the past six years, any polling reveals that two thirds of the public feel that crime is still increasing in their area. That is a serious issue, which I call the perception gap—the gap between reality and how people feel, either at home or in their working and social lives. One main reason for that gap is the antisocial behaviour in many of our communities. If people do not feel safe when they open their front door and walk down the street—when they see graffiti, fly-tipping and fly posting, broken bus shelters and groups of youths hanging about—and things are not addressed by the authorities, they do not have any sense that their community is safer.

I have a vested interest in trying to ensure that we tackle what have been called low-level incidents, but which I think are important to people. That is why we passed the Anti-social Behaviour Act 2003; why the Home Secretary, the Prime Minister and I launched the antisocial behaviour action plan in November; and why we have taken a different approach to the legislation—instead of as normal passing an Act, issuing a circular and a bit of guidance and perhaps leaving it at that. We knew that if we introduced a new range of powers, we would need to follow them up.

As well as the action plan, we have launched the "Together" campaign, which is trying to unite the police, local authorities and local businesses. I am delighted by the hon. Gentleman's example of the local entrepreneur and the Crimestoppers carrier bag. That is an excellent idea. Businesses have often been the empty seat at the table of partnerships. We must work harder to engage them. Local residents must also take action in the "Together" campaign.

We now have what we call the Together academy, which is a big training programme for all those involved on how to use the powers available. It is pointless the Government putting such powers on the statute book unless everybody is confident about how to use antisocial behaviour orders, acceptable behaviour contracts, the new housing powers, parenting orders, and powers for schools to get involved in combating truancy. The academy has been launched throughout

[Ms Hazel Blears]

the country. There will be an event near the hon. Gentleman, which his local workers can attend. It will provide free training by expert practitioners. Instead of there being a top-down approach, the academy has people who work on such issues day to day.

We have just launched an action line so that people can get help at the end of a telephone if they have a crack house nearby. I know that there is an increasing problem of crack cocaine in Southend. I understand that there has been a big tactical operation and that some 30 arrests of crack dealers have been made in recent weeks. We now have new powers to close crack houses. They were first used in Eastbourne—down on the south coast. I was delighted about that; I expected the first place to be Hackney, but Eastbourne was ahead of the game. I hope that the new powers will be useful.

The hon. Gentleman will know that details of the police funding settlement were finalised on 5 February. We had a full debate on it in the House. I met various people from police authorities. I received written representations from Essex Members, which were taken into account when determining the settlement. Overall, we are providing grant that supports police spending of £10.1 billion for the coming year—an increase of £400 million, or 4.2 per cent. That builds on a £2.3 billion increase since 2000.

Resources provided for the police have gone up by about 30 per cent.—17 per cent. in real terms. That is a significant real-terms investment in the police. We now have record numbers of police officers—138,386 at the last count, as far as I can remember. Moreover, some 3,243 community support officers now patrol the streets full time, giving a high-visibility uniform presence, which, as the hon. Gentleman says, is what local people increasingly want to see in their communities.

Essex has also benefited from those extra police officers. There are 149 more police officers than in March 1997, and 483 extra staff doing some of the administrative tasks, freeing up the police to do much more work on the front line. There are 91 community support officers. I am delighted that Southend council has volunteered to part-fund some of the community support officers because it sees the value of their patrolling shopping areas and estates, and assuring people. We are encouraging other areas to take a similar attitude. So, well done Southend council for coming up with some of the match funding.

Essex also has 371 special constables. I am keen to encourage more people to volunteer to become members of the special constabulary. Local people do a fantastic job on neighbourhood watch, on home watch and increasingly on pub watch, farm watch and all kinds of volunteer activity. If we can get them to take that extra step and give us four hours a week of their time, we will give them excellent training. They will have full police powers and will make a real contribution to the community.

Essex has done extremely well this year in the funding that it has received compared with other forces. We had a pretty tight settlement and so we decided, exceptionally, to provide a 3.25 per cent. increase across the board. So, we did not apply the formula this year. The hon. Gentleman said that he takes issue with the way in which the formula is calculated. He is in a minority because the formula has been subject to agreement by the Association of Chief Police Officers, the Association of Police Authorities and the Home Office. So, all the parties have been brought into the process.

The formula is pretty complex. It seeks to recognise not just socio-economic factors, but the number of temporary visitors to a place. It therefore takes tourists and temporary residents into account. It is supposed to direct funds to the areas of greatest need. We did not apply it this year because we did not have a huge amount to spend and we wanted to ensure that everyone got a settlement above inflation to meet the pay claims and other pressures in the system. If we had applied the formula to the Essex police force, it would have received £15 million less than it did. In comparison with some of the large metropolitan forces, the hon. Gentleman might feel that his force has been generously treated.

The Metropolitan police in London made a net contribution of £56 million, because we did not apply the formula; it has put £56 million back into the pot to support forces such as the hon. Gentleman's. The West Midlands police put nearly £27 million back into the pot, and so it feels very hard done by. My police force up in Greater Manchester put £6 million back into the pot to ensure that forces such as the hon. Gentleman's did not fall below the floor in the police formula settlement.

The hon. Gentleman should recognise that Essex has had a fairly generous settlement this year. As well as its general grant, it has received a range of specific grants: £6 million from the crime fighting fund, £500,000 from the rural policing fund, nearly £500,000 for the Airwave radio system and £1 million of basic command unit funding—£125,000 of that specifically for Southend. It also benefits from £2.5 million of south-east allowance payments, which recognise that police officers in the south-east have problems meeting high housing charges and that there are retention issues. We have tried to address that. It also receives a fair amount of capital provision; this year there has been a premises improvement programme to provide better facilities for vulnerable witnesses in the area, making sure that they can be interviewed in private and with dignity.

I am also aware that this year the police precept increase in Essex was 6.7 per cent.—the second lowest percentage increase in police precept across England and Wales, and equal to an extra 12p per week. I hope that the hon. Gentleman, as the local MP, and his constituents feel that paying for extra police officers and the community support officers and crime prevention measures is worth an extra 12p per week.

The distribution of those funds in the force area is a matter for the force. It has a resource allocation model. I am told that under that model, Southend gets the absolute maximum to which it is entitled. However, if the hon. Gentleman has issues about Leigh-on-Sea and other areas not being policed, particularly at the weekend, it is for him to take them up with the local chief constable and his borough commanders.

I am well seized of the problems in the night-time economy at the moment. On Monday, I launched the alcohol harm reduction strategy, which is designed to ensure that the police use their powers to prosecute

licensees who sell to under-age drinkers and people who are already drunk. We are encouraging the police to use antisocial behaviour orders, exclusion orders and the powers that they now have to close down disorderly night clubs and pubs. So, there is a big drive on enforcement.

However, the industry should also play its part. Many people make a significant amount of money from pubs and clubs. In the best partnerships—in Manchester, Cardiff, York, Leicester—the police, the local authority, licensing officers and the industry work together to try to make our night-time economy much safer. The best pubs and clubs are happy to do that; if they offer a safe night out, young people will go back week after week, enjoy themselves and contribute towards profits. So, it is a win-win for everyone.

The hon. Gentleman raised the issue of drugs, which are a huge driver for the acquisitive crime—the burglary, the robbery—that goes on in our society. We are massively increasing the money that we are spending on that: from £1 billion a couple of years ago to nearly £1.5 billion from next April. That has gone not just on prosecuting drug dealers, but on prevention work with young people and on getting many more of our serious drug users into drug treatment. If we can get them into treatment and break the link between drugs and crime, we should see a massive impact on the acquisitive crimes that make people's lives such a misery.

Through our criminal justice intervention programme we are using every bit of the criminal justice system to get people into treatment—from the point at which they are arrested, whether or not they are on a drug treatment order. We are also ensuring that we get them into education, training and housing afterwards. After they have given up the drugs, the big challenge is to change their lives for the long term and the future.

The hon. Gentleman also raised the issue of pensions. He is right; they can be a drain on police authority funds. Some years there is a large spike in the number of people retiring, which puts the budget under pressure. I have just issued a consultation document that considers pensions for the future in order to establish whether there is a way to encourage people with skills to stay in the force and not simply retire after 30 years. We want to keep their skills. The document should also establish whether we can take some of the pension responsibilities to the centre, and even out the pressures on police authorities.

I hope that I have addressed many of the issues that the hon. Gentleman has raised. As I said, I will reflect on what he said, provided that he acknowledges this year's extremely good comparative funding position for Essex. I am sure that he will work with his communities to make his neighbourhoods much safer and better places.

Rail Services (Weaver Vale)

3.59 pm

Mr. Mike Hall (Weaver Vale) (Lab): I ask you, Mr. Deputy Speaker, to convey my thanks to Mr. Speaker for granting me this Adjournment debate. I have been pressing for it on and off since the summer recess, when I raised with the Deputy Leader of the House some of the points that I am going to raise now.

The first part of my contribution will be about Hartford railway station, which is on the west coast main line in the southern part of my constituency. There is often a misunderstanding: Hartford might be a village, but the station in fact serves a large catchment area of about 120,000 in Vale Royal as well as the Kelsall district of Chester and the Knutsford area of Macclesfield. It prospered until 2001. It had been an integral part of British Rail's west coast main line services, and in the late 1980s services were expanded from Hartford. There seemed to be a great opportunity for the railway station to do well and serve my constituents.

In the aftermath of the Hatfield crash, Virgin Rail had to consider the services that it provided, and in October 2000 it suspended services on the west coast main line from Hartford station. In May 2001, those services were stopped altogether. The reasons and mitigating circumstances cited by Virgin Rail were extraordinary. It said that it had to speed up train services from Liverpool and Preston to London and to increase track capacity to allow extra trains to run. The company also cited poor passenger figures for the west coast main line from Hartford—only 60 passengers a day. For me, that is a reasonable number of passengers using such a service, and it is a poor excuse for removing the services altogether.

There was a considerable campaign to get Virgin Rail to change its mind, but it steadfastly refused. The company has now said that it is investing £2 billion in the upgrading of services on the west coast main line and introducing Pendolino trains, which can run at 140 mph although they may run at 125 mph on that line. Virgin Rail has also said that when services improve and journey times from the north-west to London are reduced, it would be wrong to reinstate the services from Hartford because that would increase running times. When the line is upgraded, the company will miss a real opportunity to increase the number of passengers travelling on its services, and it is a shame that it is being so pig-headed about the decision, which it took it in the face of strong local opposition.

Another mitigating circumstance cited by Virgin Rail was the fact that people could use Hartford station to travel to Crewe, where they could board the west coast main line services to London, and that because there was a good local connection, that would be a good service. Virgin Rail also made the fair point that people travelling from Hartford to Crewe do so at no extra cost to those on the west coast main line services from Crewe to London.

That argument would have had more power if Virgin Rail had not stopped its local services from Hartford to Crewe in 2002. If commuters want to travel from Hartford via Crewe and arrive in London before 9 o'clock, they have to drive to Crewe station because

[Mr. Mike Hall]

there is not a connecting service that allows them to board a train early enough. As such, my constituents and other commuters using the service now have either to pay the cost of leaving their car at Crewe, which is £5 an hour, or to take the alternative route of going to Manchester airport and flying. We need to look again at that service.

When the services changed, I wondered why passenger service requirements had not insisted that Hartford station was kept on the west coast main line route to London. The service had existed under British Rail and at the point of privatisation, and the passenger service requirements demand that services are maintained at the pre-privatisation levels. For some reason, the previous Administration—I do not blame my hon. Friend the Minister for this—decided not to include Hartford station in those requirements. If they had, I might not have been here this afternoon complaining about the activities of Virgin West Coast since privatisation.

One of the other improvements to which I draw my hon. Friend the Minister's attention is the service from Crewe to Hartford in the evening. The service from Hartford to Crewe in the morning is poor. As I said, there is no way to connect to the west coast main line service in order to arrive in London before 9 o'clock. We have a similar problem in the evening. If commuters coming back from London to Crewe arrive after 19.47, they have to wait two hours for a connecting service to Hartford. I have been pressing the Strategic Rail Authority and the rail service providers in the area to stop the Crewe to Winsford service at Hartford at half-past 8. I am pleased to say that that has now been agreed. That is a welcome improvement to the service, but we still need to look more closely at the services provided at Hartford station.

I pressed the SRA on its involvement in the matter, because I was under the impression that its job is to ensure that our railway systems serve the public, and that it follows the Government's view that we should try to get more people out of their cars and on to public transport. Its reason for the reduction of services at Hartford is a logistical one: it claims that there is a pinch point on the line between Crewe and Weaver junction, as there is only a double track along that section of the line. That is not accurate. It is, however, accurate to say that the 5-mile track around Hartford is double track. I have asked the SRA to insist that, as part of the west coast main line improvement, that section of track is improved, so that the pinch point is removed, allowing more and faster services on the line. Sadly, it has been unable to do that on what it calls "economic grounds".

The irony of all that—I draw my hon. Friend's attention to this particular problem—is that we are currently upgrading the west coast main line and introducing a new electricity supply at 400 kV. A network of substations and trackside feeder stations is being introduced along the whole west coast main line. The substation and feeder station in our area should be near Crewe. The national grid and Network Rail have been unable to find a site in the Crewe area, and have come up with a site in Weaverham in my constituency, adjacent to the west coast main line. It will be a massive development. What the national grid did not tell people during consultations was that the development will be the size of three rugby pitches. It will be slap-bang in the middle of green belt, and will be a blot on the landscape.

The supreme irony of that is not lost on my constituents. Although we can no longer use the west coast main line services from Hartford, the improvements to the electricity supply, which will speed up the trains going from the north-west to London and vice versa, will be bang in the middle of our green belt. I am not opposed to the upgrading of the electricity supply to the west coast main line, but I am absolutely opposed to this location for the so-called substation and trackside feeder station. I believe that there are alternatives in the area, which the national grid has so far failed to explore.

Another service that Hartford might benefit from is that from Liverpool to Birmingham. I am delighted with the news that from September there will be a fast service travelling every hour. I have heard various accounts of whether that will stop at Hartford. I understand that the fast Liverpool to Birmingham train will stop there at peak times, but may not stop there off peak. If it can stop at peak times, there is absolutely no reason why it cannot stop there off peak. If my hon. Friend cannot give me an answer to that question this afternoon, we will have to see whether we can persuade the people providing the service that, if it is feasible to stop at peak times, it should be feasible to stop off peak.

There will also be a twice-hourly Liverpool to Crewe service. The passenger service requirement means that, in the gap between 17.00 and 18.00, there should be two services from Liverpool, Lime Street to Hartford. Currently, there is only one service. The SRA has allowed the railway operator to breach the passenger service requirement, and revised it in January. That again was a retrograde step. If the new trains are to travel from Liverpool to Crewe and can stop at Hartford, we may be bringing services closer to what they were before privatisation. The other good news is that, in 2005, there will be a Birmingham to Preston train. Will the Minister confirm that that will stop at Hartford, too? If so, gradual improvements will be made to the station that was once probably the jewel in the crown of rail services in the north-west.

I wish to raise with my hon. Friend the 7.09 service from Hartford to Stansted airport. It is run by Central Trains and is an absolute disgrace. It is often late and it is frequently cancelled. I am told that the rolling stock is old and dirty and that the travelling public are not receiving good value for their money. Several constituents have raised the matter with me. The operating record of Central Trains is not good. As a regional operator, its performance is the worst in the league table and it is third worst in overall performance. That is epitomised by the 7.09 service from Hartford station. It needs to be improved.

Perhaps we can take a leaf out of the book of the Midland Mainline service, which I understand from today's Ceefax has a novel way to improve train punctuality. It has issued its guards with ACME thunderer whistles. The guards blow the whistles and

that chivvies up the passengers to get on the trains more quickly, as a result of which the trains run on time. If that is all it takes to improve train services, I recommend it to my hon. Friend as an economic way to deal with problems of Central Trains, especially the 7.09 service.

My hon. Friend is aware of the Halton Curve. It is a stretch of railway line that connects the north Cheshire railway lines with the west coast main line, linking it to north Wales, Chester, Frodsham, Helsby and directly from Runcorn to Liverpool. It is called the parliamentary line in my neck of the woods because to close a railway line there must be an Act of Parliament. That is a statutory requirement. For that line not to be closed, a light service is run. During the summer on a Saturday morning, I am told that 18 passenger services run from Chester to Runcorn and do not return. The railway line is the missing piece of the jigsaw in the north-west. It would link the west coast main line with the new Liverpool-Allerton interchange; it would provide a direct link to Liverpool John Lennon airport; and it would allow freight coming in from Liverpool city docks and the Mersey docks to connect at Birmingham and Felixstowe without having to go on to the west coast main line. It would open up passenger possibilities at the gateway of Chester into north Wales and it would link up the gateway of Warrington into Blackpool and into the north-west.

Several of us are pressing my hon. Friend the Minister for such a measure to be included either in the west coast main line upgrade or for it to have discrete funds of its own to make improvements. Furthermore, a consortium could come forward involving the North West Development Agency, which supports the plan; Cheshire county council, which supports the plan; Halton borough council, which supports the plan; the chambers of trade and commerce in Liverpool, and a range of other organisations that believe that such action should be taken. We must not miss such an opportunity. It would be beneficial for the local economy and for the economy in the north-west. It would have an impact. We must remember that Liverpool will celebrate being the European capital of culture in 2008, and that all such matters will be important.

I want to end on a positive note. Two issues are acutely important in my constituency; one concerns a major boost to transport investment in Cheshire. It will cover a large part of my constituency with the exception of Halton borough council, which is a unitary council in the north of the constituency. The Department for Transport has awarded Cheshire county council an extra £26 million of funds for its local transport planning strategy for 2004–05. The county council welcomes that as a major boost to transport investment in the county. Slightly more than £12 million will go into maintenance activities, more than £10 million will be used take forward the county council's integrated transport programmes, and other money will be available for allocation to supplementary bids throughout the year. That is exceptionally good news for my constituents and is good news for council tax payers in the Cheshire county council area.

However, I contrast that with the absurd decision taken by the county council to cut its subsidised bus services after 7 o'clock in the evening. The cuts have taken place across the board, and the council is also considering cutting school transport services. Those are retrograde steps, which will mean that more people will use their cars, congesting our roads and making our environment more unsafe and polluted. Cheshire county council, with the extra cash that it was given by the Government, could have been a little more adventurous in the way it approached its transport policy.

Finally, I want to raise the question of Helsby station, which is on the Ellesmere Port to Helsby route into Manchester, and has recently received the best-kept station award. It is a magnificent listed building, and the local community has done a fabulous amount of work to make it a credit to and a jewel in the crown of our area. I want to place on record my thanks to the people involved in that project and to say what a wonderful job they have done. It is an example of what could be done with stations throughout the UK. My hon. Friend the Member for Ellesmere Port and Neston (Mr. Miller) used that rail service on Saturday to go to Manchester; the service ran on time and the trains were clean. He said that it was a joy to travel on it. I give that example to show that I am not just being critical of our rail services; some things in my constituency work well.

During the time that I have represented Weaver Vale, I have been ably assisted by the North Cheshire rail users group and the Mid-Cheshire rail users group. Both groups have been a fantastic source of information and encouragement. I give particular thanks to Andrew MacFarlane from the Mid-Cheshire rail users group and to Ian Watson, who is no longer with the North Cheshire rail users group, but who put a fabulous amount of work into that activity. I also thank Mr. Frank Thomas, who has been one of the leading lights with respect to the best-kept station at Helsby, which is in my constituency.

I hope that I have left enough time for the Minister to respond to the points that I have made, but I shall sum up those points briefly. I am concerned about the diminution of west coast main line services at Hartford. I am also concerned about the diminution of cross-country services and local services, and emphasise the need to recognise that Hartford has a part to play in providing decent rail services, together with Acton Bridge and the other station in Northwich, as well as Runcorn East and the Runcorn mainline services in my constituency. I hope that the Minister can respond positively to the points that I have made.

4.18 pm

The Minister of State, Department for Transport (Dr. Kim Howells): I congratulate my hon. Friend the Member for Weaver Vale (Mr. Hall) on securing the debate and providing an opportunity to discuss rail services to Weaver Vale. He made a fine speech, and represented his constituents well. He is well qualified to do so. I have been looking at various maps—I have become a bit of a rail anorak since I took on this job—and found that his constituency must have as many railway stations as any other hon. Member's. It has eight stations, served by at least four train companies, of which he mentioned two: Central and Virgin.

[Dr. Kim Howells]

My hon. Friend takes a great interest in communications across his constituency, because it requires good communications. His constituency is not a centre of big, urban populations, but it serves big, urban populations. His constituents are an integral part of several separate city work forces in the north-west of England. I shall try to deal with the points that he raised. I fully understand the importance of Hartford railway station. Hartford may not have a massive population, but it serves a large area and it is a popular station. We are encouraging companies to do what they can to improve railway stations and the rail services to and from those stations.

It might be helpful to give an update on the upgrading of the west coast main line, which is one of Europe's busiest mixed traffic railway lines. Decades of under-investment have affected the ability of current train operators—notably Virgin—to run punctual services on that route. In many respects, it was a second-rate railway, plagued with infrastructure failures and hampered by the poor reliability of the rolling stock. The situation was exacerbated by the speed restrictions imposed on the network following the terrible Hatfield derailment in October 2000.

We have made a huge investment in the west coast main line to turn around the decades of neglect. New rolling stock is being introduced on the line and the multi-billion-pound project to renew and upgrade the infrastructure is well under way. The Strategic Rail Authority's strategy, published last June, sets out how that will be achieved.

My hon. Friend asked an important question about the part of the upgrade that will improve the power supply to the west coast main line and he mentioned the proposed construction of a substation. I appreciate what he said; he is trying to represent the interests of his constituents who live in that lovely part of the world, and who face the prospect of a substation suddenly being dumped in their back yard. However, the site is at the point where the 400 kV electricity supply line crosses the railway line, which is the most convenient spot for a substation to feed the west coast main line, enabling the new trains plying that line, which need much more electricity than existing trains, to receive the upgrade.

I take my hon. Friend's point, but the substation is an essential part of the project to provide greater capacity on the line and to improve performance, and the prerequisite is to increase the power supply. The proposal is well into its planning stage and various procedures are being followed, so I can give my hon. Friend little comfort in that respect. He knows as well as I do the difficulties of trying to interfere with planning law if it has been followed reasonably accurately.

Mr. Hall: I am not asking my hon. Friend to comment on the merits of the planning application or to endorse it. I merely wanted to draw his attention to the fact that there is huge opposition to the proposal and that there is a viable alternative to the intended site.

Dr. Howells: I very much take my hon. Friend's point; he has become an expert on the issue, which I am not. However, I am afraid that he will have to take it up with the powers that be. There is little that we can do because we no longer have the levers to pull on these issues.

As time is short, I will now deal with the specific matters that my hon. Friend raised. I am fully aware from the debate and from previous correspondence to me and to the SRA of his concern about passenger services to and from Hartford. Services to be introduced from autumn 2004 are still being refined, but the current proposal is that Hartford should have an hourly service provided by the Birmingham to Liverpool route. The SRA has concluded consultation on the proposed timetables for September 2004 and is examining the results. I have a draft of the timetable, which I will be only too glad to give to my hon. Friend. It looks pretty reasonable. He also asked about the additional service from Birmingham to Preston. That service is important because Preston station is, in many ways, a gateway to services north of that point. We hope that Hartford will be part of that service, and I will try to discover more detail about it as soon as I can.

The improvements that my hon. Friend wants for Hartford cannot be introduced earlier because of limited track capacity on the west coast main line while renewal and modernisation work takes place. He has played his part, along with his constituents, in putting up with a good deal of suffering and misery on that line while the work has been undertaken. I want to reassure him that, at the end of the process, it will be one of the very best railway lines anywhere in Europe. The line will see an enormous increase in capacity, a half-hour reduction in the travelling time between Manchester and London, and commensurate reductions in travelling times between Liverpool and London, Crewe and London and so on. That will benefit many of his constituents, as well as allowing greater capacity for more local services within and around his constituency. That is a very good news story—and a very expensive story, as he knows.

Delivery of the new fleet of high-quality 100 mph electric multiple units from mid-2005, facilitating a far better regional inter-city service, should permit an improvement in services to Hartford station. My hon. Friend will welcome that good news. If he does not want the new 100 mph trains, I will have them down in Pontypridd. I am sure that we would be very glad to receive them. They will give a big boost to train services in his area.

In the few moments that I have left, I will deal with the question of the Halton Curve. My hon. Friend has raised that matter with colleagues in the past and I know that he feels strongly about it. Currently, the lightest-possible service runs around it. I understand that it is mainly for rail enthusiasts in the summer, who go, as he put it, one way around the Halton Curve. I can see his point. Interestingly, the SRA has issued a consultation paper on what it calls community railways. My hon. Friend's suggestion on the possibility of a partnership approach in the north-west was also very interesting. I am sure that people in the region will consider carefully the idea involving John Lennon airport, which could certainly benefit from a connection to the market in north Wales for flights out of that airport.

My hon. Friend is right to identify the fact that there are parcels of money that could be put together

positively so that the Government and the SRA could be asked to consider doing something at some future time with stretches of railway line such as the Halton Curve, so that they can provide new services that benefit everyone. I cannot give him an undertaking that we have the money in place to do something with the Halton Curve right now, because we have not, but I can guarantee that the Halton Curve track will be protected to ensure that people do not develop on it and render it incapable—

Mr. Deputy Speaker (Mr. Frank Cook): Order.

It being half-past Four o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Thursday 18 March 2004

[SIR NICHOLAS WINTERTON *in the Chair*]

The Scientific Response to Terrorism

[Relevant documents: Eighth Report from the Science and Technology Committee, Session 2002–03, HC 415-I, and the Government's response thereto, Cm 6108.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Charlotte Atkins.]*

Mr. Deputy Speaker (Sir Nicholas Winterton): I call the Chairman of that important Committee, who is a distinguished Member of the House, Dr. Ian Gibson.

2.30 pm

Dr. Ian Gibson (Norwich, North) (Lab): Thank you, Mr. Deputy Speaker—you flatter me. I am pleased to deliver the report and to introduce today's debate. Although this is an important subject, the debate is not unique. For many years we have talked about science and its role in defending the state and the world against terrorist acts. We did so in the late 1960s, particularly in relation to events in Ireland and so on—the British Society for Responsibility in Science examined events in Northern Ireland and how to allay some effects of the acts that went on there. Such consideration continues today.

It is appropriate that we are having this debate today, in the wake of the atrocities in Madrid. We offer our great respect to the people there, who have stood up with great dignity and said that enough is enough. We associate ourselves with them—not only those in the scientific community, but the whole community in Spain who have suffered that atrocity. We believe that a similar event may happen here—indeed, many people in this part of the world probably thought that it had happened this morning, when Parliament square was closed off. Thankfully, the cause was a spillage from a chemical container after a crash, but it could have been the type of event that we all dread.

That is the spirit in which the Committee entered into our deliberations and investigations. It was a spirited inquiry. We examined how counter-measures against biological, chemical and radiological terrorism are informed by science and technology; how the surveillance of dangerous chemicals and pathogens is co-ordinated nationally and internationally; the policies that we have here and internationally to respond; the public communications policy on such threats and on the responses to biological, chemical and radiological terrorism; the relevant research being undertaken in the UK and the controls that we place on that; and the need for an ethical code of conduct for scientists working with pathogens and chemical substances.

I am pleased that we have the opportunity today to discuss the report. Yesterday, in an astronomically superb Budget, science was mentioned—perhaps more times than I have had hot dinners in a month—not only in terms of its relationship to terrorism, but in terms of improving health, understanding of climate change and so on. I am proud to be associated with our Government's putting money into such fields. Of course, terrorism was also mentioned, so our debate is very apt.

We recognise that we now live in a dangerous world. The attacks in Washington, Bali and, of course, New York have heightened our resistance to such events. Terrorism is not merely about suicide bombers, or planes crashing into twin towers; it is now about individuals' propensity to release white powders. White powders were released last weekend, and good science was required to identify whether they were talcum powder or anthrax spores. In the aftermath of New York, panic was created in that city and in Washington by the release of suspect packages. The postal services in this very place were actively looking at the possibilities. At one end of the scale are pranksters; at the other are serious terrorists who are trying to impose their ways and ideals on the world. I always think that that is a vicious, nasty way to get one's political views over—it affects defenceless people. We have to take every possibility seriously and try to make sure that nothing gets past our surveillance systems. We can never claim to be 100 per cent. perfect, but we can be 80 or 90 per cent. sure that we are pulling out all our stops against terrorism and such a use of science.

I often wonder how to define terrorism, given how the word has been used. The literature that I have received from the Halifax, where I have an account, defines it brilliantly. Insurance companies and building societies have had it right for a long time, but I bet that few right hon. and hon. Members have looked at their building society policy to see how such institutions define terrorism. The Halifax defines it as

"the use, or threat of use, of biological, chemical and/or nuclear force or contamination by any person(s), whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government(s) or put any section of the public in fear."

Gosh—that definition covers everything. It makes us sit up and think that such institutions have been thinking it through. Hopefully, we can relate to that attitude and see the whole fight against terrorism in those terms.

Before discussing the inquiry, I must thank the Committee Clerks, whose brilliance is often exposed by our Committee, through Radio 4 and letters to Ministers. They keep us in check—by gosh, that is sometimes a hard job, but they do it brilliantly—and I thank them for that. I also thank the people who have hosted us, such as the Home Office officials who steered us through difficult waters, and the British embassy in Washington and the consulates-general in Atlanta and San Francisco, who hosted the Committee on its annual visit to the United States, which was very useful. I must also thank our well known and distinguished specialist advisers: Professor Roy Anderson of Imperial college; Professor Alastair Hay of Leeds university, who was, of course, strongly associated with the David Kelly inquiry; Professor Bill Keevil from Southampton university; and Professor Michael Elves, who used to work for Glaxo Wellcome. They helped us in our inquiries, and tailored and supported us in our questioning.

[Dr. Ian Gibson]

Although many issues should be highlighted, today I shall address three main points in the report, the first of which is openness and security. I do not do so vindictively; I simply want to question how Select Committees, through our inquiries, are able to obtain information to inform and instruct us, thus allowing us to feel as though we are making a responsible, well researched response to the cases being examined. Another job of mine is to sit on the Liaison Committee with the Chairmen of other Select Committees. A few hours ago, the Foreign Affairs Committee's first special report on the decision to go to war in Iraq was published. It identifies many of the same problems of openness and security that our Committee faced, although I shall not go into all the instances detailed in the report.

I believe that the issue will be raised on the Floor of the House, and might be resolved there. How is the judgment made on whether individuals are to be allowed to go before a Select Committee to give information and to answer questions honestly? How is that balanced against their role of protecting the state, the nation, the realm and so on, which means that they cannot give information that might be highly secret and might be given to the enemy or terrorists? That is an extremely difficult balance to strike, and no one has a perfect solution, but we learn by experience. As the Chairman of the Committee, I was engaged in many back-room conversations with all sorts of people who are high up in the Government about getting hold of information, and I often found that things that seemed to be secret were not. Quite a lot of them were on websites. Even the high-ups in Government do not always know exactly what is out there. Perhaps we should address that.

Talking to people behind the scenes resolved a lot of misunderstandings. For instance, some people thought that we were out of order for conducting the inquiry. We made it clear that we were looking at the use of science and technologies in the war against terrorism. We did not want to know the dreadful secrets—who knew what and when, and who said what to whom. We wanted to know what was going to happen, who made the decisions, and whether decisions on new areas of endeavour would be made. After discussion, those matters were resolved—it took a bit of hammering out, but we got there in the end, and I am grateful for that.

The Home Office originally greeted us with some antagonism and, although I say this to my right hon. Friend the Minister for Citizenship and Immigration in real friendship, we felt somewhat slighted at the time. At no point were we attempting to discover dreadful secrets. We just wanted to know what was being done in a general sense. For example, when the Committee was examining what was happening on the London tube, we did not want to know details about the District line or the Circle line; rather, we wanted to know that general problems were being looked at, that questions were being asked and that progress was being made. That information was hard to get. The Foreign Affairs Committee—for obvious reasons—encountered much the same attitude during its work on Iraq. The problem is getting to people. If they do not want to answer a Select Committee member's question, fine—they can say, "I'll write to you," or, "I'll have to take advice on this." We are not there to nail people to the carpet and put them under that pressure. Our job in Select Committees is to allow the public to see that there is proper, open scrutiny of processes in this place. As politicians, it does us good to engage in such processes. I have got that off my chest now. I hope that we never have to go through such an experience again.

When we conduct inquiries, we talk to the Chairmen of other Select Committees so that we do not cross each another. For example, when we examined scientific teaching in schools, I had no problem with my opposite number on the Education and Skills Committee—we talked about the problem, each asking the other whether his Committee wanted to do the job. On another subject, I might say, "No, you do it", to which the reply might be, "Great, we'll keep in touch". That is the spirit we need, especially in the field of science and technology, which crosses boundaries.

The US National Academy of Science undertook studies of the scientific response to terrorism—that is why we went there; we knew that the people there were up to the work. The information that the academy gave the US Government about the gaps in capability was published freely. The academy agreed to limit distribution of only one chapter, an agricultural study, which was fair—that chapter was about problems in the agricultural mid-west and so on. For a long time, the only studies that we came across in this country were secret and denied to us. Those who think that we might have been overstepping the mark must forgive us, because we had the American example before us. I appreciate that American society is wide open and the people there love talking—well, I wonder sometimes, but more seems to come out there because of their structures and the openness of American society. Many of us feel that that is something that we in this country might mimic.

I am interested in that topic, because my friend Sir David King, the chief scientific adviser, told our inquiry:

> "I have . . . travelled around the United States and talked to a large number of groups both in private and in public and . . . I would say it becomes immediately apparent to me I can say less in public about what we are doing than my counterparts in the United States could say".

That statement is illustrated by recent events, when David King was told to shut up about climate change versus terrorism and so on. I might add that David King has said similar things to others down the line. The problem is partly to do with our culture and the way we work. Our experience is that that does not happen in the United States to quite the same extent, and it was illuminating to see how easy it is to conduct work on science and terrorism there.

It was a great privilege to visit the top brass at Fort Dietrich, the Lawrence Livermore, universities, Capitol Hill, the Department of Homeland Security, the Department of Health and Human Services and other places that I had never in my whole life imagined I would visit. I never felt that there was any question that those people would not answer, except for one moment in Riverside, California. The chap speaking to us said, "I'm not sure I should be telling you this, but

I will anyway." He told someone else to go out just to check and carried on speaking. The other guy came back and said, "It's okay, carry on." Well, the chap had said it by then. That atmosphere made us feel that we were learning something and that we could apply that information to the situation in this country.

As my right hon. Friend the Minister herself told the Committee, secrecy is not in itself something that we should protect and hold up as a virtue. We should try to open things up.

Mr. Robert Key (Salisbury) (Con): Will the hon. Gentleman confirm that all the information that we were given in confidence at establishments that we visited in this country remained confidential, and that is extremely important because it means that our Select Committee—indeed, all Select Committees—can be trusted with such information?

Dr. Gibson: Of course I confirm that. The Select Committee visited various places in the hon. Gentleman's constituency, including Porton Down. There can be nowhere more secret than Porton Down, which is at the forefront in its work to protect the nation and solve problems. Its staff are so knowledgeable. However, I have to say that most of their work is in defence, not civil defence. We discovered that more work goes into Ministry of Defence projects than protecting the public.

I believe that I represent the Select Committee when I say that the more the public know, the more confident they become. Although there are limits, of course, trust becomes an issue if the public believe that they are not being given information. We hear that all the time, whether we are talking about genetically modified crops, measles, mumps and rubella-MMR-jabs or Iraq. Politicians have to judge when to release information to make people feel better. For example, the Washington metro issued a press release describing how its detection system would operate in the event of a chemical or biological weapon attack. I do not particularly want to know the details; I instantly forget them anyway, and I am much more interested in other things that happen in the United States. However, the fact that the information is available on a website allows people to feel that something is being done, whether it is detecting a radiological weapon, a biological weapon or whatever. That contrasts with our Committee's efforts to find information about the tube in this country.

As many people have said, there is a heightened risk in this country. People travel on the tube in the morning. I travel to work at 7 o'clock. That is, of course, when the working classes go to work, so fewer of them are likely to be blown up. I suppose that the time to hit the middle classes would be at 9 o'clock in the morning. Both early-morning tube goers and tube goers who travel later in the morning need to know what would happen if someone released something. If someone had released something in Parliament square this morning, I would have had every confidence in the services' response. I watched how the police instantly cleared the place and the fire brigade got to work. That is fine in London, but would that happen at the Forum in Norwich if, one Saturday morning, my right hon. Friend the Secretary of State for Education and Skills and I were leading the charge and talking to members of the public about a major higher education issue? Suppose that they were all in there listening and drinking coffee—I assure hon. Members that thousands would be listening to us—and someone did something. Could the Norfolk response force respond fast enough? Having made local investigations, I have my doubts. We never know where such an incident will happen.

The Select Committee met members of MI5 and MI6. It was all very secret, but one thing that I remember—perhaps I should not divulge it—is that Parliament, while an obvious target, would not necessarily be the place where an attack would happen. As the Home Office said this week, one cannot make assumptions about where it might happen. We must be ready for an instant response on a geographical basis to whatever the problems might be.

I have rabbited on enough about openness. The Select Committee examined the homeland security situation in the United States. We were right to say that we should not invest billions and billions of pounds in a homeland security unit, as they have in the United States, even though we have the money. Every time the Chancellor stands up, I feel so confident that money will appear for whatever is necessary. However, the arguments against such a department are not simply financial; they relate to the necessary structures, and there are relevant structures in this country. We have experience, built on history, of handling terrorist attacks and bombings. Everyone here knows that. However, the Committee asked that something be done about creating a Home Office defence research centre. Lots of people have lots of information about health, vaccines and so on, but it is spinning around in a maelstrom—it is not joined up. We feel that we need a bricks and mortar building or at least a virtual set-up of some sort, so that people could access new information about scientific discoveries, such as chemical detection mechanisms, or ways to detect powder containing the anthrax bacillus. We feel that we need some means of co-ordinating information, so we were disappointed when the Home Office said that the necessary provisions were all there and that co-ordination would kick in, just like that, if there was an incident.

At my age, however, I am quite cynical about the "we British will muddle through" philosophy. People say, "We will muddle through if something happens. It will be okay," but let us face it, the attacks that happened in Madrid were, in a sense, obvious—the effects of the bombs were centred on one geographical area and all the organisations could focus there. However, the fallout from a biological or chemical weapon could blow around. As the Committee saw at Porton Down, excellent research is being done on modelling air plumes to determine how they might, at certain times of the year and with the wind in a certain direction, move from one place to another. Such research is going on, but how do we know that it will get to all the people who are interested in the subject? Do the fire service or railway staff know about it? How would they get that information? If something happened, who would tell them, "We've got to go over there. The wind's moving in that direction, but it might move that way."? Who would co-ordinate such things?

[Dr. Gibson]

I know that my right hon. Friend the Minister saw the exercise in London, because I saw her lurking in a doorway watching. I gather that there will be a co-ordinated exercise between the US and the United Kingdom—the Home Secretary recently went to the US to talk about a joint exercise. There is nothing like a fire drill to find out which doors are propped open and who does not know where to go. We need to ensure that we have some experience of the calamity that might ensue if someone managed to release something and it started to spew out. That will at least make clear what everyone's responsibility is and how scientists can access information and feed it to the front-line staff who will have to implement procedures.

Bob Spink (Castle Point) (Con): The hon. Gentleman mentioned collaboration and co-ordination between this country and the United States. Would it not be a good idea for this country to have the same degree of collaboration with other European Union countries? Such collaboration does not exist at the moment.

Dr. Gibson: I believe that I have read and heard that there will be such co-ordination between Ministers across Europe. There is a realisation that interaction with authorities across "the pond" is only one aspect of what we need to do. Incidents can happen anywhere, and the effects on one country can spread to others as people move around. We saw that with severe acute respiratory syndrome—SARS.

One of my best experiences during our trip to the States was at the Centres for Disease Control and Prevention in Atlanta. What a centre! Hon. Members will remember me sitting, like someone on the bridge of the Starship Enterprise, in an amazing room. Press conferences were going on and information was coming in from every city and township in the United States. If there had been an outbreak of anthrax or some other infection, the centre would have known where it was. The operation was beautifully co-ordinated. I will always remember hearing that one of Mayor Giuliani's first reactions on seeing the planes go into the twin towers was to say suddenly, "Phone up those"—I shall not use the words he used—"at that centre in Atlanta. Those planes might have had biological and chemical weapons on them." What thinking. I doubt that anyone in this country, without training and co-ordination, would have thought like that. Although I know that Mayor Giuliani is a genius, I cannot believe that one man alone arrived at that way of dealing with things. It is more that there was a certain attitude: no one would assume that there was just one event happening, because there could be two or three associated events. When the planes hit the Pentagon and the towers, that is what he thought. Within an hour, helicopters were moving to New York and Washington to take samples and so on. That has not been publicised, but it shows how the co-ordinated approach was instilled. Getting it together can save many lives.

My final point is about recent work by the Royal College of General Practitioners with the Department of Health. In their report, mention is made of front-line GPs and staff in the primary care communities and what they would know in the event of a terrorist incident. The paper includes some very interesting stuff. It is just about to be published, and has not yet been ratified, but I doubt whether there will be major changes. The report considers the right way to handle front-line medical people and how those teams would react to chemical, biological, radiological or nuclear release. The report makes the point that GPs have never seen anthrax or many of the diseases caused by the organisms that might be used. It also picks up a point from our report, which stated:

"Unless GPs are able to give authoritative information the health service risks being overwhelmed by concerned members of the public."

Panic can be prevented, if GPs are up to it. They are trusted—I trust my GP, and I think that many people feel the same way. GPs must be brought up to date on potential terrorism, and on what to look for in people who might turn up in their surgeries on a Friday night, or whenever. The report also deals with what would happen after an event. How should the worried well be handled—people with nothing wrong with them, but who are scared? Informing and instructing people about how things should be handled would, I think, decrease the number of worried well. The royal college says that such information is important, and it is involved in work on such issues. Many other questions arise for GPs—legal questions and matters of personal protection. The matter is being taken seriously, and I welcome the interaction.

We do not need to think that we will send people into a panic. I truly believe that the more information people have, the more confidence we instil in them, and the less the terrorists will be able to get their ideas through. I know that there is a limit, but my question for my right hon. Friend the Minister is, how are we to define that limit? The only way forward is a corporate interaction between all the people who will be on the front line when the incident happens. I am far from being alone in believing that such an incident will happen in this country. Are we ready? Are we organised?

2.58 pm

Mr. Robert Key (Salisbury) (Con): I start by endorsing the final remarks of the Chairman of the Select Committee. The biggest lesson that we learned from our inquiry, and particularly from our visit to the United States, was the fundamental difference of approach to secure information on either side of the Atlantic. We tend to be obsessive about secrecy, and often we are secretive about the wrong things—things that do not matter that much. In the United States the culture of openness is entirely intentional, and the philosophy behind it is: the more people know, the less they will panic, and the more the aggressors will know that we are several steps ahead of them. We need a complete change of our approach to secrecy in government in this country. I can keep a secret as well as the best man, and perhaps better, because of the large military presence in my constituency. In the past 20 years I have been briefed and trusted regularly by successive Governments with a lot of information, which has helped to inform my contributions in this House and helped me to represent my constituents.

The hon. Member for Norwich, North (Dr. Gibson) is right: our Committee's visit to the United States was remarkable, and our report is remarkable because of the depth of the information that we sought and were given. I promise that I will bore the Chamber with this point only once, but there was something special for me in the visit. Wherever we went, whether it was the White House, Fort Dietrich, Atlanta or the Lawrence Livermore national laboratory, my constituents were praised because of their work at the two establishments at Porton Down—the Health Protection Agency and the Defence Science and Technology Laboratory. I was proud of that.

Dr. Gibson: They all vote Labour.

Mr. Key: The hon. Gentleman can be sure that they will not be voting Labour at the next election.

I shall dwell on two aspects of our report. The first relates to paragraphs 180 to 182, the section is on "Planning and exercises". In it, we invite the Government to release more information to the public and to ensure that lessons learned are disseminated throughout Government. We also press for more complex, larger-scale exercises. The hon. Member for Norwich, North commented on the Home Office's extraordinary ability to engage in the incident that occurred this morning in Parliament square. While preparing for this debate, I, too, observed what happened from Portcullis House, and I was impressed. I compliment the three emergency services directly involved and the others who were involved behind the scenes. After watching for about half an hour, it became clear that the response was well organised, the personnel well trained, and the procedures and clear-up efficient. I am sure that the incident was enormously inconvenient to thousands of people throughout the capital, but there could not have been a better demonstration of the progress that has been made in this country in preparing for such incidents.

When I returned to my office, one of the first things that I did was to get on to my computer and look up London Prepared, the website established by the London emergency services. On it, I saw exactly why I was right to judge that the services had been well trained and prepared for incidents such as today's. I looked at a few more websites to see whether anything had changed since last I checked them, and I am delighted to say that a lot had changed and that they had all been updated. The terrorism pages on the Home Office website are extremely informative, as is www.ukresilience.info. The Health Protection Agency website is especially helpful: it is designed to help GPs and anyone else, including ordinary families, to understand what is going on and what they should do if they are worried or if something happens. A lot of people will be checking such websites at this time of heightened concern about terrorism. Those websites are good, but hon. Members will not be surprised to hear me say that the best one is the Wiltshire police website. It is the only website of its sort that I have seen. There are links from the Home Office, Health Protection Agency, UK Resilience and other websites to its major incident planning pages, which are a good example of what can be achieved in terms of co-ordination at a local level. I commend them strongly.

When the Minister gave evidence to the Select Committee, I asked her about some exercises that were taking place. I was delighted by the outcome of the exercise in London at Bank station, which obviously taught a lot of people a great deal, but I recalled the Minister saying that a lot of desktop exercises were taking place as well, so I checked them out. From the Health Protection Agency website pages on the emergency response division exercise programme, I learned that there have been five recent exercises. There was Red Scar I, a smallpox exercise on 24 March last year in Oxford; Exercise Shipshape, a SARS exercise on 6 June last year in Bristol; Red Scar II, another smallpox exercise on 7 July last year in Leeds; Green Goblin, a chlorine gas terrorist attack exercise on 10 October last year in Peterborough; and East Wind, a dirty bomb terrorist attack exercise on 23 January this year in Cambridge. I delved a little deeper and discovered that Green Goblin involved syndicates from the local and regional eastern and east midlands areas, and the HPA national area. The key action points that emerged from the exercise are that there should be a formal joint health advisory cell training exercise involving health training with the police; a review of major incident plans to include the CBRN element; and an identification of alternatives in the event of mobile phone and BT networks going down, and so on.

There was considerable detail, but that was only a tabletop exercise. That is the problem that we have to come to terms with. It entails changing our attitude towards secrecy, taking the British public into the Government's confidence and having full-scale exercises, such as the London exercise at Bank tube station. Such exercises should be extended to cover not just chemical threat, which is comparatively easy to deal with because it is about containment, but biological, radiological or nuclear threat. I found a contrasting example by going to the US Department of Homeland Security website and seeing the announcement on 1 March of the deployment of the national incident management system—NIMS—which went into enormous detail. We should not be surprised, given the immense resource that US Administration have put into it, that the amount of planning, preparation and detail on that website is very impressive. We in this country should move forward more swiftly in such areas. Much of that depends on training and much training has been done. The Home Office is right to have concentrated on that.

The nuclear, biological and chemical centre at Winterbourne Gunner in my constituency used to be the Army's exclusively. The site is now shared with the police NBCR centre, where many thousands of policemen and women from every constabulary in the United Kingdom have now trained. As an aside, Mr. Deputy Speaker, I was interested to discover that all journalists going in theatre where the military are active now have a briefing from the defence NBC centre at Winterbourne Gunner, which is no doubt why we saw more responsible journalism during Operation Telic than we saw a decade ago. To return to my theme, tabletop exercises are all very well, but what people are doing in Peterborough, Leeds or Cambridge might not filter through to Bristol, Plymouth or Southampton. I ask the Minister to carry out more exercises—we need more effort and expenditure in that regard.

[Mr. Key]

The second major area that I wish to explore arises from evidence given to the Committee on 2 April 2003—question 207 in particular, which was put by the hon. Member for Bolton, South-East (Dr. Iddon). He asked Dr. Wright of the Association of the British Pharmaceutical Industry about concerns for the safety and security of sites. Dr Wright replied that there was great concern about animal rights extremists, both on site and elsewhere. That must be a concern for British industry, and for all the people who work at such sites. I dare say, Mr. Deputy Speaker, that you noticed an item on BBC News Online on 10 March, repeated on the media generally, about scientists' neighbours being targeted. The report said:

"Scientists are being targeted by animal rights activists the University of Nottingham says."

It described how letters were being sent to scientists' neighbours, which was placing undue pressure on those communities. We are familiar with the problem—the story of Huntingdon Life Sciences comes to mind. The day before yesterday, the Secretary of State for Health made an announcement in the House about developments in respect of variant Creutzfeldt-Jakob disease and blood donations. As it happens, work on blood donations has been done by scientists who also work on vaccines and the protection of military and civilian populations. To protect people, those scientists need to conduct trials on some animals. I learned only yesterday that, as a result of that work, a family in my constituency is about to be harassed by animal rights activists because the man is the owner and managing director of a very small business that provides mice. His house is to be picketed on mothering Sunday, and he and his wife will have to go, or stay and be intimidated. Such harassment is outrageous, and I do not believe that it earns anyone any friends.

What do we do about it? Is it true that there is adequate legislation to protect individual households? In the United States, there is federal and state legislation on the issue. The federal legislation, for which the reference number is HR 3448, is the Public Health Security and Bioterrorism Preparedness and Response Act 2002, section 336 of which is entitled "Animal enterprise terrorism penalties". That legislation is applicable throughout the US. I believe that, had similar legislation been applicable in this country, what happened to Huntingdon Life Sciences and the companies serving and the people working for it would not have occurred. State legislation is pending in Missouri in the form of Senate Bill No. 657 of 27 February 2003. Texas has new section 28.09 of the penal code, entitled "Animal Rights and Ecological Terrorism", which is about to be enacted. New York state has Bill A04884. There are other examples—state legislatures are taking the issue very seriously.

In this country, there has been a great deal of argument about whether it would be practical to protect civilian work forces, whether at military or civilian establishments. The Government amended the Criminal Justice and Police Act 2001, section 42 of which gives police the power of direction to stop the harassment of a person in his home. Section 43 deals with malicious communications—telephone calls in the middle of the night and so on—and section 44 with collective harassment. However, I spoke to the police today about the case that I described, and I learned that they are diffident about using such provisions. There is not much experience of using them, and the police are not very confident that the amendments that the Government made to that Act will work. We shall see.

Bob Spink: Does my hon. Friend think that one solution might be to extend the Protection from Harassment Act 1997? That Act protects individuals, but offers no protection to corporate bodies, so it could not be used to protect Huntingdon Life Sciences, for instance. It should have been able to be used. Such an extension would be a good way to make progress, and I believe that the industry agrees.

Mr. Key: Yes, my hon. Friend makes a very practical suggestion, for which I am grateful. However, I think that it will run up against a problem that has been identified by a number of concerned groups. Obviously, the Association of the British Pharmaceutical Industry is concerned, but so are the Research Defence Society, the Biosciences Federation, the trade union Amicus and others. They have been working for some time on a draft Bill, which they call the Scientific Procedures on Animals (Public Order, etc.) Bill. It is pretty wide. First, it defines harassment, which relates to the family in my constituency who will have such a horrible weekend. The Bill provides that harassment is, in certain circumstances to do with animal research, illegal and talks about how the measures would work. Clause 5 relates to the conduct of putting people in fear of violence, clause 6 is about police direction to stop the harassment of a person in his home and clause 7 relates to harassment of a person in his home. That is all entirely practical.

The Home Office argues that there would be a duplication of existing legislation, but I am not sure that that is a strong argument. There are plenty of examples of apparent duplication, such as football hooliganism legislation. It was argued for years that there was no need to bother with specific legislation because football hooliganism was already covered by public order legislation. However, that position did not stand and legislation was introduced that was effective because it was specific to the case. We need legislation, and there is no problem with duplication, because we need to facilitate the coherent approach that is sought by the police. I say "sought" because the police would do more to protect citizens if they could.

There are four arguments in favour of passing such legislation. First, it would allow organisations such as universities or companies that are regulated by the Government to be protected and for them to protect their staff. That cannot be done now under injunctions obtained under the Protection from Harassment Act 1997. Secondly, a special Act would provide the courts with powers to issue restraining orders against those with a proven track record of criminal or intimidatory behaviour. Thirdly, it would make illegal so-called home visits that have the sole intent of intimidating families. It is terribly important to prevent such behaviour, because it is contrary to article 8 in schedule 1 of the Human Rights Act 1998, which states the right to secure and peaceful private and family life. That is impossible if people are picketing one's front door on

mothering Sunday. Finally, such legislation would provide a three-strikes-and-you're-out clause for repeat offenders. At the moment, activists say time and again that what they do on one occasion does not add up to a row of beans, but it sure amounts to a row of beans if all the beans are counted.

The time has come for us to grasp the nettle. A number of interested parties are talking to the Department of Health—I am thinking particularly of thousands of my constituents who work in this field, at Porton Down and elsewhere. They want to know that the Home Office is actively engaged with the issue, because if we cannot encourage scientists to undertake such work, two things will happen. First, the work will simply be done elsewhere, probably in the United States, and we will lose an important part of our science base in this country. Secondly, we will all be losers because we will be less safe. We will not be protected by our scientists in the way that our citizens should be able to expect from the Government. We should do what our citizens who are scientists and researchers—in my case, my constituents—expect us to do to protect them, for the sake of our nation's security.

3.19 pm

Geraldine Smith (Morecambe and Lunesdale) (Lab): There is no doubt in my mind that the terrible acts of terrorism that occurred on 11 September 2001 in the United States of America brought home in the starkest possible fashion the threat to freedom and democracy posed by international terrorists. The devastation and carnage and the chilling disregard shown by the perpetrators for any human life, including their own, sent shock waves throughout the world, as did their willingness to slaughter thousands of innocent people without warning in the pursuit of some fanatical belief.

It should have been clear to everyone that such terrorist groups, if they acquired weapons of mass destruction, would not hesitate to use them. A major factor in my decision to support the war in Iraq was the fact that the United Nations was convinced that Saddam Hussein was developing chemical, biological, radiological and nuclear weapons programmes, and the danger that those weapons could find their way into terrorists' hands. I still think that that was the right decision. Saddam Hussein was a threat to the world, and even though weapons have not been found, I still believe that we did the right thing, because of the danger that he represented.

Bob Spink: Like me, the hon. Lady is aware that Saddam Hussein was not only thought to have those weapons, but had them and had used them. He used them at Halabja on 16 March, 16 years ago this week, and followed that with the Anfal campaign, in which 182,000 Kurds were slaughtered by chemical weapons of mass destruction. There is no grey area: we all knew that he had those weapons and that he would use them if he could, although we do not know what has happened to them and when he lost them. I congratulate the hon. Lady on having the courage to support the Prime Minister in going to war and removing that evil regime.

Geraldine Smith: I thank the hon. Gentleman. I agree with what he says. Iraq is a better place because Saddam Hussein is gone. People who think that we are threatened by terrorism because we went to war are mistaken and naïve; that threat existed before the war with Iraq, and there is no rhyme or reason governing why those fanatical people attack certain countries.

The Government and the official Opposition both recognise the threat of international terrorism and the terrible consequences that the failure to defeat that threat would have. The Prime Minister has rightly mounted a personal crusade to bring the issue to the top of the international agenda. I think that the following short extract from a recent speech that he made crystallises the extent of the threat that he perceives:

> "September 11th was for me a revelation. What had seemed inchoate came together. The point about September 11th was not its detailed planning; not its devilish execution; not even, simply, that it happened in America, on the streets of New York. All of this made it an astonishing, terrible and wicked tragedy, a barbaric murder of innocent people. But what galvanised me was that it was a declaration of war by religious fanatics who were prepared to wage that war without limit. They killed 3000. But if they could have killed 30,000 or 300,000 they would have rejoiced in it. The purpose was to cause such hatred between Moslems and the West that a religious jihad became reality; and the world engulfed by it.
>
> We know that the terrorists would, if they could, go further and use chemical, biological, or even nuclear weapons of mass destruction. We know, also, that there are groups of people, occasionally states, who will trade the technology and capability of such weapons. It is time that this trade was exposed, disrupted, and stamped out. We have been warned by the events of 11 September, and we should act on the warning.
>
> From September 11th on, I could see the threat plainly. Here were terrorists prepared to bring about Armageddon."

I firmly believe that the Prime Minister was right in his assessment of the situation. Avoiding the nightmare scenario that he describes will require international co-operation on an unprecedented scale. I have every confidence that the UK Government will do all in their power to facilitate the necessary mechanisms, measures and procedures to make that happen. It has been said that there is impressive collaboration between the UK and its allies, particularly the United States. However, co-operation within the European Union is less evident. The Government agree that there is scope for increasing co-operation within the European Union, and after the appalling atrocity that occurred in Madrid, that will no doubt be easier to achieve.

I am less confident that the Government have adequate measures and structures in place to prevent or deal with the effects of a chemical, biological, radiological or nuclear attack. MI5's considered view is that it is only a matter of time before a CBRN attack is launched on a major western city. Bearing it in mind that the United Kingdom is high on the terrorists' hate list, there must be a real prospect of one of our cities becoming a target. Despite that, the Science and Technology Committee was unable to detect any extensive effort to develop CBRN counter-measures. As a result, there has been no clear statement on what is required, and the research community has been unable to respond in a co-ordinated manner.

Homeland defence depends heavily on the input of the Defence Science and Technology Laboratory at Porton Down. Although, as hon. Members have stressed, that establishment is internationally recognised for its expertise in defence-related

[Geraldine Smith]

technologies, its main function is to support the military. A similar establishment, working in civil defence against CBRN attacks, is required. That could be achieved by the creation of a Government agency—a centre for home defence—under the auspices of the Home Office. It could have its own research budget and would be responsible for researching and deriving new technologies for home defence, as well as adapting military technologies for civil use. It would have the ability to commission research by the Department of Health and the Defence Science and Technology Laboratory, and would be responsible for identifying relevant research expertise within universities and research council institutes, as well as for forming strong links with academic and Government research laboratories overseas. I am firmly convinced that the creation of such an agency would greatly enhance the country's ability to produce effective counter-measures against a CBRN attack.

My final point relates to an issue that has already been mentioned: the unnecessary secrecy that seems to permeate the Home Office, which we saw during our Committee inquiry, and the lack of information on these matters that is made available to the public at large. I accept that there must be a balance—I was quite pleased that, after meeting the head of MI5, I knew no more about national security and secrets than I had an hour before; I felt that she was just doing her job. We sometimes have only ourselves to blame: when ex-Cabinet Ministers run to the press to talk about matters that could damage national security and the national interest, it undermines our credibility as politicians.

It is sad to say—but true—that the Committee learned more on our visit to the United States about how the Americans are dealing with some aspects of CBRN threats than we could glean from our Government about how we are dealing with such threats. When we were in America, we visited the Centres for Disease Control in Atlanta, which even lists the number and distribution of smallpox doses for vaccinations. Scientists at Lawrence Livermore national laboratory in California briefed us on their detection systems and capabilities. US officials gave our Committee unrestricted briefings, and we met representatives of the Department for Homeland Security. The US was definitely much more open with information, and is it less safe as a result? I do not think so, so impressive are the measures that the Americans are putting in place to fight terrorism. Their openness with the public is the right approach.

One of the consequences of over-zealous secrecy is that it inevitably gives rise to the suspicion that the Government are simply avoiding embarrassing questions and have a misguided view that openness will somehow panic the public. As has already been said, if we are more open and tell people what the risks are, they become more confident and less frightened. I believe that much more needs to be done to make people aware of the potential danger and how the risk can be limited. We in this country seem to be in a bizarre situation: the vast majority of Members of Parliament fully recognise the real threat that terrorists will launch a chemical, biological, radiological or nuclear attack, and how devastating the consequences would be, but it seems that a substantial proportion of the public believe that the threat is too remote to be taken seriously and that politicians are just trying to scare them. We need a much more open public discussion about all the issues surrounding the terrorist threat and what can be done to combat it. The Government must take the lead and inform the public as frankly as they are able to about the risk and the nation's state of preparedness to deal with a chemical, biological, radiological or nuclear attack.

3.31 pm

Bob Spink (Castle Point) (Con): It is always a pleasure to follow the hon. Member for Morecambe and Lunesdale (Geraldine Smith). Today she showed the familiar passion and courage that this House and the country have come to expect from her, and for which she is known. I shall be echoing many of the points that she made.

I pressed the Committee to prepare the report, and I welcome the debate which is, as the hon. Member for Norwich, North (Dr. Gibson) said, most timely. There was a full-scale chemical alert around the Palace of Westminster today, when a van was in an accident involving two chemicals which, if mixed, might have produced poisonous gases. That was not, as we have already heard, a terrorist attack, but it clearly shows, as my hon. Friend the Member for Salisbury (Mr. Key) explained, what can happen and what the response should be. I agree entirely with my hon. Friend's remarks and I associate myself with his praise for the services that dealt with the incident. I was in the middle of it.

Our inquiry looked at how science and technology could be harnessed to develop counter-measures to chemical, biological, radiological and nuclear devices employed by terrorists, and how science and technology are informing the response to terrorism. The UK's greatest source of expertise is, of course, the Defence Science and Technology Laboratory at Porton Down. It has a military focus and no home defence remit. Therefore it is logical that the Committee should recommend the establishment of a centre for home defence, under the Home Office, to develop technologies that can be put to civilian use. Protecting civilians is as important as protecting servicemen and women.

I shall focus on the Government's overall management of the use of science and technology in home defence and their duty to make the public aware of what is going on. Our report is very relevant in the light of the Madrid bomb, as we have heard, and the escalating threat of terrorist attacks on the UK—principally London, I suspect.

The report is particularly relevant to my constituents, who feel, for two jolly good reasons, that they are in the front line of a potential terrorist attack. They were attacked by terrorists about 20 years ago. It was IRA terrorists who perpetrated an attack, with explosives, on Castle Point. The oil storage plant that they attacked is no longer in my constituency, so I stress that it is no longer a target for anyone in that respect. However, my constituents still feel under threat because thousands of them travel to London by train every day. They use the tubes and travel on the roads. They have a right to know what is going on and I have a duty to fight in this House for their best interests. That means ensuring that they know what is going on. That is why I pressed so hard for the report in the first place, as hon. Members may recall.

Let me inform the debate by giving hon. Members the result of a recent internet poll, which asked:

"Do you feel confident there are enough security measures in place to prevent an attack on London's transport system?"

Some 85 per cent. of those who answered—some will have been my constituents—said, "No." That is a very stark message for the Government, who have a clear duty to reassure the public that adequate steps are being taken. That is why it was wrong of the Department for Transport to pull out of the evidence session. It had no good reason to do so—at least, no reason has been given for its shyness.

The Home Secretary has a duty to proceed sensitively when inquiries deal with highly classified information. However, the members of the Select Committee, like members of all such Committees, are grown-up people. We understand the sensitivities and we accept that there is sometimes a need for confidentiality. We would therefore have accepted it if Ministers had told us that certain issues could not be discussed openly. However, the Government were disingenuous when they said that our inquiry's remit did not justify a detailed analysis of counter-terrorism measures. Select Committees are here to hold the Government to account and it is for us, not a control-obsessed Government, to set and interpret our remit. We do our job with total responsibility and a clear awareness of the sensitivities and the need for security.

I suspect that the Government's reasons for secrecy and non-co-operation with our inquiry had more to do with controlling information, avoiding embarrassment and a misguided belief that openness might cause panic in the population. A culture of secrecy is embedded in the Home Office, which is afraid that public scrutiny will expose the Government's lack of preparedness and incompetence in this important area. The Government are far too preoccupied with the danger of alarming the public, but that makes the public cynical and distrustful, and it lowers their confidence that adequate measures have been or are being put in place for their protection.

Constituents tell me that they want to know more. Mrs. C. F. from Thundersley contacted me just this week, saying that she did not trust the Prime Minister to tell the truth on the issue. The hon. Member for Norwich, North, who is muttering at the moment, has said that if the public are kept in the dark, "trust becomes an issue". The public are being kept in the dark and trust is an issue, which is why Mrs. C. F. of Thundersley contacted me this week, and she is not the only one.

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): Would the hon. Gentleman accept that a little learning can be a dangerous thing and that people who do not have sufficient understanding might be frightened out of their wits?

Bob Spink: No one in this place or anywhere else could ever accuse the hon. Gentleman of having only a little learning. He is extremely intelligent and articulate—hence his excellent intervention, which I will answer in this way.

My constituents want some facts. They want to know what the risks are because they face them daily. They want to know what defences are in place to protect them. They want to know what chemical, biological, radiological and nuclear counter-measures can be expected in the event of an attack. They want to know what they should and can do in certain circumstances to help themselves and others who may be hurt or need assistance, and to ensure that they do everything possible to assist the security forces to prevent a crisis in the first place or to deal with one if one sadly takes place. People want to be trusted and empowered; they do not want to be nannied by a control-obsessed state.

Our health professionals and general practitioners, as the hon. Member for Norwich, North mentioned, will be unable to give authoritative advice and in a crisis the health service could easily become overwhelmed by concerned members of the public. The media would not be able and ready to feed information to the public quickly and accurately to help in the counter-terrorist battle. Such states of preparedness are long overdue and should be delivered by the Government. We are not in a state of preparedness, so our response in a crisis will be less good. The impact of any attack would therefore be greater in human and organisational terms.

As we have heard, the United States prepares itself differently. Sadly, I could not attend the United States visit because I had a constituency engagement and one's constituency comes first. It is accepted that the United States does things more openly, so it is more accountable for its actions or inactions in a crisis. That does not make it less safe; it improves the response and limits the risk. During our inquiry—although I did not attend, I followed the evidence carefully—the US Government gave us evidence, including unrestricted briefings on therapeutic counter-measures conducted by the US military. Indeed, they gave us more briefings and information than our Government would trust us with. The bottom line is that being prepared and informed makes the target smaller; being uninformed and unprepared makes the target bigger. That is why I welcome this report. As for potential terrorists, they have access to the internet and other sources of information, and have been using and training on them for many years. They have access to information of which the public would never dream. We cannot tell them anything that they do not already know or could not already find out.

I now move from the issue of secrecy to that of organisational competence. The Government are found wanting here too. The first question is: who is responsible? The Government fall at that initial fence. Our inquiry found that it is not clear who in Government is responsible for determining to what threats the UK should respond and with what priority. We have not established how risk assessments inform Government policy, nor, therefore, the scientific and intelligence response. It is our duty to highlight that shortfall. For instance, we need closer collaboration and co-ordination between the Home Office and the Department of Health. We must be clearer about where responsibilities lie, including the roles of the Health Protection Agency, the Medical Research Council, the Defence Science and Technology Laboratory at Porton Down, and other agencies and bodies such as the research councils, the military and the pharmaceutical industry, which could play a crucial

[Bob Spink]

role in helping to develop biomedical counter-measures. There is still much to do to co-ordinate those various disparate bodies. We must have proper co-ordinated control of the myriad agencies that are or should be involved in ensuring that science and technology are maximised in this country's defence against possible terrorist threats. We must have a single, high-level, ministerial point of responsibility, so that we have a clear point of accountability, which, pray God, will never be called to ultimate account.

Our proposed centre for home defence would be a key factor in pulling all the various players together as a single team. Its first job might be to oversee much needed research on decontamination processes and procedures. At the moment, the buck must stop with the Prime Minister, as the inquiry showed him to be wanting. I commend the all-party report and urge that action be taken to improve information flows, including to the public, and to sort out the lines of responsibility, management and overall organisation of the defence of Britain against the terrorist threat.

3.46 pm

Dr. Brian Iddon (Bolton, South-East) (Lab): It is a great pleasure to see you chairing another debate involving the Select Committee on Science and Technology, Sir Nicholas. I am starting to think that you are an honorary member of the Committee.

Terrorism is undoubtedly one of the greatest threats facing the world today. Our distinguished chief scientific adviser can think of only one greater threat—climate change—as he revealed during his recent visit to the United States. Last week's events in Madrid have brought terrorism into sharp focus once again, as, regrettably, do the almost weekly events in Baghdad.

We have a new expression—asymmetric warfare. We do not know who the enemy is or how, where or from which direction they will strike. Recent events worldwide have shown that the new form of terrorist is not even prepared to give a warning to save lives. Indeed, the evidence shows that they want to cause as many deaths as possible. That is why these people are some of the most evil terrorists in recent history.

Who would have thought that anyone could even dream of flying an aeroplane fully laden with passengers into a tower block? To fly two such aeroplanes into the highest tower blocks in the world is beyond my comprehension, not to mention flying another into the Pentagon and a fourth that crashed into the ground. How many scenarios can a terrorist think of? The possibilities are endless, which is a big problem. That is why the provision of intelligence, in which science has a role to play, is critical in combating terrorism. Nosey neighbours are back in business.

I have always believed that tackling the causes of terrorism is far more important than declaring a war on terrorism, which only creates more terrorists, as we are beginning to see. In my opinion, the main causes are poverty, intolerance and social exclusion. We need to declare a war on those problems first.

We now come to the main theme of the debate. I have been concerned about building security ever since the IRA began to attack areas of Britain that have high-rise buildings or office blocks with frontages that have acres of glass in them. It appears that we do not build high-rise blocks in Britain that could collapse like a pack of cards, as the twin towers did in New York. I am, however, greatly concerned about the amount of glass in buildings that can, and usually does, fall on to people, or fly in and out and damage people, when there is a bomb blast. I am also concerned that air intakes are usually at the bottom of buildings and are unprotected, so they can be used to introduce volatile chemicals to buildings.

Science can provide the answers to these problems. We can, for example, design chemical and biological detection devices that can be placed in air intakes, or filters that will filter out certain biological agents and even chemical agents. The obvious answer, however, is to redesign buildings to make them safer—for example, by removing air intakes from areas that are open to the public. I am pleased that organisations such as the Institution of Structural Engineers have begun to take the issue very seriously indeed. The IStructE published "Safety in tall buildings and other buildings of large occupancy" in July 2002, which was a useful addition to the debate. We should ask how safe a tall building is. However, I would like to put the question another way: "How tall can a safe building really be?" We must think how many people work in the building or visit it and how many would therefore need to escape in a real emergency, be it an accident or a terrorist attack. I can find no debate in the public domain on how tall such buildings should be, no matter how costly the land in London, New York, Manchester or other major cities.

I turn to the Anti-terrorism, Crime and Security Act 2001. When I was a research chemist in 1965, I synthesised a new polyfluorinated compound that was impossible to handle in the department in which I worked, even using the extremely efficient new fume cupboards that had been fitted in the laboratories. That compound was so volatile and lachrymatory that within minutes of my isolating it for the first time from an ethereal solution in a fume cupboard, the whole department—a large department at Durham university—had to evacuate the building. Even in great dilution, the chemical was swept in through the air intakes and in a few minutes had filled every room in the building. That compound was of obvious interest as a potential riot control agent. I believe that its properties were drawn to the attention of the chemists working for the chemical defence establishment at Porton Down at that time—many years ago, I hasten to add.

That incident brings me on to one of the main themes of the Committee's report, which is covered in chapter 7, "Security of research". Parts 6 and 7 of the 2001 Act tighten controls on access to pathogens and toxins used in UK research laboratories. Under the 2001 Act, universities and research establishments must notify the Government if they hold dangerous substances and provide information to the police if requested. Would my new compound have counted as one of those? Is there a list of such toxins? The answer is that the 2001 Act would not have applied to my new compound.

There is a list of biological agents for export control. In fact there are two lists and therein lies another problem. The chemicals on the best-known list, the so-called Australia group list, which is in schedule 5 of the 2001 Act, are not like mine. They are highly toxic chemicals, such as ricin, that are entirely natural

products, not synthetic chemicals. The other materials in the Australia group list are viruses, rickettsiae, and bacteria. We are also told that counter-terrorism officers are drawing up a second list, the so-called Salisbury list, which seems to have a different categorisation from the Australia group list. I am told that the hon. Member for Salisbury (Mr. Key) is in no way connected with the Salisbury list.

Clearly, there is some confusion on the Committee about the two lists. The Australia group list is current in the 2001 Act, so that is the legal requirement. The public are not allowed to be told much about the Salisbury list, although we understand that it has been widely distributed among university health and safety officers. Perhaps my right hon. Friend the Minister will clear up the confusion over the two lists and tell us why the Government seemed to be so secretive with the Committee about the content of the Salisbury list. It would seem that toxic chemicals other than natural products should be on the Salisbury list. The Australia group list contains none of those, not even organophosphates—nerve agents, such as sarin, which terrorists used on the Tokyo underground.

Perhaps my right hon. Friend the Minister can also tell us why scientists are still waiting for the Government to set a minimum standard of compliance with the 2001 Act. She told our Committee that that would happen by the end of next August. Perhaps she can tell us today whether the target will be met.

There is a need for greater awareness in the academic community of the contents and implications of the 2001 Act. What are the Government doing to encourage universities and others to comply? I note that the Government's response to our report, published on 22 January, agrees:

"The present situation in relation to the Anti-Terrorism Crime and Security Act is unsatisfactory".

Next, let us turn to the thorny problem of vetting students and researchers. In the 1960s, the university of Salford, where I worked, had one of the best laboratories of any country in Europe for handling low and high-level radioactive chemicals that emitted all the potentially dangerous radiations: alpha-rays, beta-rays, gamma-rays and x-rays. People came from all over the world to be taught nuclear science in the Cockcroft building, and a large contingent of both undergraduate and postgraduate students came from, and returned to, Iraq. Need I say more?

We cannot predict a terrorist threat today that might be several decades away. Genetics is a red-hot research topic. However, who knows what threats will be possible tomorrow from knowledge gained today? Nevertheless, a voluntary vetting scheme was set up in 1994 to assist the Government in preventing the transfer of risky technology abroad. Currently, the scheme covers 10 countries of concern and 21 academic disciplines of concern. Where a postgraduate research application from a country of concern coincides with an academic discipline of concern, the advice is that the application should be referred to the Foreign and Commonwealth Office. I repeat that the scheme is voluntary.

Evidence gathered during our investigation suggested that not all universities are taking the voluntary scheme as seriously as they perhaps should, especially in the current climate. The obvious conclusion is that if they do not start to comply and to take the voluntary scheme seriously soon, it will be replaced by something more rigorous, which might restrict their academic freedom more than at present. When we visited the United States of America, we were told that things are much more difficult there regarding the entry of students from abroad, who appear to be rigorously vetted. The long delays in granting visas are now causing serious problems for research programmes. Even travel to a conference abroad, followed by re-entry, poses severe difficulties.

Concerns that scientists could undertake unethical research have led to a proposal that they should take an oath analogous to the Hippocratic oath taken by medical doctors. The Pugwash conferences on science and world affairs have proposed such an oath, which can be found on page 63 of our report. The International Committee of the Red Cross has called on scientific and medical associations and industry:

"To adopt professional and industrial codes of conduct aimed at preventing the abuse of biological agents".

Many learned societies have already introduced such codes of conduct for their members and we have recommended that all learned societies should consider introducing

"an overt ethical code of conduct as a prerequisite of membership".

However, it is not essential for all scientists to belong to a learned society.

Concerns have also been expressed about the publication of research papers that might contain information of great interest to terrorists. In January 2003 a statement on such publications was issued by a journal editors' group on scientific publishing and security that featured mainly north American publications, although *The Lancet* and *Nature* were also involved. We recommend in the report that the science Minister raise the issue in the European Union.

The Scott inquiry resulted in the Export Control Act 2002, which controls the export of military and dual use goods. It is essential that the Government do not use that Act to prevent the interchange of scientific samples between countries. We heard that scientists in the United States of America are finding it more difficult to exchange samples with scientists in other countries, including Britain.

In conclusion, a clampdown on security could make life much more difficult for British scientists and inhibit the usual academic freedoms across the world. Science has always relied on a free exchange of information, and people in different countries also freely exchange their roles. We urge our Government to take that into account when planning new legislation or enforcing existing legislation. We also call on scientists throughout the world to behave responsibly. There is a fine balance to be struck between the need for tight security and freedom in the academic community, which I hope will always lie in the latter direction rather than the former. Whatever we do, we must use all the endeavours of the scientists and all the available scientific techniques to minimise the risk of a terrorist attack.

4.1 pm

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): It is a pleasure to follow my hon. Friend the Member for Bolton, South-East (Dr. Iddon), who is learned in this subject—he always brings a tremendous expertise to our deliberations—and my fellow Committee members. One thing that I hope will come out of the debate is a strong sense that, in its ranks, Parliament has people who can make an important contribution to public understanding and the promotion of scientific matters.

Our Committee exists partly to act as a voice for science and engineering and their cognate disciplines, and to ensure that the numbers of scientists available to our country and the conditions under which they work are understood and protected. It also exists to check whether the understanding of science and technology in Government is sufficiently well developed. The premise is that science and engineering can make enormous contributions to the public good, not only for our generation and its successor, but into the distant future for generations yet unborn. Science contributes something to our culture that is ineluctably part of what it is to live in a civilised society.

I want to focus not on our report's virtues—although, like other Committee members, I am extremely proud of our work—but on its deficiencies. In the report, we have tried to change some things about the culture of our country, but so far we feel that we have failed. We have failed because, as Karl Popper was wont to emphasise throughout his academic life, science is characterised by its openness and spirit of rationality. There is a spirit of people making claims that are open to challenge by others and, in the light of those challenges, sometimes rescinding or modifying those claims and making them more resilient to empirical investigation.

Science is a model of how one might conduct oneself if one was trying to be attentive to the voices of others. In that respect, it is very different from the approach of terrorists, who are entirely and insanely deaf to the pleas, arguments and world views of other people. They are deaf even to the right of others to continue living their lives. At its best, science can show us how human rationality and the desire to improve life can be one of the attributes of which a civilised society is most proud. However, some people in this world learn the techniques, understand the technology and study science with a view not to improving the lot of humankind, but to promoting their own ideology, at whatever cost to other members of the human species.

We must ensure that we have the capacity to rebut the escalating expertise of terrorists. The hon. Members for Castle Point (Bob Spink) and for Salisbury (Mr. Key) made good points with regard to the increasing capacity of terrorists to understand scientific techniques and technology and to devise nefarious methods for the destruction of people who do not share their ideology. We need a counter-culture to give people the knowledge to rebut the arguments of terrorists. Knowledge is power and ignorance is not only powerlessness, but a source of fear. Terror is fear at its worst and we do people no favours if we pretend that voices that seek to understand these things should be silenced. That is what happened with the report and that is why it is, in many ways, defective.

My hon. Friend the Member for Morecambe and Lunesdale (Geraldine Smith) made the powerful point that we have ended up knowing more about how Americans understand and deal with these matters than ever we found out about how the United Kingdom does so. We know more about American preparedness to tackle terror than about the UK's preparedness so to do. I put it to the Minister and the Government that that cannot be right.

Let us consider just one example. The American Association for the Advancement of Science published an excellent book on the preparations that were being made to deal with terror. One chapter dealt with the water supply. The problem with the UK is that if one starts to talk about anything in detail, the response of the Government and of Government agencies is almost to say, "No, we mustn't discuss that any more: we'll give the terrorists ideas." I think that they have ideas enough, as my hon. Friend the Member for Bolton, South-East was sharp enough to point out. Terrorists have ideas. They have thought about water, electricity and the very air that we breathe. It is up to us to stop pretending that as long as we are silent, ignorant and pretend not to take cognisance of these matters, somehow we will be safer—we will not be safer.

In the chapter that I mentioned, the American association considered the water supply and where it was vulnerable. It is very interested in the public understanding of that. If, for instance, an average member of the American public saw someone behaving in a suspicious way near an aquifer it is very likely that they would report it to the authorities with a view to having the behaviour investigated. At least, there is far more chance of that happening in America than here, because the Americans have tried to make their population aware of points of vulnerability, whereas we have not done so to anything like the same extent.

What can be done with water? The public in Britain, who on the whole are shielded, protected, or insulated from any of the matters in question, might well have a feeling of terror at the very thought that the water supply could be interfered with. After all, if it takes, say, 1 g of cyanide to kill a person, a tonne introduced to the water supply looks capable of killing 1 million. That is the thought, at least, that people who are scientifically uneducated might have. However, it brings to light immediately one of the issues that we have tried to understand. What I said about cyanide just now is of course a scientific non sequitur. It is true that cyanide is a terrible substance and that it could wreak great havoc and fear if substantial quantities were available to people as malevolent as the Madrid bombers. However, cyanide in the water supply reacts with the residual chlorine to produce potassium chloride, which, when suitably diluted, is relatively innocuous.

It does not follow, as the Americans point out, that because someone wants to poison people, vast quantities of poison in the water supply will do the trick. Chlorine itself would be a far more potent poison than potassium chloride, particularly in the quantities in which chlorine is available with respect to much of its industrial use.

Dr. Iddon: I am impressed by my hon. Friend's knowledge of chemistry, but I hope that he will agree with me on one point that has not emerged in the

debate—that all over the world, now, people are monitoring the production, transport, export and import of chemicals. That does not happen only with respect to the production of illicit drugs. While I have not heard this, I am sure that monitoring is also taking place of chemicals that could be used by terrorists. It is now, fortunately, very difficult to get hold of some chemicals.

Mr. McWalter: I agree strongly with my hon. Friend, but it is interesting that chemicals that are produced in very large quantities, for very large-scale industrial processes, are sometimes those about which we need to be most wary.

An interesting aspect of the Americans' work on water supply is how the monitoring of water quality is developing. Not only is the focus on so-called naturally occurring pollutants—clearly, some nitrates and other pollutants are introduced through agriculture—but an attempt is being made to monitor water for much rarer components. The Americans are moving towards filtering out impurities that it would, in the normal course of events, be surprising to find in the water system.

The American Government approach is to have an open debate, to admit that there is a threat, to admit to vulnerabilities and to seek to engage the public where they can help. They want to let the public own the problem, rather than to say, "Oh, no. We are not going to let you own the problem. We are going to take it to some ultra secret hole in the ground and we will solve all the problems for you. There's nothing to worry about."

The Committee thinks that there are things to worry about, not least because the Committee is getting quite good at sometimes identifying where there is a scientific deficiency within Government. There was an amusing example of that only this Monday. One of the leaders of the research councils told us that they would engage the Government in discussion if only they could find someone sensible to talk to. He was not referring to the Home Office, I hasten to add.

The Committee has the capability. We are not front-line scientists, but we are experienced enough and have seen enough to understand when someone is trying to pull the wool over our eyes. At the Committee sitting dealing with water we asked the United Kingdom representatives about these problems and read them chapter and verse from the Americans, but they said, "We disagree." That was that. There was no argument. There was no discussion. There was no depth. In place of rational argument and an open sharing of concerns and understanding there was a complete clam. That is what is wrong with our report. Despite strenuous efforts, particularly by our ever-resilient Chairman, we were unable to break the mould of that way of thinking.

We are glad that the Home Office now has a chief scientist—we have been pressing for that—but I am slightly worried that the efforts of the Committee to get more scientists into government might be curtailed by things that were said in the Budget debate yesterday. If one is trying to get more expertise into government, the best way to go about it might not be to have large-scale redundancies in Departments that often seem to lack understanding of fundamental science.

I believe that our report is one of which we can all be proud. We are also all proud of our debate today. It has the capacity to change the culture of government so that the Government are more responsive to science and more willing to give credence to scientific expertise held outside government and outside Oxford and Cambridge. If the Government persist in thinking that this is a problem that the public need not own, we will all regret it. The Metropolitan Police Commissioner was quite right when he said that we would have to deal with this in the end.

The Committee has sought to make the public more aware of the scale of the threats and then to equip them to understand how to work through the traumatic events that the terrorists would visit upon us. I hope that the Minister will announce today that the Home Office is more willing to share with us its view of these problems and that from today's debate will come a sense that not only the public, but the Committee, are being asked to share the problem.

4.19 pm

Mr. Richard Allan (Sheffield, Hallam) (LD): It is a pleasure to be the first non-member of the Committee to speak. I have found this afternoon's debate fascinating, particularly the obvious unanimity of views of Committee members about the value of the report. They are perhaps more unified on that than they are on the war with Iraq and how to deal with terrorism. The report has brought them all together and made a useful contribution to the debate on how to respond to the threat of terrorism. The hon. Member for Newark (Patrick Mercer) and I have considered that in relation to the Civil Contingencies Bill. We examined the planning for such incidents in the abstract, whereas the Committee considered the specifics of how responses can be most effective.

Following on from what was said by the hon. Member for Hemel Hempstead (Mr. McWalter), I find it curious that we are bringing together the most rational and humane of disciplines—scientific disciplines—with the most irrational and inhumane actions, which are those of terrorists. To bring the two together is a helpful way of reminding us that in dealing with the terrorism threat we must continue to act rationally. The terrorism threat is designed to make us act in irrational ways—in other words, to break down our sense of humane and civilised behaviour. Throughout the period that we are under such a threat, it is important that we continue to behave rationally, and science, in a sense, is the apogée of our rational behaviour.

The report can help us in two respects. First, it discusses the technology that we need to respond to specific threats posed by terrorism. Secondly, it promotes the scientific discipline of evaluating risk properly to decide on the appropriate response. The technological responses are comprehensively covered in the report and I hope that the material collected there will form a useful benchmark for the Government's planning. As a layman I found it helpful. I am a technologist but not a scientist, and I recognise the difference between the two, but I found the report helpful in explaining some scientific issues engendered, in particular, by trying to respond to potential chemical,

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biological, radiological and nuclear attacks on the United Kingdom. It is a very helpful document from that point of view.

I detected a certain amount of needle between the Government and the Committee over the report, which comes out in the Government's response. It starts by saying how wonderful the report is and that many of the recommendations are to be accepted, but goes on to say that they cannot accept some recommendations and completely to reject others. Clearly, there was some needle, but I hope that in terms of the substance of the report, as parliamentarians will appreciate, fences are being mended between the Government and the Committee and will continue to be mended with the help of the Minister's response this afternoon.

I found two areas useful when looking at the technological response, which relates to the applied science that must be brought into play to combat the terrorist threat. The first is the question whether research is too defence focused, as was set out in recommendation 6 of the report and to which the hon. Member for Norwich, North (Dr. Gibson) referred in his introduction. There are associated recommendations, such as recommendation 54 on a centre for home defence. I hope that that issue will be followed up effectively, as the Committee is on to something there.

In the past, the focus of research was naturally on the threats imagined then, which were CBRN threats to military personnel in the field, or a nuclear catastrophe involving the protect and survive response that we would have had in the cold war, when there could have been massive nuclear attacks on cities throughout the United Kingdom. Neither scenario particularly applies these days and there seems to be significant scope for remodelling at least some ways that we might respond to attacks, given the expectation that they would take a completely different form.

In particular, I am considering the science of behaviour when dealing with the civilian population in the situations that we are thinking of, such as attacks on cities and transport networks. The responses might be quite different from those in a military situation. I support the Committee's recommendation in that regard.

Geraldine Smith: Does the hon. Gentleman think that if the general public were to see the Government setting up a home defence agency, they would realise that the Government were taking the threat seriously? Although the public hear the Prime Minister saying that the fight against terrorism is a priority, they do not see any back-up. That needs to happen to make the general public realise how serious the situation is.

Mr. Allan: The hon. Lady makes a good point. She makes me think of the Centre for Disease Control, which a number of hon. Members mentioned that they saw when they went to the United States. Such a visible presence is important for reassurance. The public are reassured by being shown a group of people with shiny machines who clearly know what they are doing. At present, we will not get such reassurance from the military facilities, which are, by definition, secretive. However, it would be useful if there were civilian equivalents that could be seen by the public—the equivalent of the Royal Automobile Club control centres that people see in another area of their lives—so people knew the far more significant threat to life and limb was being addressed. I agree with the hon. Lady that there is scope for that.

The question of the scientific expertise in the Home Office was raised in recommendation 7. I found echoes in that of the work that I do on information technology, as that relates to the Home Office. The Home Office seems to be a little light—to use a suitably delicate word—on the necessary expertise when dealing with scientific and technological matters. There is a genuine fear that joined-up government is not operating as effectively as it should on scientific and technical issues, including information technology. The Department of Trade and Industry is the lead Department in those areas and it has far more technical expertise, but frequently the Home Office is the operational Department that introduces legislation. If the Home Office is the lead Department in responding to attacks, it is important to beef up its scientific resources. We must overcome the sense that if the matter is scientific it is for the DTI and the Home Office is not going to employ scientists because the DTI already does so. We must ensure that the rhetoric of joined-up government works in that important context.

The other area to which science can make a major contribution is in the evaluation of risk. I noticed that there was a bit of a spat in the Government's response about defining risk versus threat. The Committee was using risk in a scientific sense, meaning the overall risk of something unpleasant happening, as one would use risk in the context of the measles, mumps and rubella vaccine and a measles outbreak. The Government responded rather petulantly by saying that they were talking about something else—that threat analysis and risk analysis are different. I believe that the Committee was correct to talk about the need to weigh up risk in terms of lost benefits as against the potential overall threat—both the likelihood of something happening, which is necessarily based on intelligence, and the severity of any incident. I recognise that those two need to be considered together.

That matter is particularly relevant in the context of the debate and was mentioned by the hon. Member for Bolton, South-East (Dr. Iddon) in relation to research and research directions. One could take a precautionary approach in which all forms of research that are potentially dangerous are shut down and there is no engagement with scientists from any countries that are potentially dangerous. There is a risk in continuing to engage in research in certain subject areas and with people from certain countries, but that risk must be evaluated against the potential benefits or disbenefits of ceasing to do so.

The hon. Member for Bolton, South-East mentioned Iraqi scientists in the UK in the 1960s. We do not know whether the scientists whom he met at Salford were so impressed by the way of life in the UK that they gained a code of ethics that diverted them from engaging in

any programmes that we would find offensive. If we had shut the doors, they would not have had that opportunity, nor that exposure. It is a complex picture, but I believe that the Committee is right to argue against responding simply by shutting things down. We must be sensitive to the complexity of the situation and maintain a delicate balance.

As an MP who represents a constituency in which there are two active universities—Sheffield and Sheffield Hallam—I know that scientists from all over the world make enormous contributions to those universities and return to their countries as ambassadors for the UK. Those interactions continue over many years and the idea that we should shut down such exchanges carries significant risks in itself.

Dr. Gibson: Does the hon. Gentleman agree that it is incongruous that, as a consequence of the top-up fees issue, we will have to recruit more students from abroad to get the money into higher education?

Mr. Allan: I am not sure, but I get the sense that the Committee may be more united on tuition fees than perhaps they were on Iraq. Was not the Committee away on a visit during the last vote on the Higher Education Bill? Were not Committee members encouraged to stay on that visit by the powers that be, because they might have tipped the balance the wrong way if they had returned? I am entirely at one with the hon. Gentleman on tuition fees, which are a serious issue for universities.

One thrust of Government policy seems to be that universities should act more like businesses in a global economy—that they should go out and sell themselves and bring people in. If we are to do that, we must recognise the full consequences of it. We cannot do it and then say to them, "Ah, but, we're going to make life difficult for you when you try to do that."

The hon. Member for Bolton, South-East spoke about vetting. I hope that voluntary vetting can mature so that universities may properly go about their business. Export controls are not too restrictive and voluntary vetting works and is better than trying to shut things down, perhaps without thinking of the knock-on consequences.

Mr. McWalter: I am glad that the hon. Gentleman has returned to his theme of shutting things down. Does he agree that it is more dangerous to shut things down than to continue to develop the expertise that our universities and other institutions can give us, so that we can deal with these matters as effectively as possible?

Mr. Allan: I entirely agree with the hon. Gentleman. We require research to deal with threats, so research cuts both ways. I was interested in the point that the hon. Member for Bolton, South-East made about expecting people to sign up to the ethical code and about the Pugwash conferences. We have similar debates in the IT field about science and technology being primarily for the benefit of humankind: it has no purpose outside that. By and large, the people who work in science and technology subscribe to the idea that their work is intended to benefit humankind. Sadly, there is sometimes a public perception that scientists and technologists are trying to create Frankenstein's monster and to get us all. That is not the case. I have certainly never found it to be true in my experience of working with scientists in Sheffield. I am sure that other hon. Members wholeheartedly agree with that.

It is important that we are clear about the fact that allowing scientists the freedom to work will allow them the freedom to advance humankind, including by finding solutions to problems that we face. For example, some solutions to finding intelligence on potential terrorists and dealing with them are technological, but they will not be found if technologists are not allowed to advance.

I was interested in the comments about openness. There was a clear clash for the Government over which approaches should and should not be taken. I shall not intrude into anyone's private grief, because there is plenty in the report and the Government response about the different attitudes on this issue. I am also aware of the Liaison Committee debate and can testify to the fact that the Chairman batted as firmly as he could—I do not know whether I should use a cricketing metaphor with this Chairman. He tried to punt the ball into the goal as accurately as he could on behalf of the Committee.

Dr. Gibson: On the head.

Mr. Allan: Indeed, and he took it on his head. He did a robust job and was widely praised by people across the House who want Select Committees to have the freedom to act on behalf of Parliament and not be muzzled by the Executive. That is an ongoing tension, which will always be there. However, I thought it important that the Committee stuck to its guns on that occasion.

Several hon. Members spoke about creating a full picture for the public. The hon. Member for Norwich, North started by talking about the more open culture in the US and then various other hon. Members spoke to that subject. I believe that the phrase that the Government have been using in the context of terrorist alerts is, "Be alert and not alarmed." We could add "be informed" to that. The tone of the report is that we should be alert and informed.

We particularly need to be informed about risk and understanding risk, perhaps in the sense that it was meant in the report. That is part of a much wider scientific debate with which we are all struggling, not least members of the Committee. We must try to get people to understand risk—for example, by understanding that devastating attacks of the kind that sadly occurred in Madrid, for which conventional bombs were used, are the most likely scenario. We are trying to evaluate the type of threat that we are most likely to face. The threat of an attack using chemical, biological, radiological or nuclear weapons is less likely, but such an attack would be more devastating if it should take place. People must understand that; they should not focus on CBRN attacks to the exclusion of conventional bombs just because the former have more devastating consequences than the latter. People must understand that the threat is about

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the likelihood and the consequences of an outrage happening, dealing with the outcome and reducing casualties.

Dr. Gibson: I am tempted to say something about the intricacy of the bombs in Madrid. Using a mobile phone was an intricate means of exploding the bombs. The people who exploded them had done some training, so it would be as easy for them to learn how to use biological weapons as well. We must not underestimate the act. As horrific as it was, it was quite a complicated technological feat.

Mr. Allan: That brings us back to the points made about access to materials. The bombs that exploded in Madrid were triggered by mobile phone and the type of electronic equipment that allows remote triggering of devices by mobile phone is available in Maplin. One can buy circuit boards there that allow one to switch on lights at home. Clearly it is more complicated to set up a bomb, but the technology that turns a mobile phone ring tone into an electronic impulse that triggers an action is widely available for various legitimate purposes. There are questions about access to the materials required for CBRN attacks, because they are not so readily available.

My understanding of the Madrid attacks is that they were a combination of readily available electronics with—if they were the materials mentioned originally—explosive material stolen from French quarry sources. It was material that can be stolen from a variety of places, put together with technology that is widely available. With CBRN attacks, if we effectively shut off access to the materials, they will not be so readily available. I defer to scientists on this, but it would be quite a delicate job to create the delivery mechanisms with the infective purposes required. That suggests that if people are really serious about causing damage, they can mount conventional explosive attacks on a regular basis, as the IRA showed over a long period. They might have the capability of mounting CBRN attacks, but they would require a more extensive lead-in period.

Dr. Gibson: Five people died due to the anthrax envelope delivery system in the States, so it is not too difficult to get enough of it around by simple methods. If it is posted and somebody opens it, it goes into people's nasal tubes and they die.

Mr. Deputy Speaker: Before I call the hon. Gentleman to respond to that intervention, I must say that I want to give the Minister proper time to reply to this important debate, and the Opposition spokesman has yet to speak.

Mr. Allan: I am grateful for that reminder. We could continue this technical debate over a cup of tea or a beer later.

A lot of information about the specific likelihood of an attack at any place at any time is necessarily covered by the secrecy that the security services require, but there should be an understanding of the relative impacts of different types of attack and the complexities of people being able or likely to mount such attacks. Those are scientific issues that should be widely disseminated: people should be able to gain such information from open sources. I hope that we can work towards better information sources for the public and I congratulate the Committee on its contribution to that aim.

4.39 pm

Patrick Mercer (Newark) (Con): It is a pleasure to speak opposite the Minister again, whom I wish well.

If one is a terrorist, it has been a fantastic fortnight: an extraordinarily well-co-ordinated operation took place in Iraq on the celebration of the day of Ashura, which was co-ordinated with simultaneous operations in Pakistan and failed operations in Afghanistan. They were followed by further operations in Iraq, particularly in Baghdad. Then, this time last week, we saw the shocking events in Madrid, which have been followed by more attacks in Pakistan and last night's hideous attack with a large bomb in Baghdad.

I am surprised that neither the Liberal Democrat spokesman—the hon. Member for Sheffield, Hallam (Mr. Allan)—nor the Chairman of the Select Committee referred in their exchanges to events in the United Kingdom last February. I do not want to be drawn into precisely what happened, but last February we believed, correctly or incorrectly, that this country had suffered a chemical or biological attack. It was thought—it may have been proved untrue and I believe that some details are sub judice—that ricin had been deployed in north London by associates of Ansar al-Islam, which is a branch of al-Qaeda. I shall not elaborate.

The report could not be more apposite. Not only have hundreds of people been killed in the past fortnight by bog standard terrorism, if I can call it that, but this country's experience so far at the hands of Islamic fundamentalist terrorists has been of the CBRN variety, at least within these shores. I am therefore particularly grateful to the hon. Members for Bolton, South-East (Dr. Iddon) and for Hemel Hempstead (Mr. McWalter) for making the scientific elements of the debate so very clear. They pointed out that the responsiveness of science is clearly a responsibility not only for the terrorist, but for the Government. People who believe that science is a black art or something that can be sneered at, as my arts-inclined 12-year-old son tends to think at the moment, are quite wrong. Science can be the friend and ally of the terrorist, but it must be the friend and ally of western liberal democracy.

The Liberal Democrat spokesman mentioned that he and I sat on the Committee that considered the Civil Contingencies Bill. Frankly, that was a mixed pleasure. However, the Select Committee's report very clearly plugs the gap in the inadequacies that he and I described so many times. The hon. Member for Morecambe and Lunesdale (Geraldine Smith) and the Chairman of the Committee made the whole issue of openness so very clear—if that is not tautology. A point made all the time during proceedings on the Bill was that the Government are not prepared to tell us what is going on. In a narrow sense, the Select Committee has made the openness of information and of witnesses more likely.

I want the Minister to take note of my fervent belief that we must be told what the threat is if we are going to be able to counter terrorist threats in general and the CBRN threat in particular. Our population must be treated like adults and must be handled responsibly. I wholly disagree with the Government's approach that it is better not to panic people, and it is clear that several hon. Members here today agree with me.

People will continue to be ignorant and horrified unless they know that they are likely to be attacked with explosives and fire, or chemical, biological or nuclear weapons. The reality is horrifying, but a little knowledge goes a tremendously long way. The Government seem to be saying that keeping knowledge to themselves will prevent panic. I say that knowledge dispels fear.

Several hon. Members, particularly my hon. Friend the Member for Castle Point (Bob Spink), made the point that we need to be trained. As well as being told what is going on, the population need to be trained in how to handle the effects of such attacks. The hon. Member for Morecambe and Lunesdale referred to a centre for home defence. I would strongly support the creation of such a centre, which could inform training and ensure that people do not simply react to a terrorist incident in the way that they have been trained to react to, say, a fire. Clearly, reacting to a fire involves getting out of the building, moving to a concentration point and listening to further orders. Reacting to a contamination attack involves precisely the opposite: people must stay in one place and be dealt with by the authorities. The issue of training the public is therefore crucial.

My hon. Friend the Member for Salisbury (Mr. Key) raised a similar issue. I must declare an interest because I spent many weeks in his constituency being trained in what we used to call nuclear, biological and chemical warfare skills—although with me it was more a case of a lack of skills. I pay tribute to Porton Down, where even a dunderhead such as me began to understand the intricacies of NBC—or what we might now call CBRN—warfare.

My hon. Friend said that the agencies' training exercises must go, but I strongly disagree. We have had only one field training exercise, or FTX, so far, but it was not a success and went nowhere like as far as it should have. All it did was point out the deficiencies in the training of our blue-light and emergency services. I do not mean to be rude about those services or to undermine their confidence, but table-top exercises or, to use the military terminology, CPXs—command post exercises—are not good enough. We must have more live exercises if we are to understand the threat and how to deal with chemical, nuclear and biological contamination. That could not have been made clearer than in the comments of the hon. Member for Bolton, South-East, who described the gamut of scientific threats. We can learn how to overcome such threats only through constant practice and constant exercises. Sadly, that will involve a cost, and the public must accept that, although we went through something similar before the second world war and during the cold war.

Several hon. Members referred to the extraordinarily sensible idea of a centre for home defence. The Chairman of the Committee said that someone or something needs to draw the different agencies together and to act as a focal point. Someone has to be able to take control not only of research and analysis, which lead to conclusions, but of what physically happens when an event occurs. I can conclude only that many hon. Members in the Chamber would agree with me that we need a Minister for homeland security. It would not be the first time that we have had such a Minister. Indeed, we have had a Minister of Home Security. Probably the most famous was that well-known socialist, Herbert Morrison, and it is a great pleasure for me to follow in a socialist's footsteps.

Many points have been made about the issues before us, particularly during consideration of the Civil Contingencies Bill, and I would ask the Minister to consider most carefully an issue that has been touched on this afternoon. Our blue-light, emergency and military services will have to be thoroughly trained to deal with CBRN/NBC attacks. Is there, however, a national pool of volunteers, whose training—they may have been soldiers, sailors, airmen, policemen or scientists or have worked in the nuclear industry—is such that we would absolutely want to call them forward to deal with such events? It is interesting that David Veness, an assistant commissioner of the Metropolitan police, is talking about a gentlemen's agreement with the private security industry. Under such an arrangement, workers in the industry with past CBRN or NBC experience would be asked to volunteer to provide the muscle and the work force for disasters of the sort that we have discussed today. The Minister is aware that I have been peddling such a scheme for many months. I am sorry to bore her, but I would be interested to hear a response to that proposal. An emergency volunteer reserve could not only be useful, but provide a helpful focus for other volunteer work—next year is the year of the volunteer—and be remarkably cost-effective.

The Committee has produced a terribly useful report. It is slightly frightening and it shows differences between the Committee and the Government, but that is why we are here. We are here not to score party political points, but to seek things that are for the good of the nation. I very much hope that the Government will not only consider the points that the Committee has made, but implement them.

4.51 pm

The Minister for Citizenship and Immigration (Beverley Hughes): May I repeat the comments made by others and say that it is a great pleasure to see you in the Chair, Sir Nicholas?

I thank the Committee, personally and on behalf of the Government, for producing the report. I am particularly glad to have heard such fine contributions from all parts of the Chamber today. The Committee's evident commitment to the issue is visible and powerful. Clearly, the Government take the threat from terrorism very seriously indeed, as I am sure do Members from across the House.

Protecting the public and our national security is probably our most important duty. Recent international terrorist attacks have presented the UK and our allies with new challenges, as we have seen in the past week. We have realigned our counter-terrorism programme to try to ensure that we are ready to respond to that new, evolving threat that we have faced since

[Beverley Hughes]

11 September 2001. The threat has new dimensions and, as it has manifested itself, it has not remained static. The nature of the threat and our understanding of it evolve all the time.

Today's debate focuses on one aspect of the Government's programme—the scientific response. Delivering the counter-terrorism programme involves more than just science; it involves equipment, guidance, procedures, training—which the hon. Member for Newark (Patrick Mercer) mentioned—intelligence, legislation, law enforcement and other matters. Nevertheless, science is crucial to development in those areas and often underpins it. Science adds value to the four main strands of our overall strategy: prevention, pursuit and detection of terrorists, protection and preparation to withstand the effects of any attacks.

By way of a slight digression, listening to my hon. Friends the Members for Bolton, South-East (Dr. Iddon) and for Hemel Hempstead (Mr. McWalter) talk about the detail of science took me back a few years. Although I made a fairly quick transition after higher education from dealing with substances to dealing with people, I, too, did a science degree. When my hon. Friend the Member for Hemel Hempstead reminded us of Popper, my mind leapt without any effort to Thomas Kuhn and the other philosophers. They showed us not only that scientific research and the substance of scientific findings are important for so many areas in life, particularly counter-terrorism, but that the paradigm of science—the principles, the philosophy and the methodology—gives us some very strong frameworks within which to approach such a complex subject.

I recognise that that is the case, and key to our response to terrorism has been a commitment to harnessing the best science and technology available. Whether or not people think that the Government have done enough soon enough, we are very well placed to deliver on that commitment, because the science base at our disposal is second to none in the world. The facilities and expertise on which we draw—be that within Government or through academia, industry or links with international allies—are world class. That makes it even more important that we do everything we can to utilise to the full the potential that such facilities and expertise give us.

The Committee's inquiry was extremely valuable. It has enabled us to take stock of how we co-ordinate the scientific response to terrorism and to identify ways of doing that better. Picking up on the comments of the Chairman of the Committee, I do not believe that it was out of order for the Committee to examine that issue. Indeed, I welcome the focus that the inquiry has given to the important role that science and technology play in our counter-terrorism and broader capability programmes.

The challenge of co-ordinating the scientific response to terrorism is clear. We must seek out the best scientific expertise and apply it as effectively as possible to every part of the Government's counter-terrorism programme. I welcome the Committee's endorsement of our long-held view that there is no need for a department of homeland security based on the US model. I shall say more about that later when we talk about the proposal for a centre for home defence.

We are all trying to achieve the same objective, in that we recognise that to make progress on a very complex issue in which many strands of activity need to be brought together if we are to have an effective counter-terrorism strategy, the key is how we bring those issues together. At different ends of the spectrum are the arguments that we must have everything in one place, and that we cannot have everything in one place and must have strong and effective co-ordination mechanisms.

Leaving aside science and technology as a specific issue, if we are to develop an effective counter-terrorism response, we cannot simply have a split between the scientific expertise and capability that a Department might need to deal with a disaster, and the capability that it needs to respond to a terrorist event. For example, the Department of Health must be able to ensure that it and its satellite agencies can deal with mass fatalities or casualties however they are caused. Placing all the scientific expertise in a centre for home defence would mean that we had to replicate it in the parent Department to enable it to respond to non-terrorist incidents.

Dr. Gibson: With regard to yesterday's speech by my right hon. Friend the Chancellor of the Exchequer, it is interesting to note that one great success story in the cancer field involves the National Cancer Research Institute, which is becoming a paradigm for dealing with mental health issues and other issues. The institute is not made of red bricks; it is a virtual centre where people such as those from the Department of Health and charities can meet. The centre has been recognised as a good unit to take forward clinical trials in respect of cancer and so on. It is a model for other centres. The Committee is saying that we need something like that centre—even a virtual centre would do—where people are brought together regularly. The excitement and enthusiasm generated by people working together and getting together a strategy base on cancer and on how to handle the services meant that the establishment of the institute in 2000 was a major step forward.

Beverley Hughes: I thank my hon. Friend for that observation. As for the concept of a centre for home defence and virtual centres, I am not quite sure how different such an approach would be from what we are doing, which is establishing a cross-government and cross-discipline methodology.

The purpose of the methodology is to benchmark what we have and audit it, and to identify the gaps, the priorities and finally the action necessary to fill the priority gaps, and to have a mechanism to ensure that we do those things within the time scales that we envisage. In a sense, that could be a concept of a virtual arrangement that ensures that what we both want to achieve—the development of the necessary scientific expertise and making sure that it is readily available—happens.

To meet the challenge of effective scientific co-ordination we need to do three things. First, we need to make the best use of the available sources of scientific expertise within Government. Secondly, we need to build up scientific resources in key areas. Thirdly, we need to ensure that we make the most of the knowledge

base and capabilities outside Government, especially in industry, in academia and among our international allies.

The first part of meeting the challenge is to look at what we have and to use it effectively. The Defence Science and Technology Laboratory and the police scientific development branch, two world-class scientific institutions, have been involved in most parts of the programme, from testing equipment to scenario modelling and ensuring that guidance to first responders is scientifically sound, for example. Scientists from both bodies were also seconded to the Home Office to provide direct and immediate scientific support and to maximise synergies with their respective parent organisations.

The Committee has rightly identified the need to improve the quantity and quality of science in the Home Office. I accept that point, as did our response to the Committee's report. So far, we have appointed Professor Paul Wiles as chief scientific adviser to the Home Office. He is working with Professor Sir David King, the chief scientific adviser to the Government, to improve the scientific culture of the Home Office. They are both driving that forward.

More recently, the remit of the police scientific development branch has been broadened to cover all Home Office directorates and units. The new Home Office development branch, as it will be known, will be managed by Professor Wiles and enable the Home Office to adopt a more strategic approach to science and technology. Through his involvement in the cross-Whitehall network of chief scientific advisers, Professor Wiles will also be well placed to ensure that the Home Office benefits from the scientific expertise of other Departments.

In addition to improving the use of science within the Home Office, the Committee has rightly identified the need to look more closely at CBRN counter-measures in a civil, rather than a military, context. I accept that the DSTL and existing military technologies certainly offer useful starting points, but the Government agree that the civil environment poses different challenges that require different solutions. I know that members of the Committee will clearly understand that.

Our programme needs to capture those differences. We are addressing that issue through a Home Office-led cross-government civil counter-terrorism research programme, which aims systematically to identify, prioritise and fill gaps in civil counter-terrorism research. In a way, I alluded to that when I outlined our approach. The programme has already produced a prioritised list of those research requirements, which has been agreed across all Departments, and a cross-Whitehall committee of chief scientific advisers has been tasked with scrutinising the list and ensuring that the relevant research is commissioned as part of each Department's core research programme.

That model has an important characteristic that would not necessarily be so strong if we had not a virtual, but a concrete centre for home defence: it retains the responsibility, ownership and accountability required of each Department for commissioning and delivering research relevant to its own area that is necessary for the counter-terrorism strategy. That is important. We cannot deliver everything that we need for counter-terrorism in a centralised way. We have to keep Departments involved and committed. They must own their responsibility. It has to be a cross-Government approach.

Geraldine Smith: One of the problems is having someone in charge of everything to ensure co-ordination across Departments. We all know how difficult it can be at times to achieve the joined-up government that we want. Governments, be they Labour or Conservative, have always had problems because they work in Departments. It is hard to break down that culture and to get different Departments to work together. I am glad that there seem to be some positive moves, but a home defence agency, be it virtual or concrete, could be helpful.

Beverley Hughes: This is one of the dilemmas that we face in any level of government. Some hon. Members here shared my experience in local government. I encountered the problem then. If an issue spans the gamut of the responsibility of the Government or council, there is a question of delivery. In seeking to reduce poverty among children, one cannot have a child poverty reduction department; it is necessary to have a strategy that demands the integration, commitment and involvement of all of the elements of one's work that impinge on child poverty. That could be education, social services, job creation, youth offending and so on.

It is not feasible to put in a single Department everything related to the expertise and activity that need to be deployed for counter-terrorism purposes. As all Departments have their own core business, such an approach runs the risk of allowing Departments to leave things to someone else. The main point is that there is a cross-over between the skills, capacity and expertise that individual Departments need for their core business and what they need to respond and contribute to a counter-terrorism strategy and its implementation.

Geraldine Smith: I can understand what the Minister is saying about the need to work across Departments, but with something so serious as terrorism there is also a need for someone to take ultimate charge and to have the power to work across Departments. What happens if one is dealing with another Department and it says that it has to refer back to its Minister? Such matters are difficult, unless they can be pinned down to one person who has the responsibility to work across the Departments and to co-ordinate efforts.

Beverley Hughes: At ministerial level, in terms of the relevant committees that they chair, both the Prime Minister and the Home Secretary have ultimate responsibility.

Perhaps I can outline in simple, broad terms what the structures are in government. I had planned to do so in response to an important point made earlier by the hon. Member for Castle Point (Bob Spink). I hope that these comments will reassure hon. Members.

The policy and strategy have several strands. There is a clear strategy for counter-terrorism. The capability programme is about minimising the damage from any attack and maximising our resilience. Within that programme is the CBRN programme, on which I report

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to the Home Secretary. Each of those elements has clearly identified work streams covering the whole range of issues and required expertise. Each work stream has an identified lead Department, lead Minister and lead senior officer, who together are responsible for reporting on and delivering the action plan and the priorities that have been agreed. It is a highly structured and detailed set of arrangements with clear accountability and responsibility at ministerial and official level. We could not operate with anything less. I assure hon. Members that those arrangements in government are really the only way in which we can deliver effectively on the complexity and range of issues that need to be addressed in an effective counter-terrorism strategy.

Bob Spink: Will the Minister therefore tell me which specific Minister is finally and fully responsible for keeping my constituents, who are in the front line of the terrorist threat, in the dark about that threat?

Beverley Hughes: If the hon. Gentleman will be a little patient, I will get to that point when I talk about secrecy and openness, which are key issues that I want to address.

We have digressed slightly from how we make the most of scientific expertise in government and how we improve our scientific base. The third issue that I want to mention is how we make the most of the knowledge base and the capabilities outside government—in industry and academia, and among our international allies. It is important that we tap the expertise of those groups.

I am confident that the cross-government civil research programme will facilitate a more focused dialogue with research councils and industry because, as I said, what has come out of it is a clear prioritised list of counter-terrorism research requirements. We will commission research by individual Departments to meet those priorities.

On the international side, I welcome the Committee's support for our strong links with our US counterparts. The Home Secretary's recent visit to the US demonstrated the strength of those links and how closely we are working together. I understand that it made a powerful impression on Members and was very much welcomed.

I agree that there is more scope for developing links at the European level. Of course, there are links already, particularly between the Department of Health and the EU Health Security Committee, and with individual countries. There are also links between our security services and those of our main European partners. I would not want hon. Members to think otherwise. Those links are very strong, and the intelligence reports that we get regularly include as much intelligence from international sources, including our European partners, as from domestic sources. All the information is put together. We share ours and they share theirs. That is the only way that we can hope to piece together the pictures that arise from information on what is happening in different parts of the world and make connections between activities. Al-Qaeda is a fluid, networked organisation with sophisticated communication patterns, and the only way to proceed is through detailed sharing of intelligence, as has been the case post-Madrid.

I also want to discuss the issue of openness and the media. The initial process by which the Committee began work and the response to its activities got off to a bad start with regard to the provision of information to it, and I realise that the wider issue of communication with the public has also been raised today. I hope, and my hon. Friend the Chairman of the Committee has acknowledged, that notwithstanding that bad start, through negotiation and greater understanding of the Committee's requirements and of what information Ministers felt that they could give, the Committee heard most of the information that it needed and most hon. Members who wanted to attend did so.

It was not a question of not trusting the Committee; it was a matter of initially not being clear about the detail required, how much we could let out into the public domain and whether some information could be given in closed session. We were comfortable about sharing information on the general remit in respect of the role of science and technology, but it would not be right to put in the public domain details of operational matters and implementation, such as information on the location of radioactivity detectors. I hope that through the Committee process, as difficult as it initially was, we reached a greater understanding, and that members of the Committee will accept that if there is another similar inquiry, we can start from a higher level of understanding.

Openness in public communications is another important issue. I do not think that we have a culture of keeping secrets from the public either because we are frightened that they will panic or because we do not think that they can take that information. I think that we have a mature public who are experienced, through 30 years of Irish terrorism, in taking a realistic view of the nature of a threat and the risk that it poses, and about being determined that, notwithstanding the need for sensible precaution, observation and vigilance, they will not allow the threat of terrorism to alter the course of their daily lives.

Patrick Mercer: How does the Minister answer the point that, in response to repeated inquiries from me and other hon. Members about what state of national alert we are on, the Government say, "This is not information that we are prepared to divulge."? To find out what state of alert we are on, we have to depend on leaks from the BBC.

Beverley Hughes: The organisation responsible for assessing the threat is the fairly newly created JTAC—the Joint Terrorism Analysis Centre. That body, not Ministers, provides information on a sector-by-sector basis on any change in the threat. The Government repeat that, as we have constantly said, the threat is real and serious. The director-general of the Security Service has made it clear that she thinks that it is a question of "when, not if" an incident occurs.

The JTAC changes the perceived threat level, but not in the general way that it is changed in America. In fact, the Americans are interested in our system because they

sometimes change the general level of threat in their colour-coded way, but people do not understand what that means for them. An example of how we work in this country is our response to fears about Heathrow. Extra security measures were introduced and we changed the threat level for the aviation industry and the travelling public in the air. That was a sector-specific change in the threat level. That makes more sense because it helps people to understand in a more focused way the implications for them of any change.

One or two of my hon. Friends put to one side the fact that there is a real issue about preparedness and what we can say in detail in public. We do not know fully the knowledge and understanding that terrorists have; their scientific and technical expertise; or what they know about where our vulnerabilities lie. If we put that information in the public domain and it were used in any way, we would rightly be held accountable.

I hope that Members accept that there is a difficult balance to strike. It is a question not of being secret for secrecy's sake, but of trying to strike the right balance in relation to the detail of preparedness and what we are doing to increase our capability. As John Stevens said yesterday, we have had 30 years of dealing with terrorism and talking to the public about terrorism. That is not to say that we do not need to learn new lessons; we do. However, let us remember that we have that experience. I am sure that Members will accept that Ministers feel a heavy responsibility and are committed to getting this right. That informs our practice as much as anything. We have families too, and we have constituencies. If we thought that putting more information in the public domain would be helpful, we would do it, because the protection of our people is our highest priority.

We are reviewing how we communicate with the public. As we look at what is happening around the world, we might come forward with some variation in approach. We are not saying that we think that we have got everything right or that we do not want change. Indeed, we are examining the situation thoroughly, and we have not made any decisions.

Mr. McWalter: Is my right hon. Friend saying that she is afraid that we might give terrorists ideas?

Beverley Hughes: Yes. I cannot go into specifics, but I am aware of certain technologies, and we do not know how much the terrorists know about the potential of our devices that could be used in an incident.

Mr. McWalter: Does my right hon. Friend not agree with the Americans that, if we assume that the terrorists know pretty much everything that is relevant, we will be much better prepared to deal with them than if we cross our fingers and hope that there are mutations of pathogens that they do not know about?

Beverley Hughes: Yes, I agree. Assuming that terrorists know everything informs what people do in strategic, tactical and operational terms to be prepared. However, that is not necessarily an argument in favour of telling terrorists everything, because if they did not know everything they would know it afterwards and they would have been given another tool in their armoury.

In the few minutes remaining I will try to deal with other issues that hon. Members raised. My hon. Friend the Member for Bolton, South-East mentioned security of research. I am grateful for his acknowledgement that we must find a balance and a proportionate response. We must work to ensure the security of dangerous substances and knowledge, while guarding against disproportionate security measures that would undoubtedly hamper legitimate scientific research and academic freedom.

My hon. Friend also mentioned two lists: the Australia list in schedule 5 of the Anti-terrorism, Crime and Security Act 2001 and the updated list, which is not yet incorporated in legislation. I can tell him that work on that is still going on. The counter-terrorist security officers, who are tasked with advising laboratories on their protective securities, are using the more up-to-date list, even though, strictly speaking, only the older version is legally binding. Those officers have visited most laboratories in the country and have not encountered any problems in dealing with the up-to-date list. None the less, he is right that we are examining how we can incorporate a revised single list in the legislation. That needs to be done. I am simply saying that the fact that we have not yet done it is not affecting practice, which is based on the up-to-date list.

My hon. Friend also talked about the voluntary vetting scheme, which is also under review, and the Committee's recommendation for an ethical code of conduct, which is interesting. As a result of that suggestion, he knows that we are consulting representatives of the research community on the viability and value of such a code. Its implementation will be discussed under the auspices of the biological weapons convention next year.

I want to touch on a couple of points about health, and particularly the role of GPs, which my hon. Friend the Chairman of the Committee raised. The Department of Health has done quite a bit of work to ensure that information, including information on biological agents in particular, is disseminated to front-line professionals. It has funded the Health Protection Agency this year to undertake a programme of work to raise awareness through a number of initiatives: training sessions for accident and emergency staff together with police, fire and ambulance personnel are being delivered in each region; clinical action cards for GPs have been produced and are being distributed to every GP; training sessions for GPs are being delivered locally through the "train the trainer" mechanism, whatever that is; standard training material is being provided for use in GP postgraduate courses; there are exercises for training consultants; and so on. Therefore, "They are on the case" is the message. That programme is continuing.

The hon. Member for Salisbury (Mr. Key) and one or two other hon. Members raised the important question of exercises. I agree that it is critical that people do not merely write down what they should do in guidance, operational and procedural notes and so on. Departments and Government agencies already carry out exercises, including on a statutory basis, that are designed to test the planning and framework

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arrangements for radiological and biological incidents, using deliberate releases and accidents. Those will continue to be a feature of the exercise programme for CBRN resilience and counter-terrorism.

Numbers are also an issue. Since spring last year, there have been seven very large-scale live exercises. Six took place in England and one in Scotland. In addition, there were more than 30 smaller table-top exercises to support them. They took place in different parts of the country. There are also the counter-balance exercises, which I think I mentioned earlier. They are organised jointly by the Home Office, regional resilience teams, the devolved Administrations and the emergency planning societies. All those exercises focus on CBRN and long-term resilience. Since last year, there have been seven counter-balance exercises in England and one in Wales.

Therefore, there is an ongoing and not insignificant programme of exercises at different levels to ensure that people practise what they are supposed to do and that they learn the lessons. Indeed, I do not agree that the Osiris initiative was unsuccessful. It taught us a great deal about how dealing with the health issues in particular and identifying and assessing an incident at an early stage can be most effectively achieved.

As time is up, if I have not addressed a particular issue I will write to hon. Members.

Mr. Deputy Speaker: May I say to the Minister that she finished in the nick of time? I congratulate the Chamber on a high-quality debate on a very important subject. All those who participated are to be congratulated on their contributions.

Question put and agreed to.

Adjourned accordingly at half-past Five o'clock.

Westminster Hall

Tuesday 23 March 2004

[SIR NICHOLAS WINTERTON *in the Chair*]

Access to Justice (Rural Areas)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Derek Twigg.]*

9.30 am

Gareth Thomas (Clwyd, West) (Lab): Good morning, Mr. Deputy Speaker. It is a pleasure to take part once again in a debate under your most able and courteous chairmanship. It is also a pleasure to see my hon. Friend the Minister, as well as the hon. Member for Woking (Mr. Malins), who shadows the Department for Constitutional Affairs as the Conservative spokesman on legal issues, and the hon. Member for Somerton and Frome (Mr. Heath), who is the Liberal Democrat spokesman. Other hon. Members are also present.

I hope that the debate will focus on topical and important issues. Although I declare an interest at the outset as a member of the Bar, the debate is not about the need for lawyers to have their own trade union. Of course, they are not always the most popular section of the community, and there has been a fair amount of propaganda against them—not least, I am afraid to say, from Government Front Benchers. Some of that criticism is justified, but the issue of access to justice and legal aid is not about lawyers—it is about real, vulnerable people who are in difficulties. Regardless of whether those people have divorce, employment, or mental health problems, or are involved in civil or debt disputes, they are vulnerable and need help, and lawyers are still the main suppliers of legal help and representation.

I welcome the Government's reform of legal aid, which they introduced through the Access to Justice Act 1999; I sat on the Standing Committee that debated the Bill. However, we need to review the impact of those changes, including the introduction of the contract culture, particularly in more peripheral areas, such as my rural and semi-rural constituency in north Wales.

The Select Committee on Constitutional Affairs is currently conducting an inquiry into the issue, and various relevant parties have provided substantial evidence. Furthermore, in February, the National Association of Citizens Advice Bureaux published an important and rather critical report called "Geography of Advice", of which I am sure that the Minister is aware. It revealed that 40 per cent. of citizens advice bureaux thought that they were operating in an "advice desert", and my contribution will focus on that issue. In some parts of the country it is very difficult, if not impossible, to get a legal aid solicitor. That is causing hardship, and I want the Department to consider how its policies are being implemented.

There was a need to reform the old system, under which civil legal aid was demand led. There was also a need to control the budget and to ensure a more strategic approach to the provision of legal services so that need matched what suppliers could offer. Furthermore, there was a need to reconsider the issue of who provided those legal services. I entirely agree with the Government that we need a mixed economy of providers, to use the jargon. In other words, it is not just lawyers who should be able to give advice. In some cases, those involved in giving benefits advice should provide it. There is scope for giving advice over the telephone. There are different ways to go about it.

Expenditure had to be controlled. A bureaucracy was needed—after all, bureaucracy is essentially just a method of ensuring that public money is spent correctly, in accordance with a set of rules. However, I question whether it is proportionate. There has been much criticism of the dead hand of bureaucracy; many solicitors are said to find the auditing and reporting requirements a huge burden.

I welcome the philosophy behind the Access to Justice Act 1999. That is my starting point, and the debate is, from my point of view, primarily about civil legal aid, although there has been concern—and I know that the hon. Member for Caernarfon (Hywel Williams) will refer to this—about magistrates court closures. I suppose that the title of the debate is wide enough to encompass them. They have caused difficulties in north Wales, although I accept the Government's case for some element of rationalisation. However, it needs to be done more flexibly and sensitively.

There has been a significant decline in the number of solicitors doing legal aid work. For example, 8,900 such solicitors practised family law—the backbone of civil legal aid—just before the implementation of the Access to Justice Act 1999, and the figure has now dropped to 3,800. That in itself is not alarming. It was to be expected. In so far as I accept that there has been an improvement in the quality of service offered by solicitors' firms, what has happened is none the less a warning signal. Perhaps the number of people leaving legal aid work has reached the stage at which it is becoming a bit of a crisis. The Government need to take notice.

I have already mentioned the NACAB "Geography of Advice" report, which refers to the figure that I have mentioned and states:

> "In the economic context of cost cutting and contracting, solicitors have found cities the easiest and most profitable areas to serve because the greatest numbers of potential clients are concentrated within the smallest travelling distance. The consequence has been that the number of access points into the legal aid system has reduced."

I want the Minister to deal with that issue. Does he acknowledge that there is a problem, and that there are advice deserts?

The report goes on to say that the new contract regime appears to be ineffective at filling what are described as advice gaps, where there are shortages of competent advisers in specialist areas of law such as immigration and asylum. Therefore, over and above replying to my general point about the lack of practitioners providing civil legal aid, will the Minister tell me whether he has any worries about specialist areas of work?

The report also states that

> "the trend towards clustering of services in urban centres combined with trends towards the increasing specialisation and economies of scale in legal business, has been accompanied by a decline in the number of legal practitioners bidding for CLS

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contract work. Within this broad analysis there are significant regional variations. However, the trend is clear—significant parts of the country are inadequately serviced by legal aid lawyers or other appropriate services, and this is likely to intensify."

I ask the Minister again to respond to those points. I share the concerns of the report's authors.

I conclude my references to the report by quoting from paragraph 2.39:

"There are critical problems in gaining access to legal services in rural areas with dispersed and small populations, which means that pockets of poverty are difficult to identify when planning services and poor and expensive public transport provides a significant barrier."

Rurality is difficult to assess. There are some sparsely populated areas in north Wales and other parts of the country: the west country, mid-Wales and north Yorkshire in particular. However, there are also reasonably sizeable market towns with a population of anything between 4,000 and 15,000, which are certainly not conurbations. The way in which the system operates tends to take work away not only from purely rural areas but from those market towns. A reasonably sized solicitors' practice for such a community might be anything between eight or 10 partners. That is small in the context of the bigger picture, and very small in comparison with larger practices.

The fact that such practices are small and generalist in nature, doing both legal aid and private work—indeed the legal aid work has traditionally been subsidised by the private work—means that the generalist high street practitioners in reasonably sized market towns such as Colwyn Bay and Abergele in my constituency, and I am sure that hon. Members could mention others, are being squeezed out. I would like the Minister to accept that that is an issue. I am asking for greater flexibility in the way in which the Legal Services Commission lets contracts and controls the budgets. I accept the need to control the budget.

While I am on the question of the budget, I would like the Minister to comment on the bigger picture. There are serious question marks over the extent to which the great idea of a community legal service is financially sustainable. The Minister will know that the service has operated under what is euphemistically called a standstill budget for the past three years. There has been a freeze on payment rates to legal aid solicitors. I am not weeping crocodile tears for solicitors; I am concerned about the economic effect. The freeze means that fewer solicitors are confident that they can make a sustainable business out of legal aid and they are getting out of it. We then have a social problem, as people cannot get legal aid easily.

Bearing in mind that the budget has been frozen for the past three years, can the Minister tell us whether it is likely to increase? The Minister has been on the record on the issue. If problems of a legal nature—domestic violence is a classic example, or problems with housing—are dealt with expeditiously by a competent solicitor and a remedy is sought, all sorts of difficulties can be avoided later on. That can have a benign effect on other budgets, not least that of the Department for Work and Pensions.

Lembit Öpik (Montgomeryshire) (LD): The hon. Gentleman makes an interesting point about saving money. A magistrate in my area by the name of Lynette Kretchner, who is the chair of the youth courts, is concerned that children from special schools constantly keep turning up in the youth courts. It seems that the special schools are referring those children to the youth courts for quite inappropriate matters. That is damaging to children in the long term. Does the hon. Gentleman agree that if access to justice in rural areas was effectively resourced and properly planned, we could perhaps do something about that? At the moment, we are investing in a long-term problem—irreparable damage to those young people.

Gareth Thomas: I note what the hon. Gentleman has said, and I am sure that the Minister will respond to that.

To re-emphasise the point, the community legal service is a vital part of the Government's agenda to combat social exclusion. There is a good case for the Minister to go to the Treasury and ask for quite a lot more money. That would be prudence. Surely it is part of the Government's cross-cutting approach? While we are on the subject of cross-cutting approaches and joined-up government, does the Minister accept that there is a need for greater co-operation between his Department and other Departments, not least the Department for Work and Pensions, in providing legal advice and advice on benefits, particularly in this context? Does it not follow that the DWP and other Departments should be prepared to provide subventions to his Department? I make that point because several people involved in this matter believe that the Government should take note of it, particularly if they are committed to an holistic approach—if I may use that jargon—to the provision of legal advice and representation.

The other major question to ask the Minister is whether the Government acknowledge that there is a need to cut bureaucracy. I am sure that other hon. Members are also concerned about the disproportionate amount of bureaucracy. The Minister will be aware that the legal aid civil contract has no fewer than 250 pages, and that the guidance to it has 1,000 pages. Dealing with that and the auditing requirements is eating into solicitors' time—time that could be spent more effectively dealing with the vulnerable people who come to solicitors' offices, sometimes in despair, for immediate legal advice and representation.

Is the Minister satisfied that the community legal services partnerships are working effectively? I doubt that they are in north Wales. I want the local authorities to be more supportive. The community legal service needs to provide more financial assistance to the committees. The CLS partnerships, the profession and other providers do not communicate well enough with each other. Should local authorities have a duty to co-operate with a CLS partnership, which are, after all, critical to the objective of matching need and demand to the supplier base?

I am concerned about the lack of transparency of CLS decision-making. I recently met several legal aid solicitors who practise family law in my constituency and who received a terse letter from the Legal Services

Commission dated 25 November 2003. I will quote from the letter sent to Mr. Dylan Rhys Jones of J. R. Williams, which is based in Abergele. It says:

"Thank you for your application to be included on the bid panel.

"The Legal Services Committee for Wales identified your zone as having a higher number of case starts than average in Wales and therefore as a zone where we could consider a reduction in the number of case starts authorised in order to free up some funding towards areas of higher priority.

"You will therefore have to be assessed against specified criteria so that we can give priority to certain areas of work and to the best suppliers."

That letter offended the solicitors who received it. They deal with a large number of family cases, only to be told that the LSC is prepared to pull the plug on them because they are busy doing their job as effectively as possible. That is unacceptable. I met Linda Summers, the chief executive of the Legal Services Commission in Wales, who told me that the decision had been reversed. I will, however, quote from a letter that I recently sent her following my meeting with the solicitors in my constituency, who said that there was a pressing need for stability of funding from the LSC to enable them to provide an effective service to the community. Will the Minister comment on the need for stability of funding? In my letter, I asked the LSC in Wales:

"In relation to the L.S.C.'s strategy, how are the 'priorities' established? Are you satisfied that the local partnerships are working effectively? You will recall that the solicitors present were very sceptical and I share that scepticism."

Other points were made, but the general feeling among solicitors in the part of Wales that I represent is that there is a problem with the provision of legal aid services in rural, semi-rural and peripheral areas outside the main conurbations.

I should like the Minister to acknowledge that that is a problem and to say that the Government will deal with it and will be flexible and imaginative in their approach. We will never achieve completely unrestricted access to justice in the real world, but the Government are striving to provide that and are on the right track, although they must consider specifically what is happening in rural areas.

9.51 am

Hywel Williams (Caernarfon) (PC): I congratulate the hon. Member for Clwyd, West (Gareth Thomas) on securing this debate on a very important subject. I also convey to him congratulations from my hon. Friend the Member for Meirionnydd Nant Conwy (Mr. Llwyd). Unfortunately, he has been detained in Committee elsewhere this morning, but he would have liked to be here to discuss this extremely important subject on a normal rainy Tuesday. If I were the hon. Member for Clwyd, West, I would be pleased to have secured the debate, but I think that its importance will demand a more prominent slot if we return to the subject in future.

There has been a major programme of closures of magistrates courts in rural north Wales during the past 10 years; for example, I think that seven courts have closed in the past 10 years in the constituency of my hon. Friend the Member for Meirionnydd Nant Conwy. His constituency is approximately 100 miles north to south and 100 miles north-east to south-west. In the late 1970s, there were seven magistrates courts in the area, at Penrhyndeudraeth, Blaenau Ffestiniog, Barmouth, Bala, Llanrwst, Tywyn and Dolgellau. Those are small communities, but they are significant to that large rural area, and all the courts closed. Currently, there is only one court—at Dolgellau—and local people and legal professionals believe that it has been retained only because it is occasionally used as a Crown court. Meirionnydd Nant Conwy is the third-largest constituency in terms of geography, but it has only one magistrates court. Clearly, people are not well served by that situation.

I remember well the case that was made when the last magistrates court was closed, at Blaenau Ffestiniog. My hon. Friend made representations to the Lord Chancellor's Department, although he told me at the time that he believed that that was a waste of time. Many sensible arguments were proposed by members of various benches in Meirionnydd, but the then Under-Secretary at the Lord Chancellor's Department seemed to pay no heed whatever to those arguments.

The case for closing the magistrates court at Blaenau Ffestiniog was as thin as it could be. Two years before the closure, £20,000 had been spent to upgrade the facilities. Then came the debate about closure. The best case for closure proposed by the clerk was that £12,000 would be saved directly. However, that case did not take into consideration the cost of transport and of solicitors, defendants, who were perhaps on legal aid, and magistrates having to travel many miles. In north-west Wales, we are in the unfortunate position whereby justices sometimes have to travel to my constituency and the town of Pwllheli from south Meirionnydd. That is a round trip of between 150 and 160 miles, which is a long way for justices to travel, as they are not always the youngest of people, nor in the best of health for that matter.

Lembit Öpik: Is not the irony of closing magistrates courts for accessibility reasons that those enormously long return journeys make justice far less accessible? Perhaps the Government should think about investing some of the £350 million of unpaid parking tickets and court costs in reopening some of those courts, which would at least show that they are serious about access to justice.

Hywel Williams: The hon. Gentleman makes a good point. We must ask ourselves what is economic in the delivery of justice to people in those dispersed and rural communities. I suspect that large pots of money are secreted in various parts of the system that could be more usefully deployed.

There is a serious point to be made about the delivery of justice. The justice of the peace system was devised to deliver justice locally through people who know the community well, but that is largely going by the board due to the closure programme. The hon. Gentleman will know that a similar process has being going on for several years in other parts of Powys and in rural Dyfed.

I propose the concept of justice miles. If it is unjustified—on both economic and environmental grounds—to transport green beans from Zimbabwe to a supermarket in Caernarfon, surely it is equally unjustified to transport defendants, witnesses and justices from the furthest reaches of Cwm Croesor to

[Hywel Williams]

Dolgellau, or Caernarfon. That would take a day by bus, which is impractical. While we are on the subject of green beans, what about the baby sweetcorn that is transported from Colombia? I could go on, Mr. Deputy Speaker, but I think that might try your patience.

Suffice it to say, it is difficult for people taking part in cases to arrive at the courts by 10 am, or even by 2 pm. My party is not against change for change's sake, but in this case the economic argument has been deployed insensitively and indiscriminately in rural areas of north Wales and elsewhere in the UK, as I am sure that other hon. Members will attest. Were we to accept that argument, it could then be applied elsewhere: there is a nice piece of real estate at the end of the Strand—I believe that it is called the royal courts of justice—that could easily be fashioned into a nice hotel. What if the royal courts of justice were to be relocated to north Wembley? I do not say that there is anything wrong with north Wembley, but I had the unfortunate experience of travelling there recently on the Bakerloo line—albeit with only a few changes.

We do not want members of the judiciary to trek to north Wembley, however easy that is. No one is seriously suggesting that, yet it seems just as reasonable as expecting defendants, lawyers and members of the bench to travel huge distances in rural areas. That is not access to justice, but the dismantling of a perfectly good system to cut costs, and it is detrimental to everyone involved.

9.59 am

Mr. John Grogan (Selby) (Lab): I, too, congratulate my hon. Friend the Member for Clwyd, West (Gareth Thomas) on initiating this debate. I will try to bring a little Yorkshire influence to the debate, to balance the Welsh influence. There have always been good relations between Yorkshire and Wales, and I am sure that that will be true this morning.

First, I want to address a point that my hon. Friend mentioned: he said that he is a little shy about promoting the cause of solicitors and their importance in rural areas. However, in many market towns such as Selby—one of the market towns that I represent—solicitors are an important part of the local economy. People take great pride in the fact that local legal advice is available.

I, too, intend to concentrate on magistrates courts. Often in Westminster Hall, I have to bring bad news from Selby, whether it be about floods or the closure of mines, but today I want to tell hon. Members about a successful campaign to save a magistrates court. I also want to draw out one or two general lessons and to ask my hon. Friend the Minister some questions.

The steady national decline of magistrates courts to which other hon. Members have referred has been reflected locally in North Yorkshire. The list of court closures during the past decade under successive Governments reads like an ode to the train stations closed by Beeching—Market Rasen, Newmarket, Christchurch, Windsor, Thirsk, Dover, Blyth and Loughborough. They are all small, market towns that took great pride in their courts. The court closure programme has gone on for 10 years, and it has had a massive impact on the delivery of local justice.

The question of closing Selby magistrates court was first mooted in 2001—the year in which the Auld report into our criminal justice system was published. One reference to North Yorkshire was buried deep in the report. Auld referred to the notion of local justice being unreal in many rural counties, quoting North Yorkshire as an example:

> "Similarly, in North Yorkshire, nine magistrates' courts serve a population of 742,000 spread over 3,000 square miles."

There have been three court closures in North Yorkshire since then, so we are now below the rump that in 2001 Auld said already made unreal any notion of local justice.

There was a massive campaign in Selby to try to save the courthouse. Most of the good citizens of Selby need never go near the court, yet local justice has an amazing resonance, and not just among solicitors. Local reporters and newspapers want justice delivered locally so that they can report it, which is sometimes a neglected aspect of the importance of local justice, and I received hundreds of letters from people to say that they could not possibly attend court in York, which would have been the alternative.

For example, I received a letter from someone in the village of Kirk Smeaton, who had recently been a witness in a case heard in Selby. They had been asked to arrive at the court in Selby at 10 o'clock. To get from Kirk Smeaton to York for that time, they would have had to take the 6.40 am bus to Pontefract, which arrives at 7.23. They would then have had to change to get to Selby at 8.10, before getting a bus to York at about half past 8, arriving at almost 10 o'clock. That person would have had to take three buses to get to York, and the proposed new courthouse would not even be in the city centre. Those practical reasons made people campaign strongly to keep the courthouse in Selby.

On 9 March, the North Yorkshire magistrates courts service issued a press release; it sounds a bit prosaic, but in Selby history it will be regarded like the Gettysburg address. It will resonate down the decades and centuries. The justices' chief executive, Paul Bradley, said that the magistrates courts committee's preferred option was to have

> "two courthouses to serve the York/Selby area—a new courthouse in York and a separate courthouse in Selby."

He also said:

> "In the coming months, I intend to hold discussions with officials in the Department for Constitutional Affairs to see how this can be achieved—either by the provision of a new courthouse in Selby or, probably more likely, by adapting and refurbishing the present courthouse."

I realise that we have been fortunate locally in many ways, but I want to end by making some points to my hon. Friend the Minister. Will he take a personal interest in the discussions that will be initiated by North Yorkshire to ensure that the story will have a happy ending for Selby? He is a high-flying Minister with a reputation for rethinking policy, and I detect that Ministers are starting to pause for thought and consider whether the process of efficiency and closing magistrates courts in rural areas has gone too far. On the one hand, Departments send me a leaflet a week on rural proofing and how we must consider services in terms of rural delivery, yet on the other hand, there has for years been a policy of magistrates court closures in rural areas.

I get the impression that Ministers are allowing one or two more appeals and that there are signs of a rethink. This is an excellent opportunity for the Minister to nuance the policy and to state that it is worth making appeals because the Government recognise the importance of local magistrates courts in delivering local justice in rural areas in England and Wales.

10.5 am

Mr. Roger Williams (*Brecon and Radnorshire*) (LD): I apologise for being slightly late. I did not realise the severity of the affliction that had overcome my hon. Friend the Member for Montgomeryshire (Lembit Öpik), but I assure hon. Members that it is not stage fright—he has never been known to suffer from that.

I pay tribute to the hon. Member for Clwyd, West (Gareth Thomas) for securing the debate. The issue of access to justice in rural areas has affected my constituency and much of rural Wales over the past year or so, and I was privileged to secure a short debate in Westminster Hall, which was answered by the Under-Secretary of State for Constitutional Affairs, the hon. Member for Shipley (Mr. Leslie), in which I raised court closures in my constituency. I may refer to that debate later.

We all welcome the Government's commitment to making justice accessible to everyone. That lies at the heart of people's rights and of civil justice, but I fear that it is under threat in rural areas. There is no better deterrent to criminals than the certainty of detection and conviction, but many cases in rural areas are not pursued because of the difficulty of getting witnesses, and sometimes even victims—despite the assistance that they receive from Victim Support, to which I pay tribute—to attend court. Notwithstanding that support, it is often difficult for victims to attend court to see that justice is done and give evidence, because it is a stressful occasion and because of the difficulty of making the journey on public transport, if they do not have private transport.

As well as those problems, it has come to my attention lately that a number of rural solicitors firms have stopped accepting legal aid work. I spoke this week to a solicitor in my county town whose firm—the oldest established in the area—has regrettably decided against taking legal aid work despite realising the need for it. Therefore, people have less choice and less access to such support.

Yesterday morning, I was detained in my constituency by a lady who rang up and travelled 45 miles to my office because she could not get legal aid. She is the respondent in a divorce case and wanted advice on how to fill out forms. I did not feel able to give such advice, but I did what I could. She is on a low income, but has been refused legal aid because of the value of her house. Some people in rural areas who are on a low income live in relatively expensive residences.

My constituent was more concerned about the care of and contact with her children because she wants them educated at home, but her husband wants them to be educated in school. That is obviously not a run-of-the-mill situation and she desperately needed legal advice, but she was, as far as she could see, unable to get any. She asked me whether there is some system of pro bono work to help people facing such issues. I have great sympathy with the hon. Member for Clwyd, West on this: people in rural areas cannot get the specialised legal support that they need.

I am involved in an ongoing consultation with the Minister, and we are still fighting the closure of Ystradgynlais and Llandrindod magistrates courts. Things have become quite interesting. It was put to the local authority that unless it opposed the closure of Ystradgynlais and Llandrindod magistrates courts we could end up with no magistrates courts at all in Powys. That is recorded in the county council minutes. When the magistrates court committee presented its proposals that phrase was used. This is intolerable and the more I see of it, the more I am appalled.

Just across the border in Ceredigion, the council opposed the closure of Aberystwyth magistrates court. The Department, to its credit, overturned the decision and a new magistrates court will be built in Aberystwyth. The necessary funding has already been found. I congratulate the Department. I am fighting a rearguard action for the magistrates court system in my constituency and in Powys. I am pleased that the magistrates court in Newtown will go ahead shortly, subject to some planning problems being resolved and funding being found. Powys is the most sparsely populated local government area of England and Wales. People talk about Cumbria being sparsely populated, but Powys is three times more sparsely populated than that county, and people in Powys have to travel a huge distance to court and there is little public transport.

The debate is a wonderful opportunity to raise issues with the Minister. We all look forward to watching his career progress. Perhaps something he can do today will drive it forward.

Hywel Williams: A milestone.

Mr. Roger Williams: Yes, a milestone. We have raised two issues: legal aid, particularly in rural areas, and how we can strengthen the system while ensuring that it is readily available, and magistrates courts. I am pleased that the hon. Member for Selby (Mr. Grogan) was able to report on how a decision was overturned in his constituency. We look forward to the Government responding to our concerns about access to justice in rural areas and making similar decisions in future.

10.13 am

Mr. David Heath (Somerton and Frome) (LD): I congratulate the hon. Member for Clwyd, West (Gareth Thomas) on securing the debate. It is an extraordinarily important debate. As the hon. Member for Caernarfon (Hywel Williams) said, it is a matter to which we hope to be able to return on a larger stage. The principle of local justice is fundamental to our legal system. It goes back to the great charter and the idea that people are tried by their peers and that justice is administered locally by the people and the community affected by the crime.

There is a danger that that principle will be lost for the best possible reasons, reasons of efficiency, effectiveness and so-called rationalisation, while completely ignoring the impact on local, and especially rural, communities. Rural areas often seem to be forgotten in the formation of policy, but the real effect of court closures is on communities in rural areas, who feel that the criminal

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justice system is retreating from them and that the police services do not recognise their needs because for good, operational reasons they concentrate their activities on the higher empirical levels of crime in the big cities. Court closures make people in the rural communities feel abandoned by the criminal justice system, which is a dangerous position for them to be in.

Gareth Thomas: The hon. Gentleman may want to make a stab at defining a rural area. Does he agree that lots of people live in rural communities of one sort or another? Does he accept that the issue of access to justice embraces many different types of communities in rural areas, not necessarily those in the back of beyond?

Mr. Heath: The hon. Gentleman is absolutely right. I will not attempt a definition because I do not think that there is a satisfactory one; it will vary in different parts of the country. I entirely embrace his position, that the key to the issue is the market town, which is the hub of rural areas. Of course, people do not expect every village to have its own court, but they expect every community, in the wider sense, to have one, and that is what is being lost.

There are two principal strands to this well-informed and passionate debate: first, the provision of legal services, the main bone of contention in the speech of the hon. Member for Clwyd, West, which I commend; and secondly, the closure of magistrates courts, to which the hon. Members for Caernarfon and for Selby (Mr. Grogan) and my hon. Friend the Member for Brecon and Radnorshire (Mr. Williams) drew attention.

I am not a lawyer, but I agree with the hon. Member for Clwyd, West on the provision of legal services. I am sick and tired of the easy and rather lazy caricature of all lawyers as fat-cat, city types who make a packet from legal aid. I see lawyers working at the other end of the system—not fat cats, but general practitioners of the legal service working in family practices in rural areas, and trying to provide a service to their community. They are unfortunately being caught in the backwash of an attitude that is increasingly shown by Ministers, who should know better, and peddled in the press, that the entire legal profession is simply trying to maximise its profits at the expense of others. I put it on the record that I do not believe that that is the case. It worries me that there is a contraction of those practices.

The hon. Member for Clwyd, West mentioned family law, which needs to be bound up with, and close to, rural communities if it is to be effective. It is no good if those who provide advice on family law and other specialist matters are remote from those communities, as that simply does not work. He also talked about advice deserts, which, perversely, are common in rural areas and in some of the most affluent parts of the country. The worst news is for people who do not have much money but live in an area that is considered affluent, because they will be cut off from every sort of support. They will not have the advantages that people who live in urban areas receive.

The hon. Member for Woking (Mr. Malins) may be able to expand on the fact that some parts of Surrey, which are thought of as desirable, affluent areas, are precisely those where the provision of advice support is at its lowest, because no one imagines that people living there may be in trouble and unable to afford legal advice.

What worries me—I do not think it has been mentioned yet—is the contraction of criminal defence work. The availability of criminal defence lawyers is a problem in large parts of the country; in an area such as mine, very few are willing to undertake criminal defence work. In Frome, a single practitioner—a partner in a local firm—does 99 per cent. of the criminal defence work in the local courts. He freely admits that he is cross-subsidised by his partners' work, because they are prepared to humour him by allowing him to continue what he thinks—as do I—is important work in providing defence services for the local community. However, any monopoly provider in any area poses problems. He often has prospective conflicts of interest, because if one young thug beats up another, he can bet his life that he has represented them both in the same courts. It is difficult—I am not sure that he accepts this—to make the same speeches before the same magistrates in support of the same individuals time after time. That is not good for the interests of justice either. He has said, worryingly, that if the local court closes, it will no longer be sustainable for him to make a 30 or 40-mile trip to a court to represent his clients, and he will not do it. That means that nobody will be providing criminal defence work in my area.

Mr. Humfrey Malins (Woking) (Con): The hon. Gentleman has made a good point about travel. He will know that under legal aid rates, the money paid to lawyers for travelling time is so poor that it utterly discourages them from travelling for more than, say, 20 minutes to anywhere.

Mr. Heath: The hon. Gentleman is right. Other professionals are not put in that position. There is a direct analogy between the provision of general legal and general medical services. Every town with a medical practice should have a legal practice providing a range of services to local people, but that is not currently the case. Sadly, it is increasingly not the case because there has been an unfortunate continuation, and in some cases acceleration, of court closure programmes across the country.

Since the Government came to power, 115 courts have been closed. That is not unique to this Government—it happened under the previous one, too—but it is a continuation of a trend that has not abated until a recent policy change. It would be welcome if the Minister could confirm that there has been a change of policy. The hon. Member for Caernarfon and my hon. Friend the Member for Brecon and Radnorshire talked about Wales, which, with 10 court closures since 1997, has been worst hit of all.

With the closure of a court, not only do the services go, but the physical entity is closed. That has huge symbolic importance: the court in a market town is often a prominent building, and is the community's guarantee that crimes committed locally are dealt with locally. Sometimes, the buildings themselves are equally important, and some closures have left fine buildings empty. The court in Keswick comes to mind: it is a listed building and has stood empty for four years. Presteigne,

in the constituency of my hon. Friend the Member for Brecon and Radnorshire, has another fine building that now has no effective use. I do not think that sufficient attention has been paid to how those courts are made usable. I accept the argument that courts should have easy access and be safe for the users, as nobody should be forced to use buildings that are entirely unsuitable, but we should make them appropriate for use, rather than making the easy and lazy assumption that the best solution is to close a court and replace it with a concrete monstrosity on the edge of the nearest big city.

There are also practical reasons why courts need to be kept open—transport, for instance, has already been mentioned. Convenience for court users is a key factor. It is not acceptable to have to travel long distances to act as a witness, solicitor, social worker or defendant.

Mr. Roger Williams: The magistrates court committee in Powys tried to use the Disability Discrimination Act 1995 to close Llandrindod court. However, it was told firmly that the purpose of the Act was to make facilities accessible, not to close them when it is difficult to do so.

Mr. Heath: That is a clear illustration of what I have in mind. The fact that the police must travel long distances to get to courts has operational significance. There are already far too few police officers in many rural areas, because of operational reasons to which I have alluded. If the magistrates court is 30 miles away, the police are also 30 miles away attending court cases, which takes them out of area. That is not acceptable, and the same goes for the other professionals involved.

The hon. Member for Selby made an important point about reporting. If justice is to be seen to be done, reports of proceedings in the magistrates court need to be in the local newspaper. We need to be able to see that X has received a fine, a community sentence or a spell in prison for the crimes that he has committed in that community. That will not happen if the magistrates court is in a nearby big city that the local newspaper does not cover.

I want to refer to some parochial matters. My hon. Friend the Member for Brecon and Radnorshire talked about Ystradgynlais court and the hon. Member for Selby talked about Selby. I want to talk, briefly, about Frome. My constituency covers about 900 square miles but has only one magistrates court, which is under threat of closure, as is the court in the city of Wells, which is not in my constituency. The magistrates court committee firmly believes that the new unified courts system will result in the loss of both courts. The committee argues that it would therefore be better to pre-empt that by closing two courts and opening another court, which would not be convenient for the people of Frome, Wells or Shepton Mallet, as an alternative.

I cannot speak for Wells, but Frome court serves a town of about 20,000 or 22,000 and a large rural hinterland. It is the only court remaining in my constituency, which is large by English standards, if not by Welsh or Scottish standards. It is not in the interests of justice for that court to close. I hope that, with the new unified courts system, we shall take a new look not only at magistrates courts but, where appropriate, at the Crown court, and most importantly, family courts and the youth court system. We should start from a different basis and ask how such communities can best be served. How do we ensure that there is a network of courts in the unified court system that will help access in rural areas, maintain the presence of the criminal justice system and employ rural-proofing? We hear so much about that, but it don't mean a thing if it ain't got that swing. Often we do not see the effect of rural-proofing on the Government's policies.

I hope that I am not being unkind to either civil servants or the Minister here, but at times I think that some civil servants and Ministers simply do not understand what it is like to live in a village in the middle of Somerset and have huge difficulties in moving about, because there is no public transport system. They do not appear to understand the problems in relating to a criminal justice system that even now seems remote, even before the further depredations that we expect. I hope that he will say explicitly that the Government's policy will be to maintain a courts presence in rural areas, and that they will support those courts. I hope that we will not see further closures without replacement, and that the courts will continue to serve the communities that need to be served by our criminal justice system.

10.30 am

Mr. Humfrey Malins (Woking) (Con): I congratulate the hon. Member for Clwyd, West (Gareth Thomas) on securing the debate and on the thoughtful way in which he introduced the subject. I also thank the hon. Members for Caernarfon (Hywel Williams), for Selby (Mr. Grogan), for Brecon and Radnorshire (Mr. Williams) and for Somerton and Frome (Mr. Heath) for their contributions to this excellent debate.

I declare an interest. My background is as a solicitor, a recorder of the Crown court, and a district judge operating in magistrates courts—formerly a stipendiary magistrate. The topic is therefore close to my heart. I agree with the hon. Member for Somerton and Frome and with other hon. Members who have said that justice is better justice when it is local. The less local it is, the worse it becomes in many respects.

The hon. Member for Somerton and Frome, through a series of questions, has elicited the fact that since 1997, 115 magistrates courts in England and Wales have closed, a fact that I regret greatly. However, it is right not to make too much of a party political point of the matter, because it is a world trend, even though it has accelerated somewhat since 1997.

The hon. Member for Brecon and Radnorshire referred to his Adjournment debate in February 2004, during which the Under-Secretary of State for Constitutional Affairs, the hon. Member for Shipley (Mr. Leslie) made a statement with which we would all agree, saying

"we expect magistrates to have a strong local connection and to live or work in the area in which they serve."—[*Official Report, Westminster Hall*, 3 February 2004; Vol. 417, c. 235WH.]

I say hear, hear to that. However, I am not sure that it fits the current trend.

I am very disappointed that so many magistrates courts are closing. I am not remotely persuaded by the argument that some of the buildings are slightly old-

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fashioned and that a more modern building 30 miles away would bring better justice. I preferred the days when the court was local, even if the interview arrangements were not ideal, and there were local magistrates. Moreover, in those days, there was a fair chance that the clerk to the justice would be legally qualified, whereas currently few of them are. Such clerks to the justices often did a splendid job in representing the interests of the unrepresented defendant in the courts—one does not see that so often now.

If we close courts, we lose a great deal. We lose magistrates who know their own area like the back of their hand. Magistrates who know an area well are a real plus. We lose magistrates who know the prevalent crimes in their area, which is important when it comes to sentencing. Currently, when I sit as a judge, I look at local guidelines on prevalent crime, because there may be a sentencing proposal that is slightly off the norm to deal with the prevalence of a crime in a particular area. We would lose that expertise.

If we close courts, we also lose magistrates who know, for example, their pubs and licensed premises well, which is often important in relation to licensing matters and crime. We also lose magistrates who know the local police force and local advocates well, and know which advocates they can trust and rely on.

Gareth Thomas: It is interesting that the subject of the debate has moved from access to justice to access to courts, which is a different concept. The hon. Gentleman has mentioned that he is a district judge—what used to be called a stipendiary magistrate. What is his view on the trend towards the greater use of stipendiaries rather than lay magistrates? What effect is that having on the delivery of local justice by lay people?

Mr. Malins: I was going to make that point, and the hon. Gentleman is right to raise it. Having declared an interest, I should say that magistrates and justices of the peace play a vital role, and I would be unhappy if the long-term trend were towards placing district judges in remote centres to deal with crime. The role of the magistracy is very important, especially in rural areas.

To return to an earlier point, if one closes local courts, one loses the vital connection between the crime and the local newspaper. Currently, when someone commits a crime on Monday, they are in court on Wednesday, the story is in the local newspaper by Thursday, and everyone knows about it. That is an important aspect of community life.

What problems confront judges and magistrates when local courts close, and defendants and witnesses have to travel vast distances? I can tell hon. Members that the problems are immense. In truth, many defendants simply will not travel a long way to court, and, indeed, many cannot afford to do so. The same applies to witnesses, who are critical to trials, because many are reluctant or unable to travel great distances.

More often than not, I grant bail. When I grant it to defendants who live 30 miles from the court, it is my practice to tell them that I will bail them not until 10 am the following day but until 12 noon or even 2 pm. That is the only way in which I can give them a real chance of making it back to court. My mind boggles at the prospect of a defendant being bailed for 10 am, when the magistrates court is in a remote area 30 miles from where he or she lives. There will be no rural transport, so, for many people, the chance of getting there for 10 am is almost zero. That would not be the case for you or me, Mr. Deputy Speaker, because, to be blunt, we could afford a taxi and ensure that we got there. However, many disadvantaged people—whether defendants or witnesses—cannot do that, and a defendant would commit an offence under the Bail Act 1976 if they did not appear in court. Trials are cracked or collapse because people do not turn up, and thousands of pounds are wasted when they could have been better used elsewhere.

What does the community lose if there is no local court? It loses a lot. It probably will not have in its midst quite as many trainee solicitors as it used to. Does that matter? Well, many of those young men and women contribute to their communities in different ways. They take an active role in church life, local government and sporting clubs. They take an interest in and are committed to local matters. Between them, they would probably do more pro bono work if they were present in numbers. If courts are closed, however, there will be fewer such people in the community.

There will also be fewer local probation staff and fewer people interested in joining Victim Support. In addition, people will be much discouraged from joining the magistracy, particularly if they are told that they will have to travel 20 or 30 miles for their sittings. As the hon. Member for Clwyd, West said, the long-term trend is potentially damaging not only to local communities and those affected by the administration of justice but to the lay bench. Finally, as I mentioned in passing, another result of such changes is that fewer people will be interested in joining the clerks profession, and the role of the qualified justice's clerk is a vital aspect of our society.

So, local courts are good news for reasons of expense, justice and sheer efficiency and high standards. Courts a long way from where defendants and witnesses live are bad news.

Legal aid rates and money are an aspect of local justice, and access to justice, that has been mentioned in several speeches. I think that it was the hon. Member for Somerton and Frome who drew an analogy between health provision and legal provision in a town, and it was a good one. Every town should have lawyers who are capable of giving advice to the underprivileged. It is all very well for me to get in my motor car and travel 40 miles to London. I can do that.

However, the people who need the system are, more often than not, those who cannot jump into a smart motor car to travel 40 miles for advice. Those are the sort of people we should look after. They need advice on housing and benefits; and what about matrimonial matters, including the urgent injunctions that are quite often needed? Thirty years ago, when I was in practice, when someone under the threat of attack—usually a woman—came to the office, she could see a partner in the legal firm under the green form legal aid scheme. How good it was then, to be able to be at court in 10 minutes, to get her some form of relief. However, all that disappears in areas where people cannot find access to justice.

Much of the change boils down to money. Legal aid rates have been held and cut in successive years. The National Association of Citizens Advice Bureaux has referred to legal aid as a postcode lottery. One in four bureaux apparently now operates in an "advice desert" and the availability of competent legal advice around the country is extraordinarily patchy. That is not a surprise—for the principal reason that legal aid rates have been cut dramatically, in real terms, in the past few years.

My father, who is 86, sent for a plumber a month ago. The plumber who turned up had travelled for an hour and was at my father's house for an hour before travelling home for another hour. My father paid £180 for that. Now, one might have thought that a solicitor's rate would be as good as a plumber's—far from it. My understanding is that a solicitor receives £12 an hour for travel and approximately £60 for the time spent with the client. In truth, there is heavier and heavier discouragement to lawyers to undertake legal aid work, and few are doing it. If fewer do it, who suffers? The poor, not the rich, suffer more than anyone else.

I have lost count of the number of times I have talked to solicitor friends who have said that one of their other major problems is the bureaucracy and form-filling that they must deal with all the time. Compliance audits and form-filling make for such a depressing life, they say, because they cannot spend enough of their time doing what they should be doing at a proper rate.

My advice to the Government is please ease up on solicitors' bureaucracy; please ensure that towns have properly paid local firms to give local advice; please make sure that everyone in the country has reasonably easy access to the courts; and please get across to the Home Secretary and other Ministers the fact that not all lawyers are bad, and that lawyer-bashing is not the answer to everything. Much of the answer is to respect the legal profession and try to send a message that it is appreciated, and, more importantly, needed in today's society.

10.44 am

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): I am grateful to my hon. Friend the Member for Clwyd, West (Gareth Thomas) for securing this morning's excellent debate. We have had good contributions on access to justice and to courts.

I have a little time in which to deal with all the points that have been raised, but the issue is vital throughout the country, including rural areas. I am glad that it is the subject of this morning's debate and it is also important in urban and suburban areas. I represent an urban area, but I went to school in East Anglia and I remember small towns and villages such as Wisbech, Stamford, Eastry and Peakirk. Access to justice is vital in such areas, and I am glad that we have the opportunity to discuss it.

In legal terms, access to justice is not an abstract idea. We discuss it every month or so in this place in debates on health services, education, rural bus services and transport, but it is also important in the legal context. It can mean the difference between having a roof over one's head or being evicted, and between being properly defended in court or being wrongly sent to prison. It means receiving quality advice in the local citizens advice bureau. Access to justice is very important to many people living on the periphery, as my hon. Friend suggested, but it is also important to people who live in rural communities.

Only three or four years ago, access to justice was a hit-and-miss affair. It was unplanned and there was no real concept of the fair allocation of scarce resources. Since the introduction of the community legal service in 2000, however, we have begun to see the change that people need in their areas. The Legal Services Commission, which replaced the old Legal Aid Board, operates throughout England and Wales, and plans carefully to ensure that the most pressing needs for legal services are met first and that local voices are heard when assessing legal problems and issues.

It is important to state for the record that this debate relates to what the public think of as legal aid. Legal aid was a fantastic invention of the Attlee Government and an important contribution to the life of this country. It stands alongside universal education and universal health provision as a cornerstone of a civilised democracy.

I will talk about modern legal aid and the community legal service, but before I do so, it is right that I should spend a little time talking about court closures, which hon. Members on both sides of the Chamber have mentioned. Hon. Members will know that magistrates courts are managed locally by magistrates courts committees, which throughout the country comprise local people, as set out in the Justices of the Peace Act 1997. Each committee is solely responsible for the efficient and effective administration of magistrates courts in its area. Hon. Members will also know that local authorities sometimes dispute those decisions, which must be taken locally. If decisions are disputed, they may end up on the Minister's desk. Only then may a decision be taken to stop a court closure.

On 3 February, we had a very good debate, which the hon. Member for Brecon and Radnorshire (Mr. Williams) secured, on court closures in mid-Wales. *Hansard* recorded the debate, and I will not discuss it today. However, I want to put it on record that the Government strongly support the notion of local justice. The essential feature of local justice is that magistrates live or work in the locality, but it cannot follow that each community across the country will have its own courthouse. The Government can consider those matters if a local authority refers them to us.

Hywel Williams: Will the Minister give the Government's definition of locality?

Mr. Lammy: The hon. Gentleman knows that those issues depend on local circumstances. A unified courts service, towards which he knows we are progressing, will not only enable magistrates courts committees to deal with magistrates courts and the Court Service to deal with county courts, but allow local people to look locally to courts that are fit for purpose, can accommodate modern technology and ensure access for disabled people.

I want to clarify what the Government have done, although I do not want to be partisan. I am grateful that hon. Members have outlined the context, as 21

[Mr. Lammy]

magistrates courts were closed in 1996 under the previous Administration, although that number diminished considerably in the last few years. In the last few months, Ministers have allowed appeals against court closures in London—Kingston, Sutton, Harrow, Barking and Dagenham—as well as in Grays, Aberystwyth, Caernarfon and Sutton Coldfield. We look at the circumstances and we are prepared to keep our courts open.

Mr. Heath: The difficulty for many of us is that a lot of magistrates courts committees formed the view that they were required, if not because of resource limitations then for some other reason, to "rationalise" their courts. Will the Minister give a clear undertaking that under the unified courts procedures, a key element underlying policy will be maintaining that service for and in the local community? If that element is present, we will start with the right basis for policy making at local level.

Mr. Lammy: Local justice must involve flexibility, which is key. Flexibility cannot mean that the Minister in Whitehall starts to tie people's hands over what happens locally. Decisions must be made locally, but if a local authority is unhappy with a decision it may come to a Minister's desk. The recent past demonstrates that we are able to stand up for local issues.

Let me move on, importantly due to the time available, to focus most of my remaining comments on legal aid. I have made two trips to Wales recently. I visited the Riverside advice centre and the headquarters of Shelter Cymru to see for myself the excellent ongoing work to address problems in Wales. I put on record the Government's thanks to the many legal aid practitioners across the country who do publicly-funded work on behalf of the taxpayer for poor people who really need that service. I know that there is a lot of debate about legal aid lawyers and I am afraid that there are areas of practice—I will not go into them today—in which we have not seen the quality that we have come to associate with legal aid lawyers. However, by and large, they do a tremendous service across the country.

The CLS budget has come a long way in a short time. Spending on legal help in Wales has increased from £9.3 million in 2001–02 to £11.4 million in 2002–03. Over the same period, CLS partnerships have spread rapidly across England and Wales, with more than 99 per cent. of the population now covered by a partnership. CLS partnerships bring together local funders and providers of legal services to help in the planning and development of local services. They do that by producing strategic plans that consider all aspects of need and provision in the area. Those plans are fully taken into account when the LSC makes its decisions on where the funding goes.

Let us be clear about what that means. We previously had advice services and legal aid lawyers throughout the country, but the service was patchy and uncoordinated—people did not know where to access it—until we introduced the CLS, which has set the standard with the quality mark provision and organised strategic plans for local areas. Of course, the needs in Wales will be different from those in my inner-London constituency. Until we introduced the CLS, uncoordinated legal services were provided ad hoc by lawyers, pro bono law students and advisers, but in 2000 this Government provided that co-ordination through the CLS. In Wales in particular, the Legal Services Commission is engaged in the CLS partnerships in all 22 local authority areas.

All that is encouraging, but, better still, it is good news for those who need good quality legal services. Quality is another major advance that the Government have brought to legal services. With the introduction of the CLS came the quality mark, in which I have believed strongly since I saw it taking shape in my constituency when I was a Back Bencher. The mark has meant that the poor and socially excluded people who need legal services can bank on their quality. Just because someone was sat behind a desk in a suit, it did not mean that they knew what they were saying, so I am glad that the Government have brought the quality mark to bear.

My hon. Friend the Member for Clwyd, West spoke about gaps in provision in our local areas. The Legal Services Research Centre, which is the research arm of the LSC, recently published a report called "Causes of Action", which provides a lot of assistance in strengthening the CLS. It gives us the clearest picture yet of the legal problems that people face and of unmet need. The Government acknowledge that unmet need exists in our communities, and that we must ensure that people are getting advice at the right stage and from those who are appropriately trained.

We are running a family advice and information networks—FAINs—project with family law practitioners. It encourages lawyers to consider other local services such as social welfare, as well as the legal advice that they provide, to ensure that the vulnerable women who turn up at their practices are not directed solely down the legal path. I saw a FAINs project in Swansea, and those are the type of project that the Government want to continue with. That is why we commenced an independent review of the CLS, which is due to report in April.

The report will give us the opportunity to develop the CLS, building on its success and ensuring that we are dealing with any gaps. Comments were made on contracts, and we have also undertaken research on the development of the supply and purchasing of legal aid arrangements. We have done that because it is important for us to understand what is going on in our law firms and centres.

I have not been able to deal with all my hon. Friend's points, but I will write to him to cover them. I say to him also that where there is bureaucracy, I will seek to deal with it. I know that the LSC is ensuring that its next round of contracts is shorter, and I hope that he is pleased about that.

School Meals

11 am

Mr. Stephen McCabe (Birmingham, Hall Green) (Lab): Health, particularly that of children, is currently a hot issue that is endlessly discussed in newspapers and magazines and on radio and television. The Government treat it seriously, and various Departments play their part: the Department for Environment, Food and Rural Affairs, the Department of Health, the Department for Education and Skills, the Food Standards Agency and dozens of other non-Government organisations across the country. I recognise the serious commitment of all those involved. A recent Food Standards Agency report linked children's diets with television advertising, and the Secretary of State for Culture, Media and Sport, my right hon. Friend the Member for Dulwich and West Norwood (Tessa Jowell) has asked the advertisers to consider their role. The Department of Health is currently examining the issue of food labelling, particularly where fat, salt and high sugar contents are involved. There can be no doubt about our common objectives.

I was particularly stuck to read recently about Sue Seabrook, a secondary school catering manager in Gloucester, who made the startling confession that for the last two years, she has been guilty of force feeding pupils with vitamins by surreptitiously adding pureed vegetables to their school dinners. She probably deserves a medal. Despite all the activity, our children's health continues to deteriorate, and obesity appears to rise almost in direct relation to the number of Government warnings about health and nutrition. In far too many areas, school meals have become virtually nutrition-free. The food value on the plate is about 35p, despite an average charge of £1.60. All too often the meal of the day is reheated pizza or burger and chips. Some staff and governors have argued that they do not pursue healthy eating in schools because feel no incentive to do so.

Let us consider what is happening. One in seven 15-year-olds and one in 12 16-year-olds are now so overweight that their health is already under threat. The long-term implications of lost school days, extra costs to the health service, and eventual loss of earning potential are catastrophic. We should be concerned not only with individual health problems, but with the growing problem of unacceptable behaviour in our schools. Studies in Spain have found that children with behavioural difficulties, such as attention deficit hyperactivity disorder, have low levels of vitamin B—folic acid—which is normally found in green vegetables and breakfast cereals. Many experts are now beginning to link the growth in ADHD with child nutrition.

Lord Winston wrote recently about the effect of good nutrition on behaviour, citing research from the USA and Oxford university. In one example, children were given nutritional supplements, which appeared to lead to a reduction in cognitive problems, behavioural problems and anxiety. Poor behaviour does not affect only the child who is behaving badly; it has a knock-on effect on every other child in the class. If the youngster is then excluded, that leads to further personal difficulties and adds to the overall cost of education without any discernable gain. If the youngster is then excluded, that leads to further personal difficulties and adds to the overall cost of education without any discernable gain.

I am conscious that poor nutrition is not recognised as a contributory factor to behavioural problems in our schools. I read in a recent DFES circular that the Department recognises that attendance and behaviour are fundamental and can make or break our school system. The circular went on to acknowledge that bad behaviour had a range of explanations and sources and that there was not a single quick fix but that there should be more tools in the box for staff and teachers to use.

It seems obvious that we need to try to do more to tackle such problems. If a youngster has a poor diet and is consuming products stuffed with highly refined sugar, it cannot be a great surprise that their attention span is poor and that their behaviour is characterised by a sudden energy rush followed by lethargy, lack of concentration and inattentiveness. There are already links between poverty, obesity and child behaviour. We provide free school meals for a great many children in this country. Would it not make sense to ensure the nutritional value of those meals?

Finland is often cited in debates such as this as a country that has sorted out school meals and exercise programmes for its youngsters. In so doing, it has tackled a great many health and behaviour problems. Someone recently suggested to me that the Finns are a biddable nation who accept expert advice and support Government measures put in place for their own good. I understand that in some Finnish villages it is common to compete to see which village can reduce overall cholesterol levels the fastest, and that schools regularly weigh pupils and advise parents if there is a problem with the youngster's weight.

Try as I might, I cannot see that happening here. We seem to be a population who revel in ignoring expert advice and resent being told how to behave. Choice is obviously important in our society, but offering a youngster a choice between chips and doughnuts and a tuna salad strikes me as a bit tricky. I have thought for some time that we should maybe persuade the big chain outlets to give the toys away with the apple and the salad rather than with the chips and chicken nuggets. I have tried to persuade my own children that they should think about that, but they are not desperately keen at the moment.

About 20 programmes are spread across the various Departments, all tackling issues of diet or nutrition aimed at children. In addition, we have health action zones, Sure Start, healthy living centres and others. To cite just one example, the New Opportunities Fund commitment of £42 million pounds for the national fruit scheme provides about 800,000 children with one piece of fresh fruit a day. I am told that that same money could provide about 26 million nutritious school meals.

Funding in this area across Departments—excluding local and regional programmes—is worth about £173 million. I wonder whether the time has come to have a serious debate on our children's health and to consider what proactive measures we could take. I would recommend a national audit of all the current funding. Personally, I think that we should explore the notion of free, nutritious school meals for all primary children. A

[Mr. Stephen McCabe]

poll on Channel 4's "Richard and Judy" programme yesterday showed that at least 70 per cent. of their viewers supported that idea.

At the very least we should ensure that the 2 million primary school children whose parents pay for school dinners or who already receive them free are guaranteed one healthy nutritious meal a day. I am not calling for blue skies thinking or excessive radicalism; rather, I am calling for a rational and sensible debate. We must recognise the huge long-term cost if we do not get to grips with such problems. School meals could be a vital tool in transforming our children's health and behaviour.

11.10 am

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Stephen Twigg): I congratulate my hon. Friend the Member for Birmingham, Hall Green (Mr. McCabe) on securing this debate, which, despite the absence of any other Member from any other party, is of great significance for all our constituents and our country. I welcome his call for a rational and sensible debate and I concur that it is vital that we have one. My hon. Friend referred at the beginning of his speech to the Government's clear commitment to promoting healthy eating and encouraging pupils to be physically active. An important part of fulfilling that commitment is a greater focus on physical education and sport in our schools.

It is essential that we practise what we preach about joined-up approaches to government at all levels. My hon. Friend referred to the different Departments and institutions that have an interest in making that objective a success, such as the Department for Education and Skills, the Department of Health, the Department for Environment, Food and Rural Affairs, the Department for Culture, Media and Sport, the Food Standards Agency and external organisations. My hon. Friend's challenge, which is reasonable, is for each Department to have a coherent approach. He cited the example of advice from the Department for Education and Skills about attendance and the impact on children's behaviour of the diet and food options available in schools. I am sure that, like me, my hon. Friend has visited schools where teachers and governors have made that case powerfully, as have the children and young people themselves, in their meetings.

We spend a lot of money on children's health and it is vital that the money is used to the greatest effect. My hon. Friend talked about an audit of where the money is spent—I shall return to that at the end of my remarks. He described the national school fruit scheme, which is a £42 million scheme that is now funded through the New Opportunities Fund, but which will in future be funded by the Department of Health. The scheme followed the manifesto commitment, on which my hon. Friend and I were both elected in 2001, to provide a free piece of fruit each day to children between the ages of four and six. More than 1 million children now receive their fruit. The programme is under review and I understand that carrots are to be designated as a fruit, because the feedback that we have received suggests that they would be particularly popular, as well as nutritious.

From my visits as a Minister and as a constituency MP, I know that the scheme is popular. I remember knocking on a door in my constituency and meeting an eight-year-old girl who said that she was upset that the scheme applied to infant schools but not to her junior school. Her five-year old brother then appeared and said that he would be quite happy if the scheme did not apply to his school, because he was not keen on the fruit that he was getting. However, the feedback has been overwhelmingly positive. Some 99 per cent. of staff at schools that have been part of the scheme welcome and support it, and 97 per cent. of those schools say that it supports teaching and learning. Almost every school involved is in favour of continuing the scheme.

In learning lessons from that scheme, we need to consider the implications for our broader work. In my hon. Friend's closing remarks he talked about the possibility of free school meals for all primary age children. Kingston upon Hull city council was recently granted permission for precisely such a scheme. Free school meals will be introduced for primary age children in schools there. It will be interesting to consider the impact of that proposal and the take-up of the meals on the children's education, their health, and their behaviour. I shall be attending an event in Hull next week at which such proposals will be considered. Hon. Members will want to keep a close eye on how such schemes develop and to consider their implications for policy throughout the country.

It is critical that school meals have high nutritional standards. My hon. Friend rightly focused on the dilemma of choice and whether it was possible to provide a choice, and still to bring about a healthy outcome. I accept that that can be a tricky matter, but such decisions are best taken locally. I especially welcome what Hull has done, because it decided locally to introduce the free school meals scheme. Although there is clear guidance from the Government, the situation varies from school to school; we must ensure that the basic standard is higher than it is at present in some schools.

I am impressed by the schools that have successfully engaged with their pupils about the options that are available, with the result that they have healthier menus, contrary to what we might think about what pupils say they prefer. Recently, I visited Barking Abbey, a specialist sports college in the London borough of Barking and Dagenham, which decided to change its school meal contract and to source all its meals from a local organic farm, at no extra cost. That is most encouraging, as there will be a higher take-up by the pupils, who will have healthier options.

The Department for Education and Skills and the Food Standards Agency are undertaking a joint exercise involving about 80 secondary schools in England to consider the extent to which schools adhere to the standards. It is important to see whether schools are following the recommendations issued by the Department in "Healthy School Lunches—Guidance for Caterers on Implementing the Nutritional Standards". The study will also consider broader issues such as the dining room layout and space, lunchtime activities, vending machines—that is a big issue that has been subject to public debate—seasonal produce, and the nature of catering and contracts.

My hon. Friend asked us to look at the example from Finland in the context of strategies for primary schools, and several primary school heads have made the same suggestion. Selflessly, I have agreed to visit Finland and I undertake to look at school meals as well as primary school policy. I was very impressed by the quality of the food provided for primary-age children at a school that I visited in Madrid a couple of months ago. My hon. Friend cited evidence from Spain in his speech. We can learn from positive examples elsewhere in the world, as well as in this country.

My hon. Friend said that he was proposing not blue-sky thinking or extreme radicalism but simply getting the balance right. It has been suggested that some foods and vending machines should be banned, and there has been a broad public debate about such proposals. We are cautious about the matter, as such decisions are better taken by the head teacher and governors of the schools themselves. It has been suggested that vending machines could provide water and healthier food such as fruit, and we have a role in encouraging the take-up of those options.

I should like to say something about the broader role that education and schools can play in encouraging healthy living and healthy eating. Clearly, the curriculum itself has a part to play. While food and nutrition is not a discrete subject, there are many opportunities across the curriculum to encourage healthy living and an active lifestyle, for example through personal, social and health education in science and in food technology. We are constantly looking at ways in which we can ensure that these areas of the curriculum support the important work that is going on in that respect.

An area for which I have direct responsibility is personal, social and health education and citizenship education in our schools. An important part of that is encouraging healthy lifestyles and ensuring that healthy eating is embedded in the ethos of our schools. Five years ago, we launched the national healthy schools standard. I am impressed with the numbers of schools that have achieved that standard and the real enthusiasm that there is for it. I should like all our schools to sign up to that and to obtain a kite mark for being a healthy school both in terms of the food that they provide at lunchtime and, more broadly, their curriculum and wider work.

One subject on the school curriculum is the food and nutrition strand within design and technology. It is not compulsory, but I am pleased to report that it is growing in popularity, particularly among boys. Around 100,000 14 to 16-year-olds take GCSE food technology and we are investing an additional £500,000 in professional development for this important part of the school curriculum. We are also encouraging primary schools to consider this.

Finally, we have the food in schools programme, which is a joint programme between our Department and the Department of Health. The aim is to bring together the different initiatives, some of which my hon. Friend mentioned. We have been working with the British Nutrition Foundation and the Design and Technology Association to draw up guidance on establishing a whole school food policy that links together all the different aspects I have described, so that the messages that are available throughout the school are consistent.

A number of different projects have been set up including healthier breakfast clubs. Breakfast clubs can contribute to all of the outcomes that my hon. Friend rightly emphasised in respect of lunches. Healthier breakfast clubs can have the same impact on behaviour. Tuck shops and what is available there and through vending machines is another element. The availability of water also makes a difference to the health and behaviour of children. Other projects involve the dining room environment, cookery clubs and growing clubs for the outside areas. We are seeking to provide best practice and to learn from the best practice that is available in schools and communities across the country.

Last year my right hon. Friend the Secretary of State made a speech at the Institute of Public Health in which he announced that the Department for Education and Skills and the Department of Health would work together on a healthy living action plan. That plan is of critical importance. It enables us to learn from schools that are implementing successful whole school food policies and to look at what works and what does not. It gives us the opportunity, to which my hon. Friend alluded, to engage those who may be apathetic, uncertain or even resistant to these changes and to examine what motivates teachers, heads and governors in this respect.

The potential benefits to be gained from a healthy living action plan that brings together all the different resources in government, in schools, local communities and the wider world are well worth striving for. It will draw together the key areas of work from the different Departments to create a healthy living blueprint for improving pupils' diet and nutritional knowledge. That important work is under way, and my right hon. Friend the Secretary of State has made it clear that it is a vital part of our work in the Department for Education and Skills. This is an important debate on a subject that is close to the hearts of all our constituents and hon. Members on both sides of the House. For that reason, I thank my hon. Friend the Member for Birmingham, Hall Green for securing the debate, which will make an important contribution to the discussion as it progresses. I hope that we can engage hon. Members on both sides of the House and the wider public, so that we get things right and establish the very best practice with regard to healthy living and healthy meals in our schools and the broader education community.

11.25 am

Sitting suspended until Two o'clock.

Primary School Redundancies

2 pm

Mr. Graham Brady (Altrincham and Sale, West) (Con): I am grateful for the opportunity to raise this important matter today. I was prompted to seek this debate by the particular plight of one local school, Woodheys primary school, in Sale in my constituency. The problems to which I want to draw attention affect many of my local schools and many more around the country. Laura Daniels, the head of Woodheys, wrote this to the Minister for School Standards:

"At Woodheys we decided"—

she was referring to last year—

"to set a realistic budget. Some heads 'balanced' their budgets by allocating negligible amounts to supply 'cover' or 'training' and have had to deny staff their entitlement to professional development. We did not. Also we refused to lose support staff at that late stage (it was July before we were given final information on our under or over spends from the previous year), and decided not to use Devolved Capital for buildings as we felt that although we had been given 'permission' by the government, this was not an avenue we supported. Also perhaps, naively, I believed that the government would rectify its mistake in 04–05. We were horrified to find that this has not happened. Against our principles and under pressure, as we only had until November 30th to change our decision, we have now decided to use Devolved Capital to 'clear' our deficit. Unfortunately, with no real increase in funding, we are back to 'square one' for September 2004. I have spent hours and hours agonising over an impossible task— I am supposed to give staff more support time, release and a better work/life balance (as promised by the government) and through no fault of my own or my governors, we will have to lose all support staff, many trained in-house, in September 04."

The Department for Education and Skills replied to Laura Daniels on 16 February, seeking to transfer blame to Trafford borough council. Trafford is a Labour-controlled authority, which has for two successive years been described as "weak" by the Audit Commission, so I am not altogether averse to some blame attaching to the local authority. The Department wrote:

"The Regulations governing LEAs' formulae, as I have said, still give LEAs a considerable measure of freedom to determine the detail of their formulae, so if your concern lies with the operation of Trafford's school funding formula, then you will need to follow-up matters at the local level."

This Government have taken massive powers to control the funds that local education authorities pass on to schools and the criteria by which funds are distributed between schools. Surely Ministers must therefore take some responsibility for the depressing picture of job cuts and service reduction that is beginning to emerge. However, instead of taking responsibility, they are showing complacency and giving excuses. Labour's 2001 manifesto promised explicitly that there would be more classroom assistants and claimed that primary schools' problems had already been tackled. It said:

"We plan a radical improvement in secondary schools",

then, in bold print,

"building on our success in primary schools."

All the problems in the primary school sector had apparently been tackled in the first Parliament of the Labour Government, so it was time to move on to secondary schools.

The Chancellor, in his Budget statement last week, gave a similar impression that everything in the educational garden is rosy. He said:

"Having, in the last spending round, tackled under-investment in schools and in teaching staff, the primary focus of this spending round must be on excellence and improving standards for all."—[*Official Report*, 17 March 2004; Vol. 419, c. 334.]

The picture that I have gained from my local schools is not one in which under-investment in schools and teaching staff has been tackled—far from it. Schools and parents will view the Chancellor's remarks in the light of their experience of last year's funding crisis. They saw, as we all did, that overall expenditure increased, but they also saw, owing to increased taxes, and especially employers' national insurance contributions, increased pension charges, the removal of much of the standards fund money, and changes in pay scales, that schools had less money to spend at the front line.

Last year, the National Union of Teachers commissioned Professor Alan Smithers and Pamela Robinson to research the effects of the crisis. Last October, they published their report, "The Reality of School Staffing", which showed that more than half of primary schools and nearly two thirds of secondary schools received less money than they had in the previous year, and that nearly a quarter of primary schools and a third of secondary schools had cut staffing levels. Smithers and Robinson found that schools throughout the country had lost 8,800 teaching posts, 5,500 of which were in primary schools, and 12,300 non-teaching staff.

Last year's crisis would have led to even bigger cuts had not Ministers belatedly urged the use of capital funds to stave off redundancies. Even then, schools were left with no reserves and no funding for necessary capital projects. Many schools were forced to set deficit budgets for the current year, and schools that face budget pressures this year that are the same as or worse than last year's have no reserves on which to call.

I shall illustrate the point with a letter that I received from St. Mary's Church of England primary school in my constituency. The head wrote:

"Last year, because of the change to the distribution of class size funding I had to lose 0.5 of a teacher. I was, because of careful budgeting the year before, able to fund 0.4 from my under spend. This year I am in a similar situation with no underspend."

Such schools face the loss of teaching staff.

The Minister will say that, in some areas, jobs will go in schools because of falling rolls. A recent survey in *The Times Educational Supplement* suggests that hundreds of teaching jobs will be lost this year. Primary schools are expected to bear the brunt of the losses. Professor Smithers has estimated that as many as 50,000 teaching jobs could be lost by 2010. However, we now have what Ministers have called an historic agreement on teacher work load. Even if rolls are falling, staff numbers need not decline if the Government intend to keep their promise to reduce class sizes and teacher work load and to increase the numbers of classroom assistants. Instead, we are looking at a picture of further redundancies as well as vacant posts being left unfilled.

For the teacher work load agreement to work, schools will need more staff, not fewer, but the Minister for School Standards apparently thinks that everything is fine. Asked in *The Guardian* on 13 January about how the plans were taking shape, he responded:

"How do I think it's going? Swimmingly well, swimmingly well."

The reality for schools, however, is often different, as the head of a Hale primary school told me:

"Finally I'd just like to add that as a relatively new Headteacher who has always aspired to this role I feel deeply let down by the workforce reform and the budget issues I am faced with on a day to day basis."

When the Prime Minister, no less, was in Manchester on 13 March, he advanced a new explanation for Labour's failures to deliver in our public services. He said that everything was wonderful—it is just that people think it is terrible. He said:

"There is much scratching of the head in political circles over this apparent paradox: people who feel personally optimistic in Britain; but collectively pessimistic. They say their own health care in the NHS is good; but the NHS in general is bad. Their schools are good; but education is bad."

One of the most important functions of the House is to keep Ministers, and perhaps especially the Prime Minister, in touch with reality. I shall do that by giving a snapshot of the views of primary school head teachers in my constituency.

I have already described the frustration felt by Laura Daniels, the head teacher at Woodheys. I shall share with hon. Members further comments that I received from a variety of primary schools in my area. The head teacher of an Altrincham school wrote to me on 12 March. He said:

"Confronted with advice from the DfES on increasing the number of classroom assistants and their profile across the school, I feel saddened, disappointed and disillusioned, whilst receiving funding that could not possibly meet the challenges set out by the DfES and current legislation.

Yesterday the school governors cut the hours by 40 per cent. of all classroom assistants and handed a redundancy notice to another. The working hours of one teacher were halved."

At a time when Ministers say that the work load of teachers should be reduced and staff numbers should be rising, staff numbers are actually falling, which will mean that work load will either stay at its current level or, in some schools, get worse.

The head teacher of All Saints Catholic primary school in Sale wrote to me, saying:

"Where vacancies have occurred, the Governors have taken clear decisions not to employ someone too expensive! Fortunately we have made good appointments, but we have actively discriminated against the elderly."

The funding pressures force schools to take staffing decisions that they regard as less than ideal. The funding crisis last year, and continuing pressures this year, mean that schools, instead of recruiting the teachers they think will be the best people to join their staff, will skew appointments towards the recruitment of less experienced, cheaper members of staff. At the other end of the scale, there are schools that already have long-serving members of staff, perhaps because they are the best schools and have the best working environments for teachers. Such schools, which have been successful in retaining their work force over a long period, will have a disproportionate number of older, more experienced teachers, and will face ever greater problems because the proportion of their school budget taken up by staff costs will be greater. The issue affects different schools in different ways, but in all those different scenarios it distorts the pattern of recruitment and creates problems, even in schools that are successful in retaining staff, which Ministers say is one of their principal priorities.

Another primary school head teacher in Sale wrote to me to say that the school faced a number of difficult issues this year, and that to resolve its budget difficulties it had been decided to

"reduce teacher staffing by one full-time teacher from 31/8/04."

He said that that

"does not involve redundancy as the teacher concerned is on a temporary contract".

Such job losses may not feature on the official returns of numbers of redundancies, because it is sometimes a matter of staff not being replaced, vacancies not being filled or contracts not being renewed, rather than of existing staff being made formally redundant.

The head teacher says that the school will also reduce its

"Teaching Assistant support by the equivalent of one full-time post from 31/8/04."

and its

"Midday Supervision Staffing by at least two staff members; this will involve redundancy procedures."

He continues that the school will also

"reduce budget allocations to Curriculum Resources and Buildings Maintenance by 30 per cent. and 20 per cent. respectively from the 2003/4 levels."

The pressures that are being applied to the numbers and type of staff recruited and retained are being felt throughout the system, and they are affecting other areas such as service provision, curriculum resources, library materials and buildings maintenance, because schools are moving heaven and earth to try to ensure that they do not have to make staff redundant.

The head teacher of a local Roman Catholic school wrote:

"It is the Governors' decision not to immediately pursue a policy of redundancy, however it is clear that we cannot continue to maintain the current quality of educational provision . . . for another year given the current level of funding. We are clearly at breaking point with no other cuts or strategies to adopt."

Those schools have already weathered a crisis in the past 12 months, the like of which many in the education world had never seen. They have been through an incredibly difficult period, believing at every stage the Government's promises that things would be better this year, that new resources would be in place, and that there would be a guaranteed funding increase to deliver them from their difficulties. However, there is nothing to help schools that plunged into deficit budgets last year and face continuing pressures this year.

The head teacher of another Sale school wrote to me:

"Although I will not have to make redundancies this year, I may not be replacing one teaching assistant who is leaving in September and will be using all of our reserves to make ends meet."

That school is perhaps fortunate, because it still had some reserves after the difficulties of last year. A vast number of schools that had run their finances prudently and maintained some reserves to help them in difficult times were forced to spend all that money to stave off redundancies last year, and they now have nothing left to cover current and future difficulties.

[Mr. Graham Brady]

The head teacher of another local school, this time in Timperley, wrote:

"Trafford have stated that the"

school's

"budget has been well managed. Savings in the Special Purposes Fund resulted in £73,000. Governors intended that this fund be used to supplement the budget during the years of falling pupil numbers. £33,000 was used to balance the budget in 03/04. The remaining £40,000 will be used in 04/05, but will not achieve a balanced budget."

Again, we see the problems that existed last year, and that the Minister assured everyone would be resolved adequately this year, continuing into the future.

The head teacher continued

"Even without falling rolls . . . we would be unable to maintain current staffing levels without additional funding."

Current staffing levels cannot be maintained, let alone the increases in the support staff and classroom assistants that the Government promised and that Ministers know are essential if their promises to tackle work load difficulties and meet the work load agreement are to be fulfilled.

The head teacher continued:

"From September 2004 we will have large, vertically grouped classes in most age groups, with many accompanying issues for staff and parents."

Again, we can see the ramifications for the quality and nature of education provision: not only the loss of valued staff but further difficulties as schools create different strategies to deal with the problems that arise.

The general secretary of the National Association of Head Teachers, David Hart, said:

"In some areas April's budgets will be like applying a sticking plaster to a gaping wound."

The Chancellor has promised a direct payment to each school in 2005–06, but that will not do anything to help this year. Even if the sticking plaster is big enough for the following year, it will have done nothing to prevent redundancies and job cuts this September.

We must ask why, faced with last year's devastating problems and continuing pressures this year, the Chancellor did not promise support this year in his Budget statement but held it out as a prospect for future additional help. Heads around the country are becoming somewhat sceptical about promises of future funding, because all too often, even when the overall expenditure is increased, the costs that heads have to bear—staff costs, additional tax costs or extra bureaucratic costs—increase by more than the additional funding.

Ministers must accept that thousands of schools across the country have dire problems. The Prime Minister must understand that the paradox puzzling parents is that they pay more tax and the Government are spending more money, but the outcome in schools is teachers facing the sack. Schools do not want to hear from the Minister that everything is perfect, because they know that it is not; they want him to understand that there is a problem. They want to hear, as do I on behalf of schools in my constituency that have written to me, practical proposals to stop the loss of good, experienced teachers and classroom assistants in September.

2.22 pm

Lembit Öpik (Montgomeryshire) (LD): I was considering participating in the debate this morning, but I have a confession for this Chamber and the country: I am ill. However, I intend to fight the illness and continue as leader of the Welsh Liberal Democrats for now. Sadly, the media have not shown the slightest interest in the condition of my health, but my lines are open and I am waiting for "Newsnight" to call. Nevertheless, I put on record my gratitude for my leader, my right hon. Friend the Member for Ross, Skye and Inverness, West (Mr. Kennedy), for passing the torch of illness to a new generation of politicians, and I shall do my best to gain political mileage from it.

Redundancies caused by primary school closures are an issue in my constituency. I realise that the Minister is not directly responsible for matters in Wales and can therefore relax, but I will ask him a general strategic question on which I hope he can give his perspective. I shall describe the specific issue in my constituency that brings me to the debate. Over the past few years, Powys county council, which oversees education in Montgomeryshire, has considered various school closures, and some schools have been closed. Most recently, five schools were considered: Llangurig, Llandinam, Llanrhaeadr, Llansilin and Llangedwyn. One could think that all schools beginning with a double 'l' were chosen, but I suspect that there was more strategy to it. The bottom line is that each individual committee felt it wrong to close those schools and cause redundancies in the teaching community, for various reasons.

A fractious series of debates and arguments culminated in a debate in Powys county council in which, breathtakingly, the then chief executive sought to criticise me in front of all the councillors for seeking to lobby them in support of the schools. I respectfully point out that that is my job. Nevertheless, that shows how high emotions were. I am glad to say that all those schools have had a reprieve, except for Llangedwyn, which remains under review.

That brings me to my analysis of the redundancy difficulties caused in my constituency, which are relevant to the whole situation in England, as outlined by the hon. Member for Altrincham and Sale, West (Mr. Brady) in his excellent introductory speech. The redundancies are bad from an educational perspective, especially in primary schools in rural areas, because the schools are the heart of small communities and in some senses embody the soul of the community. If we close down the school and fire the teachers, we also close down much of the community's social focus.

Those redundancies also have a knock-on effect on the economy. The decelerator effect of taking a primary school out of a rural community can often lead to a reduction in population and a disincentive for young families to move to the area. The result is economic pressure on the shops and trading outlets in those villages, which oftentimes pay the price as well. That is a new, additional observation that I seek to raise with the Minister: redundancies caused not directly by cuts in the education budget but indirectly, by population reduction and deterioration in the economic viability of a community.

I could at this stage make known my criticisms of the Government for attacking councils that have introduced large council tax increases to mitigate what they regard as extremely difficult financial circumstances brought about by Government policy. However, I shall not do that, because that is not the core issue for this debate. The hon. Member for Altrincham and Sale, West sought guidance from the Minister on why money has increased in real terms but genuine cuts have been made. The explanation is the ring-fencing of much of the money. It is laudable that teachers have received a better financial settlement in the majority of cases, in order to right the continuous underfunding and reduction of salaries in the teaching community under the Conservatives, but using up the increased pot of money entirely in teachers' pay settlements will not help with the infrastructure or maintain the number of teachers.

My considerations about what could be done next apply to England as well as Wales, and I shall be interested to hear what the Minister has to say about them. We must obviously consider the educational impact of redundancies caused by downsizing or closing schools. Taking a primary school out of a community clearly has a knock-on effect. I personally believe that the most effective way to teach citizenship is in small local schools, with community support, where real relationship building can take place and inculcate values by osmosis. Both cuts in the teaching work force and school closures, which lead to redundancies, should be considered in the light of the economic knock-on effects that I have described.

There is an interesting implication of my analysis. If I am correct, it should sometimes be appropriate for money that is earmarked for economic activities to be used to support a primary school in a rural area, because the economic cost of not doing so far exceeds the saving to a local authority.

Mr. Brady: The hon. Gentleman might want to reflect on the fact that the Government accept his argument when it comes to regenerating urban areas, where they are happy for additional money to be spent, but apparently reject it for rural areas.

Lembit Öpik: The hon. Gentleman makes an insightful point. Some of us have felt for some time that, despite considerable talk of rural-proofing, there are double standards in the treatment of inner-city areas and rural areas such as Montgomeryshire. No doubt he is familiar with rural circumstances himself.

I seek confirmation that the Minister takes the economic impact of school closures seriously and that, strategically at least, he would recognise that there is an economic case to be considered in decisions to downsize teaching work forces or proceed with school closures that might lead to large-scale redundancies. For my part, I shall fight, fight and fight again to save the schools in Montgomeryshire, which I love. I hope that the Government's support for the strategic considerations that I have described will be a useful indicator for the decision makers in Welsh education policy, and also a reassurance to rural areas in England.

Mr. Deputy Speaker (Sir Nicholas Winterton): May I express the hope from the Chair that the hon. Gentleman recovers from whatever is ailing him? He tipped me off this morning that he was suffering from a disease that is new to me, called Kennedyitis. I hope that the epidemic sweeping his party is not too debilitating for him or any of his colleagues.

Lembit Öpik: On a point of order, Mr. Deputy Speaker.

Mr. Deputy Speaker: It is sure to be bogus, but I will accept it.

Lembit Öpik: If one of the consequences of the affliction is a conversion to Liberal Democracy, you can expect that many more people in the House will contract it.

Mr. Deputy Speaker: I am sure that hon. Members have noted what the hon. Gentleman says.

2.31 pm

Mrs. Annette L. Brooke (Mid-Dorset and North Poole) (LD): I congratulate the hon. Member for Altrincham and Sale, West (Mr. Brady) on securing this debate. It is undoubtedly an important issue and has a big impact on our communities, demoralising teaching staff and causing them extra stress when they are already in stressful situations. In my constituency, certainly, parents are now desperately worried about the reorganisation that is being discussed. The issue is incredibly important, and the focus on primary schools is another vital aspect. The population bubble is moving into secondary schools, taking more funds and making it even harder to sustain a good teaching ratio in our primary schools.

I acknowledge at the outset the difference that the Government have made to our schools—it would be remiss not to. Up to two years ago, the teachers in my constituency were beginning to see a real difference. There was a sea change. I shall refer a little to my own constituency, although I know that this is a winding-up speech, simply because one of the two local education authorities there, Poole LEA, is the lowest-funded primary school authority, so some points are relevant.

Sadly, we have to take last year's settlement as our starting point. That is clearly where things started to go badly wrong. At long last, it has been accepted as a crisis that saw hundreds of teachers made redundant across the country and many temporary contracts for both teachers and learning support assistants not renewed. One survey showed that one in five primary schools increased their class sizes as a result, which is the contrary direction to that in which we wish to go. We saw the introduction of a new funding formula, plus the significant increase in costs falling on schools. It all happened at the same time. The increased national insurance contributions and teachers' pay and pension increases were all incredibly predictable, but it would appear that civil servants failed to research accurately the impact of such changes.

I seem to recall that at first Ministers were in denial, trying to blame LEAs for not passporting funds to schools. Undoubtedly, some misdeeds were flushed out, but at the end of the day not enough money was provided. That created extreme problems for many authorities, and especially those with low funding such as those in my constituency.

[Mrs. Annette L. Brooke]

The debate over who was at fault was blame culture at its worst. The crisis in funding was a setback in the considerable progress made by this Government, resulting in demoralisation for many teachers and head teachers while childish squabbling went on nationally. As we have heard from other parts of the country, and I am sure that it is pretty widespread, many schools minimised the impact of last year's poor settlement by using up balances or dipping into their capital reserves.

The improved settlement this year for many LEAs was not sufficient to make up that deficit. In many authorities, the problems are compounded by falling rolls. In Poole, the key group of workers facing redundancy were learning support assistants, many more of whom went than teachers last year. In that small education authority, 46 lost their jobs, partly as a result of falling rolls and partly because of the unfair education settlement for 2003–04, which favoured some parts of the country above others.

The survey to which the hon. Member for Altrincham and Sale, West referred was commissioned by the National Union of Teachers, and the Department for Education and Skills questioned some of its findings. One of the survey's conclusions was that head teachers and senior staff in primary schools would have to do more teaching, which is substantiated by schools in my constituency.

I quote a first-school head, who has met the Minister for School Standards several times, which I welcome, as that head teacher can explain what it is like being head of a small first school in the lowest-funded primary school authority in the country. She said:

"At the end of 2003 we lost a full-time teacher and 47 hours of teacher assistant time. In order to attempt to set a balanced budget we have replaced a retiring member of the school leadership team with a newly qualified teacher. This means that our leadership team will consist of only 2 others and myself to lead the teaching and learning for the school. This will put great pressure on us as we are so thinly spread. Our supply and staff-training budgets have been slashed. My SENCO relies on me, the head teacher, to give her non-contact time to carry out her role. I also give each staff member an afternoon of planning and preparation time each term, though this is not enough, of course. All these hidden stresses mean that in real terms we are a great deal worse off now than in 2002/3 and all staff are extremely tired through trying to compensate for the deficiencies in funding."

Many other schools in Poole are predicting compulsory redundancies this year because the percentage increase in funding in an already inadequate budget has just not lifted schools up to where they were before.

I have talked to various local education authorities. A councillor in Oxfordshire said:

"While we are not facing a huge drop in primary numbers due to housing growth, we still face severe budget problems from last year's settlement. This year's settlement has kept us stable from last year's position but has not made up all of last year's gap. The key factor in that gap was and is teacher pay reforms, which have never been properly funded."

We acknowledge that the Government swiftly took action for this year, introducing the guaranteed minimum increase in funding, restoring money to the standards fund—it would have been dreadful if that had been removed—and introducing payments for the worst-affected authorities, but many authorities just missed the additional help, and Poole was one of them.

As falling rolls begin to bite, the threat of redeployment or redundancy will increasingly become a fact of life for teachers in many parts of the country. The Department for Education and Skills predicts that schools will lose more than 600,000 pupils between 2001 and 2016, which on the present pupil-teacher ratio is equivalent to about 41,000 teachers.

The Times Educational Supplement survey showed that schools in most of England's 150 local authorities would shed staff this year. It is difficult to imagine that anything will reverse the demographic trends—it will take more than power cuts—so we need to look forward and consider how they can be managed.

Liberal Democrats favour the local management of schools and local decision taking, but as a consequence, the way in which redundant teachers are treated varies tremendously across the country. In some areas, there appear to be deals with unions, but in others teachers are on their own in finding jobs. I have great sympathy with the teachers, who may include my daughter, as she is likely to be affected by what happens in the next four years. It is a sensitive matter that should not be subject to dictation from the centre, but it is difficult for the teaching profession to handle the differentials.

It is important to note that the decline in school rolls does not hit all areas in the same way, even in the same authority. In Poole, the drop has been sharpest in the old council house estates. That is a result of the policy of selling council houses, which means that families remain in their houses long after their children have grown up, so new, younger families cannot move in.

Commendably, the Government want to see joined-up services and extended schools, which I am in favour of, at the heart of such communities, but that will be impossible if existing schools close, so local education authorities face a choice: if communities are to be sustained in the face of falling rolls, key schools must be kept open and schools redefined as providers of a wide range of services to the community. If we can focus on that, the outcome could be very positive.

Councils must be allowed to be creative, but that will be impossible if market forces dominate and popular schools are allowed to grow at the expense of all others. That relates rather well to the point made by my hon. Friend the Member for Montgomeryshire (Lembit Öpik), who is suffering greatly, and who, I hope, is not spreading his germs in this direction. He referred to the economic impact of the closures and the fact that we need to support rural primary schools. I come across such rural issues in my mixed constituency, and I have great sympathy for his points. It is interesting that they are reflected among schools on council house estates. Indeed, the issue is exactly the same.

At the moment, everyone is talking about improving the protection of vulnerable children, and schools will undoubtedly play a vital role in ensuring that every child matters. As part of an excellent scheme in Poole, pastoral support workers are appointed to cover a pyramid of schools or a specific school. Those workers are ideally placed to link up with health and social services staff to co-ordinate services to children and parents. I am sorry to say, however, that cuts to learning support funds have put the position of those workers at risk. Of course, we now have the work force reform programme, which is much spoken about. I have not

seen much evidence of it in my constituency, but that is because I have not visited any of the pathfinders, which are further along the line. It is also true that schools are now tackling the 24 tasks. However, learning assistants are still losing their jobs. They are the very people who should be doing jobs such as photocopying to make life better for our teachers and to allow them to concentrate on using their skills to the utmost.

I must tell the Minister about a meeting that I attended with Poole head teachers, just as the real severity of last year's settlement was hitting them. The LEA suddenly announced that it had been given a grant of £18,000 or more to devise a work reform strategy. I do not know how those head teachers stayed sitting in the room—they were so incensed about the fact that they had to make redundancies while a grant had been given to devise a strategy. Of course, they want work reform, but it is ironic that they face the prospect of working longer hours and asking others to do so. It is important that we get the balance right. We all want teachers to be given the non-contact time that they desperately need, and we need to use the opportunity provided by falling rolls. We must ensure that things do not get worse as schools get into a downward spiral because they do not have enough money. The 32 pathfinders have been given extra resources. What additional resources will be provided across all LEAs for work force reform? How will that tie in with falling rolls in some authorities?

Many trade unions have said that falling school rolls offer opportunities. For example, parents will have greater certainty about whether their preference for their child's school place can be met. There is greater scope for the removal or replacement of poor-quality or temporary accommodation, and other surplus accommodation can be used to support community initiatives in the extended schools. There is a good opportunity to reduce class sizes, which authorities cannot often do because the Government dictate the money flows to the schools and pressurise them to eliminate surplus places. The Government cannot do anything about the falling rolls, but they can allow greater flexibility locally to find good solutions that will benefit our young people, their future and our future. Redeploying more money into early-years education is possible.

Islington councillors made the interesting comment that inflexible compulsory requirements from the Department for Education and Skills have had unhelpful and distorting effects on the ground. For example, the requirement that no school should receive less money next year than last year cuts right across coherent three-year strategies. This is an example of a uniform national requirement having perverse effects because it does not take local factors into account. I do not know the full situation, but the councillors make the important point that so much has been dictated from the centre. I understand why, and I have seen schools that have benefited from such a strong-arm approach, but it is now time to let the LEAs and the schools work out the best local solution. Will there will be any slackening off?

Councillors from Milton Keynes made a point that is not key to the debate, but I have been asked to mention it and will do so as there is time: the school population of Milton Keynes is rising, but schools are still suffering. It is worth examining this converse situation, because the councillors say that the Government funding formula does not provide for that rising school population. Almost all their grant is swallowed by passporting to schools, but it does not cover the rising demand. It seems that everyone is unhappy, but I wanted to make that point. I was interested to read that the Department is responding to the problem of the falling primary school rolls, and that there is a proposal to establish a working group with partner organisations to explore the options and opportunities available to schools and communities. I will be interested to see how that works out.

When the Government announced the percentage terms and individual grants to secondary and primary schools, it all sounded as if there was a lot of money. There is, however, a lack of trust about whether all this money really exists and what it will mean. In my part of the world, people are never very happy when percentage increases are mentioned. Cash grants to schools would, in many ways, be more helpful. The percentage of a small base does not provide enough money. Moving to the new formula was a contributory factor, but the Government always said that it would not be revised in the first few years. What plans do the Government have for monitoring and adjusting that formula? It has been said many times before that LEAs throughout the south-west are suffering under the formula because of the bizarre situation of low wages outside the public sector, in which wages are high, and very high house prices. It is therefore very difficult for teachers to move, which we want the formula to take into account. It makes no sense that one area receives more money than another area a few miles away when there is no difference in the cost of living.

All in all, there are opportunities, but the situation worries many people in the profession and parents who are concerned about their children. I hope that the Minister will give us a positive answer. We know that he cannot control falling rolls, but there is much that he could do to mitigate the effects. I agree with the hon. Member for Altrincham and Sale, West that we do not want to hear that everything in the country is hunky dory, as it is not.

2.50 pm

Mr. Mark Hoban (Fareham) (Con): I congratulate my hon. Friend the Member for Altrincham and Sale, West (Mr. Brady), as a veteran of school funding debates, on opening the debate in such magnificent style. He highlighted two aspects of the matter: its historical background—he set out a macro-picture of the cause of the current school funding crisis; and the impact of that crisis on the quality of education, which he eloquently described, with particular reference to schools in his constituency and the decisions that they are taking about funding and teacher recruitment.

My hon. Friend was right to point out that 8,800 teaching posts and 12,300 non-teaching posts were lost last year. It is noticeable how many schools took the difficult decision last year to lose staff—both teaching assistants and teachers—and how much poorer those schools are for having done so. I know that many hon. Members can tell of similar examples from their constituencies of problems that are the consequences of redundancies in primary schools.

[Mr. Mark Hoban]

I am grateful that there is a cordon sanitaire between us and the hon. Member for Montgomeryshire (Lembit Öpik), who is suffering some ailments; he outlined the concerns of many hon. Members about the impact of falling rolls, particularly in rural areas, and described the threat that they pose to valued rural schools, which offer a great deal of amenity to their local communities—they are often their lifeblood.

The hon. Member for Mid-Dorset and North Poole (Mrs. Brooke) seemed to advocate a policy of selective power cuts on council estates to restore numbers in the schools in her constituency. I am fully aware of the problems there, for which she made a powerful case, since I visited Poole and met the excellent Conservative leader of the borough council, and the executive member for education. They have done a great deal to raise the profile of problems in Poole. As well as meeting me and my hon. Friend the Member for Westmorland and Lonsdale (Mr. Collins), they met the Minister for School Standards to raise their concerns.

I was delighted to have an opportunity to go to Poole, to meet the director of education and visit a couple of schools, so that I could understand at first hand the impact of relatively low LEA settlements on schools. In classrooms that I visited in my constituency in Hampshire, not that far along the coast, I saw the significant difference that a relatively small funding difference can generate in schools. Poole is suffering because it has relatively few areas of deprivation compared with the rest of the country, and does not receive the area cost adjustment that I believe the neighbouring authority of Bournemouth has. That clearly has a big impact on education.

I spoke to a head teacher who raised the same question as the hon. Lady about what happens when money from a Government initiative runs out and schools want to continue to support the employee who was recruited because of that initiative. The pastoral workers who have been recruited in Poole schools are clearly very highly valued by head teachers, who see them as a way of resolving several issues and improving learning. However, it is clearly difficult when central Government funding for that is withdrawn. How is the funding to support the post to be made up? That is particularly difficult in an LEA where there is little headroom as a consequence of the starting point of the financial settlement. The points about that were well made.

It is also clearly important to reduce the number and complexity of funding streams that schools must deal with. I was interested to talk to a group of heads in the primary school sector in Nottinghamshire recently. They applied for funding for a project and were told that they should have had a bid writer to help them prepare their bid. That would have meant diverting valuable resources from the classroom to appoint a consultant simply to secure additional funding for schools in the area.

It is appropriate to engage in this debate as we come to the end of March and the schools' financial year 2003–04. It is also timely to look forward to the next financial year. We are all clear as to the causes of last year's funding crisis. We are familiar with the means by which the Government have gone about trying to solve it for the 2004–05 financial year with the minimum per pupil guarantee of 4 per cent. and the transitional funding for some schools in some LEAs.

The letters that I have received from LEAs show that there are two important concerns about the upcoming financial year. First, there is a hangover from the 2003–04 financial year. As we have heard in the debate, many schools used their reserves to balance their books for this year and have set deficit budgets in the hope that things will get better. Those schools are now reaching a point where they wonder whether they can continue those measures in the 2004–05 financial year or whether they need to take tough decisions this year to solve their funding problem. Then there is the issue of work force reform, which has been touched on in all the speeches so far. How can we deliver the promises to classroom teachers if the funding is not there to employ support assistants to enable them to have more non-contact time?

Let me quote some of the responses that I have received from LEAs about the school funding crisis. Essex county council has delivered to its schools the 4 per cent. per pupil increase and it says that the average school should be able to meet the cost of inflationary pressures on the school budget in 2004–05. Most LEAs are in the same position. They believe that the Government's increase is sufficient to meet this year's cost pressures. Essex county council points out, however, that there are 34 schools in Essex with accumulated deficits totalling some £4 million. It believes that schools have used £18 million of their reserves to fund recurrent expenditure.

The Government, recognising this use of deficits and reserves to balance the books across all schools, primary and secondary, have given certain LEAs transitional funding. Essex has received only £9.8 million of transitional funding, which is clearly not enough to cover the reserves that have been used and the deficits that have been created in the 2003–04 financial year. Those schools that have used their reserves or have set deficit budgets will have difficult decisions to make in 2004–05.

That fact has not escaped the Essex NUT spokesman, Mr. Jerry Glazier, who said:

"These latest settlements just compound the problems. Clearly they are not nearly adequate to meet the financial demands on schools, especially with extra pressures faced by the workload agreements. The crisis is most certainly not over, not by a long way."

It is perhaps not surprising that the Secretary of State for Education and Skills has decided not to grace the NUT conference with his presence this year, arguing that he has better things to do.

The director of education in Bromley said:

"Evidence from individual schools is that the guaranteed funding level may not be sufficient to maintain school resources . . . at the current level. As at 31 March 2003"—

this shows the scale of the problem and its deterioration over the course of the last year—

"Bromley had 11 primary schools with a total deficit or £295,000."

It is estimated that at the end of March 2004, 16 primary schools will have a total deficit of £716,000. Based on the allocation of the transitional grant to Bromley, he considers the £1.8 million that has been allocated insufficient to cover the deficits and the use of reserves.

In Bedfordshire, another authority expressing concern over the future, the county education officer says:

"I am aware that some schools are already expressing concern over not being able to balance their budgets without making reductions . . . A wider issue however, is whether the Government will be able to sustain these levels of funding in future years. A major area of concern here is the pressures associated with the full implementation of the workforce reform proposals over the next two years."

I have heard of at least one school that had to make teachers redundant in order to employ learning support assistants to meet the work force reform commitments. Our schools are facing a dreadful situation.

The Minister is responsible for education in London, so he will be interested to know that the chief education officer for Barnet, in a letter to me, said:

"the LEA has managed to ensure that the schools' budget shares will rise by 5.8 per cent. The Government's assessment of the inflation pressures on schools is 3.4 per cent., but we believe that this is an underassessment of the costs of implementing single status and workforce reform. This leaves insufficient funds to redress the budget gap from 2003–04 . . . Most of our schools have had to make savings in 2003–04, and many will have to make further savings in 2004–05 and 2005–06, to ensure they are able to balance their budgets in future years."

The initial impact of the Government's financial settlement, which we saw in the financial year 2003–04, will continue this year and next year. As the chief education officer goes on to say:

"Most of our schools' budgets consists of salaries, so it is inevitable that much of the savings will consist of staffing."

That is yet a further indication that there are more redundancies to come in our primary schools.

I also received a letter from the chief education officer for the London borough of Camden, in which he states:

"We anticipate that the transitional Grant will enable us to reduce the level of deficits in 2004/5. Our ability to continue this . . . into 2005/6 will depend on our then settlement and any further transitional protection. I do not believe that the level of funding will enable schools to replace the balances used during 2003/4 and 2004/5."

The picture seems to be similar across the whole of London. The borough of Enfield, in which the Minister will take a particular interest, is making an early bid for support in the financial year 2005–06, as shown in a letter that I received. It states:

"We are concerned about funding in future years including the additional costs that will arise from the next stage of implementing workforce reforms, the turbulence that may arise if pay and performance grants are mainstreamed in 2005/06 and the funding of the outer London teacher pay award that has been mooted for September 2005. We are also anxious to ensure that Enfield receives transitional support funding in 2005/06."

That is a clear indication, from the Minister's own authority, that problems will emerge in the future.

Lest any part of the country should feel neglected, let me turn to Portsmouth, which neighbours my local authority. Members of Portsmouth city council recently went to the Office of the Deputy Prime Minister to ask for more funding. The complexity of the Government's funding and the impact that it has on individual authorities comes out very clearly in the reported concerns for Portsmouth. On Thursday 18 March, Portsmouth newspaper, *The News*, reported that

"an additional gift of £891,000 given by the government last year to meet a shortfall has been taken out of this year's budget."

The LEA must recover £900,000 from this year's budget, but it is a small authority with challenging schools and difficult circumstances—although it is making progress.

The impact of the shortfall can be seen in several primary schools in Portsmouth. *The News* reports:

"St. George's Beneficial C of E Primary School in Old Portsmouth lost seven assistants and Stamshaw Junior School was forced to axe two posts."

Across the whole of Portsmouth—with an LEA of 140,000 electors—some 40 learning support assistants were lost. That is a big reduction in an area that has many difficulties. Therefore, even when LEAs make great efforts—as the Portsmouth authority has—to improve behaviour in schools and to find innovative ways to tackle truancy and bad behaviour, they find that central Government do not give money to support those initiatives.

As I hope to have illustrated using those letters from LEAs, the prospects for 2004–05 are bleak in many schools, particularly those that set deficit budgets last year or used their reserves to safeguard the education of the children in their care. Although this year's spending pressures have been met from the settlement, the transitional grant is not sufficient to offset the use of reserves and deficits last year. If the transitional funding is not enough, how else will primary schools that used their reserves and set their deficit budget balance their books this year, other than by reducing their biggest cost—staff? Is there any light at the end of this tunnel?

The Chancellor announced in the Budget last week that education spending in the next spending round will rise by 4.4 per cent. in real terms. However, he failed to mention that this represents a tightening, compared with an increase in real terms of 6 per cent. in the current spending round. We are seeing a reduction in the rate of growth of spending on education across all schools in the next spending round. To put that into context, we are seeing work force reforms—many people doubt that they are adequately funded—on the basis of current spending plans, together with a combination of greater demands on schools' work forces and the need to recruit more learning support assistants. Will those demands be met from within the lower rate of increase forecast by the Chancellor for spending on schools in real terms in last week's Budget? I cannot see how primary schools will achieve that necessary reform without an improvement in spending.

My hon. Friend the Member for Altrincham and Sale, West mentioned the £55,000 for an average primary school that was promised by the Chancellor last week, and we must be clear what that promise means. Is it an extra £55,000 for the average primary school, or an increase in the standard sum that primary schools already receive, to take them up to £55,000? I heard a few comments last Friday in my constituency that led me to believe that teachers think they will receive an extra £55,000. That is what they hope for, but I suspect that the reality is that the average primary school will receive an increase up to £55,000. We must clarify that today, given the importance of funding to all schools, and especially primary schools.

There is another factor on which we have not yet touched. The cause of this spending crisis was the way in which the Government decided to reallocate money

[Mr. Mark Hoban]

among the LEAs, a decision announced to the House in November 2002. The full effects of the funding system of floors and ceilings have yet to work their way through to LEAs. Some authorities, such as Barking, will lose up to £1 million; Bexley will lose up to £3.3 million; Kent up to £36.6 million; Enfield up to £4.5 million. Those are all figures that have been provided to me in written parliamentary answers by the Minister here today, or by the Minister for School Standards. In total, those local authorities and other LEAs are set to lose more than £166 million as the funding formula works its way through to fruition. When will it happen? We know that schools have been given a stay of execution until the other side of the general election, or the other side of the 2005–06 spending round, as Ministers prefer to put it—being a slightly cruder politician than some Ministers, I prefer to talk about the general election. However, once those spending reductions work their way through to those LEAs that are set to lose, there may well be a further round of redundancies in our primary schools.

It is clear that the funding crisis of 2003–04 will have repercussions, not just in 2004–05 but in 2005–06. It is also clear that such problems will be compounded by the introduction of work force reforms at a time when the Chancellor feels able to reduce the rate of growth of education spending. I fear that the combination of such circumstances will put many more jobs at risk in primary schools and the redundancies that we have seen over the last 12 months will merely be the start of worse to come.

3.9 pm

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Stephen Twigg): We have had a good debate, and I join others in congratulating the hon. Member for Altrincham and Sale, West (Mr. Brady) on securing the debate, and on his reappearance. He is a fellow veteran of schools debates in this place over last year, and it is good to see him back—though in a different place to where he was before. A number of important points have been raised during the debate, and I shall do my utmost to respond to as many of them as I can, but give my usual undertaking that if I fail to do so in the 20 minutes left, I shall respond to hon. Members' specific points in writing.

I congratulate the hon. Member for Montgomeryshire (Lembit Öpik) on his contribution and wish him better health. I congratulate his Front-Bench colleague, the hon. Member for Mid-Dorset and North Poole (Mrs. Brooke), on apparently being the only Liberal Democrat Member to be in good health at the moment.

This is a serious and important debate, and I was pleased when my right hon. Friend the Secretary of State for Education invited me to take responsibility for work with primary schools. The hon. Member for Altrincham and Sale, West quoted the 2001 Labour party manifesto, which said that we would seek to build on our success in primary schools. I do not regard that statement as meaning that somehow everything that needed to be done had been done. Rather, it recognised the real progress that primary schools made between 1997 and 2001, as measured most notably by the improvements in literacy and numeracy.

There was a strong commitment to build on those improvements with regard to literacy and numeracy and the broader school curriculum. We therefore published last May the document entitled "Excellence and Enjoyment", which has been broadly welcomed in the primary sector, both for its reaffirmation of the core challenge of literacy and numeracy in primary schools and for its celebration of the broader school curriculum. I have no doubt that in addressing the need to build on that success, we must also recognise how crucial it is to invest in school buildings, equipment and staff. That is why this debate on redundancies in primary schools is of great relevance.

Let me say a word or two about the broader situation in Trafford. The hon. Member for Altrincham and Sale, West spoke, quite rightly, about his constituency and raised legitimate areas of concern. He is corresponding with my hon. Friend the Minister for School Standards about Woodheys school, but he will acknowledge that Trafford has seen a very significant improvement in staff numbers in schools since 1997. I am told that teacher numbers in Trafford increased from 1,750 in January 1997 to just over 2,000 in 2003—a 15 per cent. increase—and there has been an even bigger increase in the number of school support staff. That is the context for the events of recent years, about which the hon. Member for Mid-Dorset and North Poole spoke.

There has been a real improvement since 1997. The hon. Gentleman will acknowledge that that is reflected in the very high standards that are seen in schools in Trafford, which I am sure he would want to join me in celebrating. We estimate that between 1997–98 and 2004–05, the funding per pupil in Trafford will have increased by 31 per cent. We have also seen a significant improvement in capital investment in schools in Trafford, as we have in other parts of the country. Of course, I do not suggest, and I have not suggested in previous debates, that everything is perfect or, as the hon. Lady put it, hunky-dory. We face a number of challenges. I shall do my best to address some of them and, in particular, some of the points that were made in the debate.

The hon. Member for Montgomeryshire made a thoughtful speech in which he addressed one important aspect of the debate—teachers' pay. For years, this country has failed properly to recognise and recompense teachers. Part of the cost pressure that has resulted in some of the difficulties—I emphasise that—relates to the fact that we are starting to give teachers the levels of pay that they should be receiving. As several colleagues have said, that can result in 80, 85 or even 90 per cent. of the budgets for some schools going on staffing costs. That factor has definitely come into play in the difficulties that we have had over the past year.

The hon. Gentleman made another interesting point about ring-fencing. Part of the issue last year—this operated differently in different parts of the country—was an attempt to reduce ring-fencing by saying that the standards funds for certain areas would be removed. The effect of that was very difficult to deal with in some areas. It created some of the problems that we saw. That is partly why, in the announcements to which the hon. Member for Mid-Dorset and North Poole referred, the Secretary of State reversed the planned cuts to the standards funds for the coming financial year.

In October, the Secretary of State set out our approach. As several colleagues have said, it will provide for a guaranteed minimum increase of 4 per cent. per pupil in every school's budget where pupil numbers stay the same. The guarantee also seeks to take account of unavoidable cost pressures on the budgets of all schools, whatever happens to their rolls. As has been said, those costs are estimated at 3.4 per cent. on average.

The dilemma that we face was well summed up by the hon. Lady, who set out the views of several different authorities. She made the perfectly legitimate point—I think that it was on behalf of Milton Keynes—that in an area in which schools typically have rising rolls, a guarantee that gives a little protection to those with falling rolls might mean that other schools do not get as big an increase as they might have done and that they might, therefore, be under additional pressure. That powerfully illustrates the difficult balance that we must strike, particularly in the general context of falling primary rolls. I shall return in a moment to some of the specific points that the hon. Lady and others made about falling rolls.

The Government have sought to ensure that every local education authority has sufficient resources, headroom and flexibility to deliver the guarantee and to support schools facing individual pressures. As I said, we have reversed the cuts to the standards funds for the coming year and the following year. The standards fund, the school standards grant and Learning and Skills Council funding for school sixth forms will all increase in line with the minimum guarantee, and we were pleased when the School Teachers Review Body agreed to a multi-year award, under which increases in teachers' pay will be in line with inflation from April this year to the end of August 2006. That will give schools and local education authorities some of the predictability that they have been denied in the past.

We expect local education authorities to do all that they can to ensure that funding reaches schools. In a sense, that gives LEAs a more local, flexible role in assessing and supporting every school's needs to ensure that resources additional to the minimum guarantee reach all the schools in their area.

Fears about redundancies are, of course, very real. For those who have lost their jobs—be they teachers, teaching assistants or others working in our schools—there is clearly a human dimension, which several colleagues mentioned. The hon. Member for Altrincham and Sale, West referred to *The Times Educational Supplement* survey of 5 March. The paper concluded:

"ministers have largely succeeded in avoiding a repeat of last year's funding crisis . . . most problems will concern schools affected by demographic changes."

I do not deny that some issues follow on from last year's difficulties, but the bulk of those that we now face relate to falling rolls.

Falling rolls are a serious issue, and need to be dealt with effectively and sensitively. Primary rolls in many parts of the country are likely to fall and, indeed, to do so quite sharply in some cases. It is a challenge to us in central Government and to our colleagues in schools and local government to respond in a way that is appropriate and sensitive to the circumstances.

All hon. Members will broadly agree with the principle that funding should follow pupil numbers and that local education authorities will, therefore, sometimes have to make hard decisions about a school or a local community of schools. We are properly considering the issue. Last year, there were almost 500,000 surplus places in primary schools in England—something like 12 per cent. of the total capacity. On the basis of current forecasts, primary rolls will fall by a further 4 per cent. by 2006–07.

The hon. Member for Montgomeryshire spoke about the impact on different communities of falling rolls, followed by downsizing or school closures. He was right to emphasise not only the educational dimension but the broader social and economic dimension. In the Government's first term, we introduced a presumption against closure of rural schools in England. That presumption has had quite a dramatic impact and is a positive example of rural-proofing, which the hon. Gentleman mentioned. From memory, I think that the average number of closures of rural schools in England has fallen from around 30 a year in the mid-1990s to around four or five a year now.

Lembit Öpik: I am very encouraged by that policy in England. However, I respectfully ask the Minister whether he would be willing to have a conversation with his opposite number in the Welsh Assembly to see whether there would be any benefit in at least considering a presumption against closures in rural Wales as well.

Mr. Twigg: I am happy to undertake to do that. It will be nice to lobby the Welsh Assembly, rather than have it lobbying us. I took the time to check that the presumption in question applies only in England and I understand that it does.

I should like to take up the challenge regarding the social focus of schools, which the hon. Gentleman mentioned. It is fair to say that there is a problem in rural areas, but the social focus of schools is important in some of the most disadvantaged urban areas as well. The hon. Member for Mid-Dorset and North Poole rightly challenged us to be creative about the problem. There is an option to avoid school closures, although I do not think that it will always work. She talked about extended schools. When considering surplus places, we can explore the possibility of some of those schools becoming extended schools. Such schools can offer an incredible opportunity to widen the services that are available to children and young people. Of equal importance, such schools can widen the services that are available to the broader local community. All of us who have seen the principle of extended schools in action agree that they can provide a great service on family learning, which involves giving educational opportunities to older members of the family and parents. I should like to take the hon. Lady's challenge forward, because extended schools are a possible solution in some cases. However, I would not want to pretend that they are always the solution. We must consider the problem in the round.

There is another possibility. The hon. Lady referred to the "Every Child Matters" Green Paper and the legislation coming from that. Local education authorities and schools have the potential to consider

[Mr. Twigg]

using spare capacity to develop the children's trust agenda, which aims to deliver integrated education, social and health care services to children and young people.

The hon. Lady also referred to discussions that the Department is conducting with partner organisations to consider some of the options and opportunities with respect to falling rolls. I can confirm we have established a group that brings together some of the key players, including the Department for Education and Skills, local education authorities, the head teacher associations, the majority of the teacher unions—the ones that have signed up to the work force reform agreement—the Local Government Association, governors' representatives, the Association of Chief Education Officers and the faith organisations. We have brought together all the key organisations. The first meeting was last Friday. The idea is to develop a toolkit of solutions working, for example, with the Audit Commission to help local education authorities to meet the challenge of falling rolls. I also hope that the group can come up with positive and creative solutions, very much as the hon. Lady set out. I shall be happy to keep her informed of the group's developing work, because it will be critical to getting things right.

In response to some of the other points that have been raised, we have set out a minimum guarantee, which recognises that schools with falling rolls will have fixed costs for cleaning, repairs and heating, which obviously do not decline when pupil numbers decline. That is why we guaranteed such schools a per pupil funding increase in 2004–05 of more than 4 per cent. In response to the hon. Member for Fareham (Mr. Hoban), I can confirm that what the Chancellor set out in his speech last week was what an average primary school could expect to receive in the coming year. The Chancellor did not make a new announcement of an additional £55,000; rather, he set out the combined payment in respect of the school standards grant—the money that we introduced to go directly to schools—and the devolved formula capital, which we had announced previously.

Mr. Brady: The picture seems to be worse than I feared. The Minister is telling schools across the country that they are not only faced with the hangover from last year's funding crisis—some schools have deficit budgets, some have spent their reserves—and the possibility of redundancies in September, but that the £55,000 referred to by the Chancellor will not bail out their next year's budget because it is a restatement of money that we already knew existed.

Mr. Twigg: That is not fair because we cannot compare where we were this time last year with where we are now. Other announcements have been made in the interim and schools and local education authorities across the country are working though the implications of those announcements in their budgets. The hon. Gentleman and his colleague set out examples of how that is being discussed. For example, it is fair to say that transitional grant money provides support to some schools that had particular difficulties in the financial year that is about to finish. That money is available for the coming year and, as the hon. Gentleman reminded us, will also be available for the following year.

Mrs. Brooke: I wonder whether the Minister will guarantee that clear information will be provided for all local education authorities and schools about cash grants to schools. If schools have read the Secretary of State's statement, as most people did, their planning will be considerably upset.

Mr. Twigg: That should not be the case because every school has received notification of their allocations for the coming year; no school should be in any doubt about the implications for the coming year. I visited schools in my constituency on Friday and there was a clear understanding that the focus of new announcements in the Budget was on the outcomes for schools of the following spending review. I hope that Opposition Members will join me in welcoming the fact that the announcement for education was made earlier than for other areas, enabling schools and LEAs to plan far further in advance than has previously been the case.

Mr. Hoban: It will be of use to hon. Members if the Minister could provide us with a copy of the letter that schools received about the £55,000 and the equivalent for secondary schools. Some head teachers will look at the budget for 2004–05 and think that they can put off making a difficult decision because they will receive an extra £55,000 in 2005–06.

Mr. Twigg: I am happy to clarify in writing for the hon. Gentleman what has been sent to schools—I will have to check whether it has been sent in the form of a letter or an e-mail.

I shall draw my remarks to a close. A number of hon. Members have referred to the work force reform agreement, which is an important part of the programme of reform in education. The agreement has been reached with all bar one of the trade unions, including the head teacher associations and the representatives of support staff. I welcome the broad support that there is for remodelling. I recognise that there are concerns about ensuring that resources are available. Some areas of work force reform require additional resources, but some will result in savings. In the schools that I visited recently, I noticed that there was a view that less supply cover might be required in schools when the work force reform comes in. Schools could invest the money saved in their own support staff. We are establishing a national remodelling team working closely with local education authorities and other partners to help schools to implement the changes in support of the agreement.

I conclusion, I again congratulate the hon. Member for Altrincham and Sale, West on securing the debate. I absolutely reaffirm our strong commitment to primary education because children must have the best possible preparation, not only for secondary education but for their later lives. I reassure the Chamber that continued investment in primary education, teachers, support staff, buildings and equipment is critical to the future of our education service.

Human Rights (Colombia)

3.30 pm

Mr. Richard Allan (Sheffield, Hallam) (LD): As the chairman of the all-party parliamentary group on Colombia, I am grateful for the opportunity to hold this short debate. It is timely because in the past few days, we have had a visit by Vice-President Santos of Colombia, to whom I am grateful for the helpful and informative briefing that he gave at Chatham house yesterday morning.

I am also grateful to the AB Colombia umbrella group of non-governmental organisations and Amnesty International UK both for the briefings that they have given for today's debate and for their ongoing work in publicising incidents in Colombia and bringing visitors to meet us in Parliament. Peace Brigades International has also been important in exposing us to the work of human rights defenders in Colombia. The Colombian embassy has also supplied information, as has another interesting source—an intern in my office from the United States; although the use of word "intern" may be odd considering Guantanamo bay. Stephanie Adams, whose family are Colombian, has given me a helpful insight into life from the point of view of ordinary Columbian citizens.

Needless to say, 30 minutes is a short time to debate an issue of such importance, but I hope that at least it will allow the Minister to update the House on the Government's position, which is what we want to get on record.

Interest in the House on Colombian issues should be gauged not by attendance in this Chamber, as a hot Budget debate is raging in the main Chamber, but by the fact that 187 Members have so far signed early-day motion 333 on military assistance to Colombia and human rights abuses. That is an extraordinary number, and it is so high because any Member who has been touched by, or had experience of, Colombia takes a serious interest in the country. Many Members have clearly encouraged their colleagues to take an interest, too.

To set the context for the debate, I should like to point to several factors that bring the UK and Colombia together. We have always enjoyed good political and commercial relations. There are active links between chambers of commerce in the two countries, and I am sure that the Minister will testify to the fact that relations are extraordinarily warm, as they are between the UK and many Latin American countries. I found on my visit to Colombia that there is a tremendous, historical warmth between our two countries.

In that context, the UK was the host for the London declaration of July 2003, which established the international framework for Colombia's human rights agenda. Although the declaration brought together several countries, the fact that we were hosting it was not accidental and places us in a position where we have a particular responsibility to ensure that the declaration's aspirations are implemented.

Having visited Colombia with a Member from Northern Ireland some years ago, I believe that the Northern Ireland context is important. There are some similarities in how the Governments are trying to deal with armed paramilitary forces claiming to defend the state, although they are disowned by it, and secessionist groups trying to break away from it. That allows us to understand and empathise with the situation in Columbia, although the death and destruction caused by that conflict is on a greater scale.

It is also important not to take a neo-colonialist approach, which is especially significant in the light of a small dispute between the EU External Affairs Commissioner, Chris Patten, and the Colombian Vice-President. From the Vice-President's perspective, Chris Patten visited the country and tried to tell the Colombians how to run things, and was told off for treating the country like a banana republic. Although it is important to recognise that Ecuador is actually the largest exporter of bananas in Latin America, to treat the Colombians like a banana republic is inappropriate.

I shall couch my contribution in terms of our engagement with a sovereign, democratic country. The Vice-President made the serious point that Colombian democracy is deep rooted and goes back many years, and we need to respect the fact that we are dealing with a fellow sovereign democratic Government. We should not feel that we must instruct them, but rather behave as partners seeking to advise and assist in response to their request for assistance from the international community.

Whatever criticisms of the Colombian Government we may make in our debates, we should recognise that those are on a completely different level from the unreserved condemnation that we apply to acts of illegal violence, whether committed by the guerrilla or paramilitary factions. There is no equivalence in the way in which we treat the sovereign, democratic Colombian Government, and the armed groups who are acting illegally, and whom we condemn unreservedly.

It is also important not to make generalisations from the Colombian situation in relation to some kind of war on terror. The Colombian conflict started decades before any of the current rhetoric and debate on the war on terror—whatever that might mean; the situation in Colombia is unique and to generalise from it is unhelpful. Just as the Northern Ireland situation was unique and required unique British and Irish solutions, so the Colombian situation is unique and requires particular Colombian solutions.

The reaction of political visitors to Colombia is generally one of confusion, because they are confronted with different views of the same events. From a politician's point of view, it is clear that in Colombia there is a fundamental problem of governability, which has existed for many years. There are places where the Government's writ does not run. As a politician who has faith in democratic politics, I believe that the long-term solution must be for the democratic Colombian Government to have control and authority over the entire Colombian territory.

However, there is great concern about the allegations, suggestions and, in many cases, documented evidence of collusion between people who claim to act for the Government and for the Colombian state, and those who carry out the most severe human rights abuses. I have not met anyone who has visited Colombia who would say that the situation was simple—that it was

[Mr. Richard Allan]

either all the Government's fault or all everyone else's fault. Everyone returns with a confused picture of different views of the same events.

That is not surprising, for two reasons. First, the Colombian Government are trying, like every Government who deal with terrorism, to balance different rights. They are trying to balance the fundamental human right—the right to life, and therefore the right to be protected from acts of terrorism and violence—with other human rights, such as the right to a fair trial and fair treatment by the state.

Those rights can sometimes pull in different directions, and that leads to tension. It leads to something that is part of the normal discourse between all Governments—not just the Colombian Government, but Governments in general— and non-governmental organisations that are interested in human rights and criticise Governments severely when they are seen to have stepped from the path of absolute respect for human rights.

We see that process in the UK with some of the comments that the Home Secretary tends to make, not just about NGOs but about the judiciary and anyone else who dares to question his efforts to deal with terrorism. That is part of the normal political discourse: NGOs and judges criticise the Government, and the Government often respond robustly to that criticism.

However, there is an important difference in Colombia, because denunciation by the Government can lead to illegal actions by paramilitaries. That means death for people who believe that they are acting—and indeed are acting—as defenders of human rights, but who have been singled out as being friends of the terrorists. In the Colombian context, that is a most serious accusation and takes things far beyond the normal political discourse that might be enjoyed in places where such illegal actors are not so prevalent. Again, we can draw a parallel with Northern Ireland, where people were singled out as being friends of illegal actors—guerrilla groups—and were subsequently killed by other illegal groups.

In the Colombian context—again, perhaps, there is a parallel with Northern Ireland—there is particular concern about Church leaders who, in the course of looking after the interests of local people, may seek to negotiate the release of kidnap victims, and therefore may have contact with some of the illegal groups. The fact that they have contact with those illegal groups does not mean that they associate with them or approve of their agenda.

I hope that the Minister will be able to commit himself to speaking up for legitimate non-governmental organisations, Church groups and other similar groups that are trying to work in the Colombian context, and that he will ensure that we always request the Colombian Government to give them protection. The Minister will recognise the reference to a problem last year, when the Colombian President made comments about NGOs, which unfortunately fell on the plate of the then British ambassador in Colombia. The finger was pointed at the NGOs and the British Government were not as helpful as they could be, although the ambassador subsequently made statements to the effect that they would ensure that NGOs had the protection they needed.

I understand the scale of the threat to life in Colombia, which its Government are seeking to tackle. Colombia has a population that is about one third smaller than that in the UK, yet there are between 20,000 and 30,000 murders a year in Colombia, and only 800 a year in this country. I have every sympathy with the Colombian Government in trying to resolve such a serious death rate and I want the UK to continue to support them. In addition to the murders, hundreds of thousands of people are displaced, many are kidnapped and there are terrorist bombings; the situation will be fully resolved only if a settlement can be reached that respects human rights.

I seek the Minister's views on the following human rights issues: first, the question of military justice. The Colombian Government have recently proposed legislation to enable the military to conduct judicial processes in areas where the civilian authorities do not have a significant presence. Vice-President Santos was helpful, fair and open in describing the legislation as a limited set of powers, saying that there would be no sense of military impunity; if military officers abused the powers action would be taken against them—they would have no immunity in that respect. The powers would not be used where civilian authorities, as the preferable alternative, could be used. I hope the Minister will say that it is on the British Government's agenda to ensure that the powers are used appropriately.

Secondly, the question of impunity is significant and the Northern Ireland example is relevant. Settling a conflict requires exceptional measures, but they must be applied appropriately. People who have been convicted of terrorist murders are free again on the streets of Northern Ireland; exceptional measures were required to settle the conflict and it is helpful to see the situation in that context. However, in Northern Ireland, people were released on licence; they were not pardoned, and the terms on which they were released were important—the terms had to be acceptable. Convicted terrorists have no legitimate guise; they have gained no military authority. In the Colombian context, the concern is that paramilitaries who are demobilised could appear in a legitimate guise. Freedom from sanction is one thing, but being able to reappear in a position of power, having committed human rights abuses, is quite another.

We are interested in the resolutions proposed by the United Nations human rights commission. We hope that they will be given teeth with an action plan, but that has still not been proposed, even though the UN has made recommendations and continues to write regular reports. The end goal is to create a space in which people can act safely in a political context. Again, Vice-President Santos was helpful in pointing out that in the political context in Colombia, some left-wing politicians and trade unionists are able to succeed. I do not say that because I support left-wing politicians but because it is a sign of political health. Vice-President Santos cited the example of the mayor of Bogota, which is appropriate, because if people can engage in the normal political process they have moved on from engaging in the illegal, paramilitary process.

In 2003, 68 trade unionists were killed, and many members of the opposition who oppose the political status quo in Colombia still cannot operate in the usual political sphere because they fear death and do not feel sufficiently protected by the state. I would be grateful for any reassurance that the Minister can provide.

Finally, military assistance between the two countries remains a concern. I know that other Members have asked questions about that and that it is limited to technical assistance. However, it is always helpful when talking about assistance between our two countries to reiterate the United Kingdom's clear and strong human rights agenda. After all, the Government introduced the Human Rights Act 1998 and, as I regularly restate, they require the recipients of their aid and assistance to respect human rights as we do. The Government must assure us that that assistance is monitored effectively, and that they are confident that it is not being abused. That was the subject of the early-day motion that attracted so much attention.

I am grateful for the opportunity to debate this important subject. I hope that the Minister will assure us that human rights in Colombia remain high on the Government's agenda, and that the UK can offer genuine assistance and friendship to the Colombian Government and to all the other agencies that work in Colombia. I hope that they can reach a peace settlement, not exactly like the Northern Ireland peace settlement, because we are not quite there yet, but one that at least mirrors its demilitarisation. That was a significant step forward, and to reach even that stage would be a tremendous achievement for the Colombian people.

3.46 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): I am exceedingly grateful that the hon. Member for Sheffield, Hallam (Mr. Allan) has secured the debate and enabled us to discuss these issues openly. It is not parliamentary flannel to say that I warmly welcome the measured tone and balance of his contribution. One of the frustrations of dealing with the situation in Colombia is that people with the best motives sometimes lack that balance, and that does not help any of us to make progress. I immediately confirm that we share the hon. Gentleman's view that the human rights situation in Colombia merits great attention. Human rights lie at the heart of the Government's agenda and policy on Colombia.

Colombia's problems are immense and extraordinarily long-standing. They stem from a potent mix of drug trafficking and the wealth that that brings to those involved, a continuing 40-year armed conflict that followed decades of violence, and an historical lack of state control over huge swathes of the country, which the hon. Gentleman mentioned. The activities of three large illegal armed groups and scores of smaller organisations, as well as of criminal gangs, have made Colombia one of the world's most violent countries. Serious human rights abuses, which affect principally the civilian population, are the inevitable consequence of these problems.

In 2002, President Alvaro Uribe was elected with a strong mandate to tackle these problems. His first priority was to re-establish state control over the whole of Colombia to provide security for the whole population. From the outset, we made it clear that we support his efforts to deal with the dual and linked problems of armed conflict and the trade in drugs. It is critical, however, that those efforts are grounded in a complete and unconditional respect for human rights and international humanitarian law. Indeed, I made that clear to President Uribe when I met him in Bogota last May and in all my subsequent discussions with his colleagues. The London declaration of July 2003, to which the hon. Gentleman referred, was adopted following a meeting of 24 Governments and international organisations. The blunt message that security was necessary, but not at the expense of human rights, was repeated loud and clear in the presence of senior members of the Colombian Government, including Vice-President Santos. We have continued that dialogue since then.

The hon. Gentleman was absolutely right to say that the situation in Colombia is unique and requires unique solutions; there are no off-the-shelf solutions from elsewhere in the world. He also rightly underlined the significant problem in Colombia with respect to the fact that the writ of the Government and state authority does not spread far enough in the country, so that people are beholden to terrorist groups and paramilitaries in a way that is not in their interests. I also agree that there are no simple, easy-to-deliver solutions and that the situation in Colombia is an acute form of the dilemma that faces all of us—balancing people's security against upholding and respecting their civil liberties and human rights. That is an aspect of the current difficulty in Colombia.

The hon. Gentleman referred to non-governmental organisations, which have a critical role to play in any civilised and developing society. That is particularly true in Colombia, where fundamental liberties are under threat from illegal armed groups. Non-governmental organisations have a very important role to play in bringing problems to the attention of local authorities, the Government and the international community. We work with those organisations, and I pay tribute to the work that many of their staff undertake in difficult circumstances. I also believe that civil society more generally must be part of the solution for Colombia, rather than part of the problem, as it has sometimes been portrayed.

We put our money where our mouth is, and give financial and political support to the work of NGOs such as the Peace Brigades International, Oxfam, Christian Aid, Plan, and Save the Children. That is an important priority for the Foreign and Commonwealth Office. We have continued to make our view clear to the Colombian Government: respect for NGOs and their work must be a priority. We need to continue to make that point.

Although senior Colombian figures have made some unfortunate statements about NGOs—I think that the hon. Gentleman referred to those—I do not believe that the President is deliberately trying to target civil society. I am, however, aware of the danger, in the Colombian context, that certain statements may be taken by illegal armed groups as a green light to attack NGOs and their staff. That is a real concern and it is unacceptable.

I know the speech that the hon. Gentleman was referring to. I have always said to the President and other Ministers in Colombia that if there are specific

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concerns about alleged links between certain non-governmental human rights organisations and terrorist groups, they should be tackled through due legal process. A blanket condemnation putting all NGOs and human rights organisations in the same basket should not be made. I have made that point and so have other Ministers. The Colombian Government have listened and responded, and we shall continue to put those views.

The President's policies are aimed at cracking down on the illegal armed groups that are responsible for the vast majority of human rights abuses in Colombia. That approach has yielded some impressive results in some areas of fundamental rights. Clearly, much more remains to be done, but we see those improvements as the start of a long and complex process in which we want to be involved—helping the Government to extend those successes.

We are acutely aware of the plight of Colombian trade unionists and other vulnerable groups, particularly with respect to human rights, and have made it plain to the Government that they must provide adequate protection from threats and attacks for those groups that are at risk. Our assessment is that although the situation is still critical, it has improved in the past 12 months. Fewer trade unionists have been murdered and the perpetrators of several murders have been brought to justice. The hon. Gentleman alluded to that.

Our contacts with the Colombian authorities, and, indeed, UK trade unionists, on trade union issues, are complemented by regular discussions with NGOs and trade unions themselves. We have raised individual cases of concern with the authorities and have facilitated visits to the UK by Colombian trade union leaders to allow them to tell their stories first hand to wider audiences. I have met many of those trade unionists.

As the hon. Gentleman said, NGOs are concerned about the effect of the intensification of the armed conflict, and of the President's policies, on the civilian population. The humanitarian crisis is severe, with between 2 million and 3 million Colombians driven from their homes by the conflict. We are also concerned about the illegal armed groups' adoption of new tactics, such as encircling villages to prevent the population from fleeing, thus forcing them to co-operate. That must stop.

We also share the concerns of civil society and our partners in the international community and the UN system about the interlinked problems of impunity and collusion between some members of the armed forces and police, and paramilitary groups. We have expressed publicly our conviction that the Colombian Government need to take early and effective action to stop collusion and to bring quickly to justice anyone accused of human rights abuses. Again, I think that it has to be acknowledged that there has been some progress in that area. About 15 military figures and 20 policemen were recently arrested for collusion with the paramilitaries, and I very much welcome that action.

We shall certainly continue to exert pressure on the Colombian Government to deal effectively with the problems and to meet their obligations under international law. We also believe that it is important for the Government to take rapid and effective measures to implement the 27 recommendations of the UN High Commissioner for Human Rights. Progress so far has been slow and we need to look at ways to improve that situation along with our partners.

We have also made it plain to the Colombian Government that we are concerned about the granting of judicial powers to the armed forces and about the future of the paramilitary peace process.

I know that the issue of UK assistance to Colombia provokes as much comment and controversy within this debate as any other issue. Principally, our assistance focuses on two areas: first, on human rights and social development, and secondly, on the fight against the trade in illegal drugs. Recent projects have dealt with creating a culture of non-violence in urban centres and helped poor agricultural producers to market their produce more effectively. Our embassy is crucially involved in those processes. When I was in Bogota in May, I was able to announce the funding for four community human rights ombudsmen in key conflict zones to provide an independent source of advice and assistance to Colombian citizens.

On the anti-narcotics front, we are actively assisting the Colombian Government in the war against drugs, as drugs are an integral part of the problem faced by Colombia. They are also our problem—80 per cent. of the cocaine that arrives in this country derives from Colombia.

The key issue of concern, to which the hon. Gentleman referred in respect of early-day motion 333, is the issue of UK military assistance. Compared to help in the anti-narcotics field, UK military assistance is small scale. It is centred on areas of direct benefit to the Colombian civilian population. We therefore fundamentally believe that it would be counter-productive to suspend it, since that would affect negatively the very civilian population whom we wish to help.

Recent assistance has been in anti-explosives training for police and military officers tasked with defusing bombs, which are often directed at civilian targets. We have also brought Colombian military officers to the UK to participate in senior staff training courses. An important element of all such courses is the role of the military in a democratic society and the need for an understanding of human rights concerns. In the same way we have also provided, along with the UN, training in human rights issues for the Colombian armed forces.

I can give a categorical assurance that no UK military assistance has been given to individuals or units known, or suspected to have been, implicated in human rights abuses or in collusion with paramilitary forces. I fundamentally believe that to be the case, and some of the things that are printed and written about the subject with no basis in fact do not help anyone in Colombia in addressing the issues and in taking the situation forward.

I will now deal with the UN recommendations and the London declaration. We have made it clear that we firmly believe that the Colombian Government must live up to the commitments made in the London declaration last year. I was pleased that President Uribe stressed the importance of that in his recent speech to the European Parliament. Our ambassador in Bogota is taking part in the follow-up process to the London

meeting by participating in the working group set up to monitor progress on the commitments. The regular dialogue between Government and civil society representatives facilitated by the group is a vital and integral part of the process. Put bluntly, I strongly believe that Colombia has a moral obligation to carry out its task in respect of those commitments. I will be visiting Colombia soon and will raise the issues again.

There are many threats to the enjoyment of full human rights by the Colombian population. The illegal armed groups have not taken any notice of the recommendations of the United Nations Commissioner on Human Rights, which were addressed to them. They continue to torture, murder, kidnap and engage in drug trafficking and to commit the vast majority of human right abuses.

Although we recognise the progress made in some areas and applaud the Colombian Government for what they have achieved in the relatively short time that they have been in power, we will continue to urge them to take urgent and effective action to address the many remaining issues of concern, especially those of impunity and collusion between state forces and the paramilitaries. We will balance regular contact with the Colombian authorities at the highest levels, to keep up pressure on the issues, with close contacts with civil society, to ensure that our policies take into account the important issues, concerns and priorities.

BBC Monitoring

4 pm

Dr. Gavin Strang (Edinburgh, East and Musselburgh) (Lab): I am grateful to have this opportunity to draw hon. Members' attention to an institution whose work is vital to our country in the light of the threats that we face today. In 1939, as the world stood on the brink of war, the BBC first established a service to monitor foreign broadcasts. A week before the outbreak of the second world war, 50 monitors moved into the Evesham headquarters. By 1942, BBC Monitoring had flourished—for obvious reasons—with 500 employees, and in 1943, the service moved into its present site in Caversham Park in Reading. With the end of the second world war and the lowering of the iron curtain, BBC Monitoring became a vital tool in observing the development and conclusion of the cold war. As I shall discuss later, in recent years, BBC Monitoring has again adapted to meet Britain's needs after the cold war and 11 September.

BBC Monitoring is a division of the BBC, part of the BBC World Service. It is funded separately, receiving about £22 million from its stakeholders and raising about £4 million in other revenue, including commercial income. BBC Monitoring's stakeholders are its four principal customers: the Foreign and Commonwealth Office, the Ministry of Defence, the Cabinet Office and its agencies and the BBC World Service. They provide funding and influence the priority given to the areas covered. It is worth describing the sheer scale of the operation conducted by BBC Monitoring. Covering about 150 countries and 100 languages, it tracks more than 3,000 sources in the international media. Selecting and translating material, the unit publishes an average of 1,000 reports daily, giving a comprehensive and well-judged portrayal of events worldwide. In addition to around 400 staff at Caversham Park, it has five bureaux abroad: in Baku, the capital of Azerbaijan, in Moscow, Kiev, Nairobi and Tashkent, the capital of Uzbekistan. It does not just translate and relay what has been broadcast, but analyses material to produce a viable picture of events. Reports published by BBC Monitoring cover all areas relevant to those interested in foreign affairs, including politics, security, human rights and organised crime. Clients can choose the type of reports that they wish to receive and how they receive them, including by internet or e-mail.

New sources are always appearing and BBC Monitoring is always looking for them. New technology brings new opportunities. It has introduced digital technology to develop multimedia projects, enabling customers to receive reports combining audio, video and the written word. Customers can also receive a live feed of a television station via the internet.

To provide a truly global service, BBC Monitoring works in partnership with the US Foreign Broadcast Information Service, or FBIS, a partnership that began in 1941. Britain does not have the capability alone to provide a detailed assessment of events in every corner of the earth, but there are many parts where we are exceptionally well placed to do so, often owing to our historic connections to those areas. In those parts of the world, we can provide a package second to none, and BBC Monitoring does the world a service. Working with the FBIS means a partnership with global reach: the two

[Dr. Gavin Strang]

are perfectly complementary. The FBIS provides coverage that is vital to our Government—of the Chinese media, for example—and BBC Monitoring provides information that is vital to the US Government, such as coverage of Afghanistan.

The value of BBC Monitoring's work can be divided into two broad categories. First, it provides hard information about particular events worldwide. It was the partnership between BBC Monitoring and the FBIS that drew attention to the statement by an al-Qaedan group claiming responsibility for this month's atrocity in Madrid. The statement was spotted in a London-based Arabic newspaper. There are occasions when a particular broadcast is itself a significant event. Last year, hon. Members will remember Libya's announcement in December that it had programmes to develop weapons of mass destruction that it was prepared to dismantle. Before the Prime Minister gave his speech welcoming Libya's statement, BBC Monitoring was asked to check that that statement had actually been broadcast as agreed.

BBC Monitoring is also invaluable in providing its customers with information on the political climate in the area in question, including perceptions of Britain and our allies. In recent years, it has included in its work the monitoring of hate speech—broadcasts that incite violence. Countries whose media are being monitored for hate speech include the former Yugoslavia, the Ivory Coast and Israel-Palestine. Colleagues will, I am sure, agree that it is important to have a measure of the political temperature in those areas.

BBC Monitoring staff are not just skilled in languages; they have a broad and deep understanding of the countries in question and are therefore able to provide a good picture of the attitudes prevailing. This is an important point, which may sometimes be lost. In my view, it is not possible to overstate the importance of that expertise. Yes, BBC Monitoring is about sophisticated modern equipment, skilled engineers and expert linguists, but nothing is more important than the ability to put the information received into context, and that knowledge comes from the vast experience that BBC Monitoring staff have of the particular part of the world to which they are assigned.

BBC Monitoring is a tremendous national asset that is very important in today's world. We must nourish it. I know that the Government share that view. Indeed, the Foreign Office Minister, my hon. Friend the Member for Harlow (Mr. Rammell), told us last April that BBC Monitoring

"is the main open source provider of information for the Government and the BBC World Service. It provides a valuable service to its stakeholders and to others throughout Government. By tracking world events and reactions to them, including, importantly, perceptions of British foreign policy, it assists the Government in their decision-making processes."—[*Official Report, Westminster Hall*, 29 April 2003; Vol. 404, c. 30WH.]

At this point it is probably worth reminding ourselves that BBC Monitoring provides a large amount of the material that makes the BBC World Service the best known and most respected broadcaster in the world.

In a world in which our security is threatened by international terrorism, monitoring has taken on a greater importance, and BBC Monitoring clearly has an important role to play. There has understandably been a considerable focus on secret intelligence over recent months, but people are perhaps less aware that a lot of the information used in counter-terrorism is in the public domain. That information is conveyed to counter-terrorism staff by BBC Monitoring. It is important to realise that among the customers of BBC Monitoring are the Defence Intelligence Staff, the assessments staff, the intelligence agencies and the National Criminal Intelligence Service.

The cold war is miles behind us, and the threat that we face today is totally different. We have some experience, sadly, of terrorism at home, and that has no doubt been useful, but the threat facing Britain today—international terrorism—is far more dispersed than any previous threat to our security. BBC Monitoring, with its reach and skills, is of tremendous value to Britain and our allies in the face of that threat.

I should like to say a few words about the importance of global coverage. The global reach of the BBC Monitoring-FBIS partnership is crucial to its customers; there is widespread agreement among those working in foreign policy that the partnership's global coverage is critical. During the cold war, to put it bluntly, we knew where our opponent was, but in the current climate we simply do not know where we must look next to meet the challenges of tomorrow. Clearly, then, we should maintain global surveillance.

In addition, international terrorism is one of a number of global themes of which we need an accurate and comprehensive picture. Just as with other global themes, such as organised crime, we need global coverage to get a clear picture of international terrorism. From my remarks, my hon. Friend the Minister will not be surprised that I take the view that it is imperative that BBC Monitoring is adequately funded. Hon. Members may be surprised to learn, however, that BBC Monitoring funding from its stakeholders has actually declined in the past decade.

The worst of the damage was done in 1996, when more than 50 jobs and £1.2 million were axed. Since 1997, stakeholder funding has increased slightly in real terms, most significantly in the financial year 2001–02, but that slight increase has not repaired the gap in funding, and stakeholder funding to BBC Monitoring is 7 per cent. less in real terms today than it was in 1993–94. In parallel with that reduction in funding, BBC Monitoring has increased its work load many times over in terms of both input and output.

The number of broadcast stations and publications that are monitored has grown rapidly. In countries that are crucial to our Government's agenda such as Afghanistan, the media are flourishing, and many new outlets require the attention of BBC Monitoring, whose output has also increased massively. Rather than a single paper product, it now produces thousands of bespoke products, delivered to people in real time and wherever they need it, to our military in Basra or to Foreign office staff in Baghdad, for example. That has meant a huge retraining of staff and restructuring of operations. At the same time, many of the efficiencies currently being encouraged in our Departments have already been carried out by BBC Monitoring.

BBC Monitoring and the FBIS form an excellent partnership in providing global coverage. No one would argue that BBC Monitoring should be funded to the

extent that it alone could provide detailed coverage of all the media in every part of the world—that is the strength of the partnership with the FBIS. However, as I said earlier, for various reasons there are parts of the world in which we are exceptionally well placed to do the job. It has been made clear to me that if BBC Monitoring were not there to do the job—if, for example, it was allowed to decline—the FBIS could not simply pick up the pieces and take on the work itself. The importance of BBC Monitoring to Britain in the world today means that it is crucial that the Government stakeholders make available the money that it requires to develop the excellent and important service that it provides. Indeed, I would argue that the case for investing in BBC Monitoring is stronger today than it has ever been.

I welcome the Government's provision of additional resources for our intelligence and security services. However, a lot of the information that the agencies use is open source material from BBC Monitoring. Such open source information provides a context into which secret intelligence data can be placed. The Government will fail to maximise the benefits that they should get from secret intelligence if our main provider of open source information is not adequately resourced. In the current climate, given the growing importance of being informed about what is going on worldwide, we should surely be providing more, not less, support to BBC Monitoring.

BBC Monitoring is a tremendous resource. It has an august past and a vital role in our future security. I hope that my hon. Friend the Minister will take this opportunity to put on record the tremendous service provided by BBC Monitoring and undertake to do what he can to ensure that it receives the resources that it needs to perform its crucial role in the years to come.

Mr. Deputy Speaker (Sir Nicholas Winterton): I advise the House that the right hon. Member for North-East Hampshire (Mr. Arbuthnot) has obtained the permission of the right hon. Member for Edinburgh, East and Musselburgh (Dr. Strang), the Minister and the Chair to participate briefly.

4.12 pm

Mr. James Arbuthnot (North-East Hampshire) (Con): I obtained permission, but only late in the day, and for that I apologise.

I am grateful to the right hon. Member for Edinburgh, East and Musselburgh (Dr. Strang) for allowing me to contribute briefly to his debate. I agree with everything that he has said and echo in particular his point about the value that the BBC gains and gives to this country from its partnership with the FBIS in the United States. That value is phenomenal, and we are all in debt to the BBC for the service that it gives partly as a result of that partnership.

Only this morning, I checked the BBC Monitoring service to compare the coverage in Israeli Hebrew newspapers with that in Palestinian newspapers of yesterday's death of Ahmed Yassin. The comparison that I was able to make was unlike anything that I could have found anywhere else, and it was interesting to see that even the Hebrew newspapers made comments such as:

"With his death he has bequeathed to us another death."

It is important to be able to find out that the Hebrew newspapers are saying that. The BBC Monitoring service is extremely valuable to this country, and I hope that the Minister will consider carefully what the right hon. Gentleman said.

4.14 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Chris Mullin): My right hon. Friend the Member for Edinburgh, East and Musselburgh (Dr. Strang) has raised an important issue. He recently visited the BBC Monitoring service at Caversham, as I did last September. In a previous incarnation as a humble sub-editor at the BBC World Service in the 1970s, I made use of its output, so I have been well aware of it for many years.

As my right hon. Friend said, BBC Monitoring supplies news, information and comment from the world's media. It covers a wide range of topics, including politics, elections, international security, terrorism, human rights, technology, the environment and economic affairs. It is the main open source provider of information for Her Majesty's Government and the BBC World Service.

BBC Monitoring was founded in 1939 on the eve of the second world war. By 1942, it had grown from having 50 staff to about 500. In those days, it played a vital role in relaying information from France to UK Government headquarters. After the war, it turned its attention to developments in the iron curtain countries and the unfolding cold war. There is no doubt that the service has played a valuable role in the recent past. Today, as my right hon. Friend mentioned, it operates from bureaux in Moscow, Kiev, Tashkent, Baku and Nairobi, in addition, of course, to Caversham Park, near Reading. In co-operation with its American counterpart, it can provide global coverage of events.

BBC Monitoring has adapted to changing geographical priorities and huge changes in the information environment flowing from recent technological developments. It now has access to video footage and websites and distributes material electronically—facilitating a more rapid response—in greater quantities. Users who fund the service can customise the information that they receive through a password-protected intranet.

BBC Monitoring used to be funded through grant in aid from the Foreign and Commonwealth Office, to which the Ministry of Defence contributed 20 per cent. A review of the funding regime was carried out in 1994, with the aim of making it more customer-focused. The review recommended a move from grant in aid to a stakeholder regime to be shared among primary Government users and the BBC World Service. The new regime came into effect in 1997, with costs divided as follows. The FCO paid 40 per cent., as did the MOD. The Cabinet Office got away with 1 per cent. and the BBC World Service paid 19 per cent.

Those shares were adjusted in 2001 better to reflect use of the service and were set at the current levels. The FCO and MOD shares were reduced to 33 per cent.; the Cabinet Office share was increased to 12 per cent.; and the BBC World Service share went up to 22 per cent. Total funding is at about £22 million per annum, with

[Mr. Chris Mullin]

the FCO share amounting to approximately £7 million. There is also limited commercial income from other Government users, foreign Governments, and commercial organisations. Last year, a further independent review was undertaken to explore radical options for funding. It recommended no change in the current funding mechanism, although it suggested that a benchmarking exercise be undertaken to make the costing of products and services more meaningful.

I have described how BBC Monitoring has successfully adapted its activities in the light of changing circumstances during the years since it was founded. It now faces three main challenges: changes in the information environment, changes in strategic and geographical priorities, and the prevailing climate in favour of reduced public spending.

Never before has so much information been available to people at the touch of a button. Staff at the Foreign Office in London can read this morning's American newspapers; the right hon. Member for North-East Hampshire (Mr. Arbuthnot) can read this morning's Arab and Israeli press. Information comes at us from all directions—from television, radio, the print media, the internet, mobile phones and so on. If anything, the problem these days is information overload, not information shortage. That is very different from the dark days of 1939, when we struggled to keep track of what was going on just across the channel.

As we have seen, the geographical focus of our interests has shifted and strategic priorities have changed over time. The campaign against terrorism is now a top priority. BBC Monitoring plays a valuable role in providing information on developments in the middle east and elsewhere. It continues to play a key role in covering closed societies such as North Korea, and can make a particularly useful contribution to our understanding of developments in countries with little freedom of information and tight state control of the media. The question obviously arises: should it focus only on those priority targets, or should it continue to offer global coverage?

The financial climate sets an important backdrop for our thinking. The Chancellor, in his Budget speech, warned that the next public expenditure round would be tough for most Departments, and that certainly includes the Foreign and Commonwealth Office. That comes at a time when we are facing a number of pressures. For example, the campaign against terrorism has led to increased spending on the security of our overseas staff. We also have to find substantial additional resources—both human and financial—to enable us to establish a meaningful presence in Iraq.

My right hon. Friend called for additional funding to be made available to BBC Monitoring. I cannot speak for the other users of the service, but I know that it faces the same pressures on resources as the FCO, and I find it difficult to envisage any increase in funding for it. Frankly, we will have to think hard about whether we are able to maintain existing levels of spending. The pressure on public spending will force us to make hard choices. We will have to look rigorously at our spending programmes and what they contribute to the achievement of our objectives. The annual £7 million grant to BBC Monitoring is substantial in FCO terms, which we must take into account as we weigh up the options.

I am grateful to my right hon. Friend for the points that he has made today and I assure him that they will be borne in mind as we consider the difficult issues in the months ahead. He will appreciate that no decisions have been taken about the future of BBC Monitoring. The issue is under consideration, but I hope that he will understand that I am unable to go into further detail today since no decisions have been made.

Question put and agreed to.

Adjourned accordingly at twenty-two minutes past Four o'clock.

Westminster Hall

Wednesday 24 March 2004

[MR. JOHN MCWILLIAM *in the Chair*]

Reserve Forces

Motion made, and Question proposed, That the sitting be now adjourned.—*[Gillian Merron.]*

9.30 am

Mr. Desmond Swayne (New Forest, West) (Con): May I begin by congratulating the Minister on his announcement earlier this year of the appointment of the Duke of Westminster as assistant chief of the general staff with responsibility for reserves? We welcome that appointment unreservedly; indeed, my hon. Friend the Member for Canterbury (Mr. Brazier) has long argued for such an appointment. It will have a great beneficial effect on the reserves, and we thank the Minister for the action that he has taken.

When I was mobilised last June, there was a spate of articles in some of the quality broadsheets that seemed to imply that the mobilisation of so many reservists for Operation Telic had been little short of a disaster—no kit, no pay and the regulars pushed off early leaving the Territorial Army with disproportionately longer tours in the theatre of operations. Nothing is quite as it appears in the newspapers. My experience at the reserve training and mobilisation centre at Chilwell was that it was a slick process. I would be pushed to think of any improvements that could have been made to the organisation, and I said so when I wrote to the Secretary of State at the time.

That is not to say that there were not significant teething problems with what I presume was the first large-scale mobilisation of reservists since Suez or the Korean war. Undoubtedly, there were several problems, and we should have sympathy for those who were at the rough end of them. A great deal has been said about kit, for example. The issue for us in the reserves was whether we were disproportionately affected by problems that arose with the kit. I do not believe that we were, or that there was any question of discrimination. By the time that I arrived in Iraq in early July, there were no shortages of kit.

On the question of pay, those people who found that they were not being paid properly must have felt enormous anxiety, which we should not underestimate. We should ask whether the overwhelming of the system could have been predicted. That problem was solved virtually overnight by allowing the reserve training and mobilisation centre at Chilwell to create pay accounts, but I would like the Minister to address the outstanding issue of the reserve standard allowance. My understanding in the Army was that a decision had been taken to remove the rank-imposed ceilings on the reserve standard allowance. When I questioned Ministers about that, they were rather less than categorical about whether a decision had been taken. What is the current state of play? Such a decision would, at a stroke, remove the most significant grievance that reservists have when they are mobilised and find that the pay that they can secure from the reserve standard allowance is less than their civilian pay because of a rank-imposed constraint that is inappropriate for modern civilian life.

On the question of lengths of tours, I do not think that there was any intended discrimination; there was simply the lack of a policy on how long reservists should serve. Now, there is a UK land-imposed policy. The policy is that a person mobilised as an augmentee will serve six months, and a person who goes out in a unit will serve and come home with that unit. That gives reservists what is so important to them: an indicative end-of-tour date, which is vital for those who have jobs and civilian careers.

There were many teething problems, but the key lesson that we have learned is that the system worked. It delivered the number of reservists required at a time when there were a million people protesting on our streets against the mission, and it did so at an administratively acceptable rate—certainly for the Territorial Army—of 1.5 call-outs for every reservist mobilised. That is significantly different from the rates for the regular Army reserve, which were some eight call-outs for every mobilisation. The Select Committee looked into that issue a couple of years ago, and Ministers need to revisit it. In fact, the system performed better than expected at the strategic defence review; it was able to deliver formed infantry companies, and that was never the expectation.

How did the reserves do? I do not think that they could have done better. They performed magnificently. Although I was based in Nasiriyah, largely with Italian forces, I made a point of visiting as many units as I could every time that I was in Basra. The measure of reservists is that one cannot tell the difference between them and regulars in any unit that one visits. That was my experience, and what I would have expected.

There was clear evidence of creative use by commanders of the skill sets held by reservists; those skill sets were used very effectively, although undoubtedly there were examples when that was not the case. It is alleged that the new FORGE software will give commanders an even better understanding of the skills of the reservists that they will command, so that they can make even better use of them.

I have always been somewhat sceptical about software solutions, and I urge Ministers to consider a rather more important issue: whether reservists should train much more frequently with the regular formations with which they are likely to be mobilised. That would ensure a much better use of reservists when they come to be mobilised.

Undoubtedly, there are jobs that are less desirable in any theatre of military operations. Some people will find themselves on static guard duty or manning permanent vehicle checkpoints. People coming back will have different experiences. They may go into their local pub and tell friends, "Yes, it was great; I really enjoyed my experience", or may complain that they spent six months stagging on and stagging off in a ghastly climate with pretty poor food. However, the difference between those two reactions is often not so much a measure of the jobs that the soldiers were doing as of the men themselves and the units that they were in. It is difficult to change human nature, and people respond to situations differently.

[Mr. Desmond Swayne]

To come back to the coverage afforded by the newspapers, a spate of articles in late August seemed to imply that the large-scale mobilisation of our reservists amounted to conscription on a scale not seen since the Korean war. That is nonsense. I do not believe that, when any reservist is attested, takes the oath and signs up to the commitment, they believe that they are joining the boy scouts or the girl guides. Furthermore, I do not believe that anyone joins either the reserve or the regular forces without some hope of seeing operations at some time during their service.

It is said that there is at least one operational tour to be had from every reservist, and certainly from every member of the Territorial Army, but often the limitations of our careers and family circumstances prevent us from volunteering for a tour of full-time reserve service, for example. Therefore, compulsory mobilisation can be something of a liberation. A couple of years ago, about this time of year, I had been serving for three years as an assessor at the Territorial Army Commissioning Board in Westbury, watching candidates come through who wanted to secure a Territorial Army commission. I received a rather snooty letter from records in Glasgow, pointing out that I was coming to the end of my appointment at the Territorial Commissioning Board and that, as I was above the normal retirement age for my rank, I would be unlikely to secure another appointment in the Territorial Army.

Mr. Julian Brazier (Canterbury) (Con): Shame.

Mr. Swayne: I thank my hon. Friend. The letter was saying, "Thank you very much, but push off." I was prepared to accept that, but a number of colleagues insisted that I should struggle to stay in, so I wrote to the Duke of Westminster. He wrote back and explained that there was a pool of watch keepers and liaison officers at Woolwich. He suggested that I applied there. I did, I was interviewed and I secured a place there. I understand that I can remain there until I am 55.

After one training weekend, a brown envelope arrived on my breakfast table containing a compulsory call-out notice. That is what my wife thinks and, more important, that is what the Opposition Chief Whip thinks. The reality is that we have a system of intelligent mobilisation, and about four weeks before I had received a yellow piece of paper in a brown envelope headed, "This is not a compulsory call-out notice". However, it asked me whether my employer would be likely to appeal if I received one. I eagerly ticked both boxes in the "no" column and awaited my call-out notice expectantly. I was delighted to receive it. A compulsory call-out notice for a reservist who is eager to serve can be a liberating experience. Of course, I had to feign complete surprise and horror when the real thing arrived on the breakfast table and my wife saw it for the first time: "Gosh! What will we do?"

I said that the system worked. It delivered the number of reservists that were required at the time required. Employers have been very understanding, and I know that Ministers have been aware of that. The Ministry of Defence, in conducting employer appeals, has been very understanding, allowing the greater proportion of them. The system worked, but I urge Ministers to be cautious. I would like to quote from the essays that supported the recent White Paper. Paragraph 3.3 of essay No. 3 on developing reserves states:

> "This policy sees the Reserves providing an integrated, ready and capable component of Defence, capable of being mobilised for any type and scale of operation."

I am nervous about that. I make no bones about it; I was in favour of compulsory mobilisation for Afghanistan and the campaign in Iraq. One ought not to be in the Territorial Army if one does not accept or even welcome the chance of being called up. Conversely, I do not think that the reserves should be called up on a regular basis for continuing low-intensity operations. To do so runs the risk of destroying the reserves, not least by giving employers the impression that they are being taken for a ride and that it is defence on the cheap.

Dr. Andrew Murrison (Westbury) (Con): I apologise to my hon. Friend that I cannot stay for the whole of the debate. Does he agree, despite his earlier remarks, that a large number of reservists join the Territorials, the Royal Naval Reserve or the Air Force Reserve to defend the homeland? That is implicit in the term "territorial". A small but significant number of them have some difficulty in being just an arm of the Government's foreign policy.

Mr. Swayne: That is right, and there is room for both. The Government have formed civil contingency reaction forces, which would specifically accommodate those who wish to serve in the way that my hon. Friend describes. A significant number of the troops allocated to those reaction forces have actually been mobilised for service in Afghanistan and elsewhere overseas. That raises the question of what would have happened if such an emergency had occurred here during the height of the mobilisation that took place for Operation Telic.

Mr. Paul Keetch (Hereford) (LD): I certainly agree with the hon. Gentleman. Is he suggesting—I would not be critical if he were—that there should be two kinds of reservist? Some should be dedicated and trained specifically for home defence—dealing with the aftermath of a terrorist attack, for example—and some should have a role in the overseas theatre. Does he agree that, if that were the case, it would not only deal with the problem raised by the hon. Member for Westbury (Dr. Murrison) but would give more intense training in either type of operation so that those used on the home front were a more deployable force?

Mr. Swayne: I do not want to be tempted into making a policy statement from the Back Benches, but I think that there is sense in what the hon. Gentleman said. That was how matters were configured when I joined the Territorial Army. There were units with roles in the British Army of the Rhine and there were units with home defence roles. There was no distinction in terms of the quality of training and readiness required, but they had distinct and clear roles. It was possible to move between the two; nevertheless there were different roles.

Dr. Murrison: My hon. Friend is very generous. Does he recall the Royal Observer Corps, which was, in many ways, similar to the civil contingency reaction forces

that Ministers are considering? Their role was purely in the homeland and they were not part of the Territorial Army or other reserve forces.

Mr. Swayne: I am sure that there is a role for such a model. Indeed my hon. Friend the Member for Newark (Patrick Mercer) made proposals about the use of volunteer reserves.

Brigadier Richard Holmes once said that the Territorial Army should be kept safe for married men with jobs. Those are the folk who will happily go to Iraq and Afghanistan, putting their civilian identities on the backburner because their country needs them. If we keep putting the bucket into the same well, the water is likely to become very muddy and we will run the risk of having a reserve composed largely of folk without proper jobs who are happy to go on operations whenever they get the chance. A proportion of those are, of course, necessary and welcome. However, it would be a great shame if membership of the reserves became a badge of unemployment.

I believe that it was folly to cut the Territorial Army in the strategic defence review. A bigger Territorial Army would have provided a deeper mobilisation well. I do not believe that, at their current size, the reserves can sustain recent levels of mobilisation for long. We must beware of the suggestion that peace in Northern Ireland, or the advance of "networked-enabled capability"—which is the buzzword for the introduction of new technology that will do away with attrition warfare and enable us to get by with what the jargon says is "fewer platforms", whatever those platforms may be—allows us to get by with fewer infantry.

If we couple together the continuing reduction in the number of soldiers with the continued high-tempo use of reservists, we have a recipe for disaster. The public simply will not understand how we can afford to have fewer regular soldiers and yet need to call up reservists more regularly. As Brigadier Holmes said to me last November, the reserves are a reserve for use but not for overuse. Things that are overused, such as fast cars and fine shotguns, wear out even if they are made by Mercedes or Purdy.

9.49 am

Mr. Paul Keetch (Hereford) (LD): I am delighted to have been called somewhat earlier than anticipated.

Mr. Deputy Speaker The hon. Member for Canterbury (Mr. Brazier) mislaid his glasses.

Mr. Keetch: I am grateful for that advice, Mr. Deputy Speaker. I did not think that the hon. Member for Canterbury ever mislaid anything, and I am sure that he will be back to make a contribution.

I congratulate the hon. and gallant Member for New Forest, West (Mr. Swayne) on what he said. He is a man of great gallantry and has a remarkable position in the House. He speaks with great passion on many subjects, especially on defence and his deployment to Iraq. Whatever the concerns in all political parties about the Iraq war, there is no doubt that Her Majesty's forces performed incredibly well. The role that the Territorial Army played was significant. I visited Iraq shortly after the conflict. I did not see the hon. Gentleman, but I did see Earl Attlee, who had also been called up and was doing a fantastic job in Basra.

I pay tribute to everyone in both Houses and in the Territorial Army who were called up for the Iraq war and for other operations. The hon. Gentleman is absolutely right in saying that when our forces are deployed—in the Balkans, Iraq or wherever—no distinction is made between reservists or regulars. At first sight, it is not possible to tell which they are, and that should be the case.

The reservists in Afghanistan are, perhaps, forgotten. Perhaps the conflict in which they serve is a forgotten war. The hon. Gentleman referred just once to that country. A significant number of forces, including special forces, are still in Afghanistan, as I know from my constituency work. Territorial Army units are also there.

I pay tribute in particular to the members of the Hereford reconnaissance troop of light infantry TA, who were recently deployed to Afghanistan. I met them when they returned and they felt that because of the understandable weight of publicity and the spotlight on Iraq, the valuable work done by regular and reserve forces in Afghanistan was being forgotten. We should record our continued contribution in that campaign, which was broadly supported by all political parties for good reasons.

Those young men brought an issue to my attention that the hon. Gentleman did not raise council tax rebates. What are the Minister's thoughts on that? Members of our reserve forces are deployed for months on end—six months is not unusual. As the hon. Gentleman said, they may well be redeployed relatively quickly after returning. It is extremely unfair of local authorities to continue to charge them a full council tax rate.

I understand that some councils would have a problem with that because of the large number of people deployed, and I am always careful about making any spending commitment. However, relatively few people from Herefordshire were deployed, and my local council could have made an exception, as some other councils do. The Government may want to consider whether a more nationally unified form of support could be given.

The hon. Gentleman made some important points, several of which I want to highlight. The most important was the way in which the formed units worked incredibly well. He rightly said that it was never the idea that TA units should be part of that. They were supposed to support and top up regular units. However, the formed units that have worked, including the reconnaissance troop that I mentioned, have done extremely well.

I entirely agree with what the hon. Gentleman said about members of the reserve forces not wanting to be called up or being reluctant to serve. The suggestion that there was conscription is frankly ridiculous. We know from our armed forces—both the regulars and the reservists—that they all understand that they may be called on to be deployed on active duty. As the hon. Gentleman said, many of them relish that opportunity; it is one reason why they joined the armed forces, either as regulars or reservists.

[Mr. Keetch]

It is a sad but chilling fact that there has been, I think, only one year since the end of the second world war in which a member of our armed forces has not been killed on active duty. It would therefore be disingenuous for any member of the regular or reservist forces to say that they did not want or expect to go to war. I have never heard any of them say that and think that such statements have been put into their mouths by others. However, although our reserve forces are prepared, ready and often eager to be called up, they did not expect to be called up on a regular basis. That was never envisaged. We need to consider that carefully to establish whether the practice is right.

I share some of the hon. Gentleman's concerns about the TA being reduced from around 55,000 to 40,000 at the time of the strategic defence review. Looking back, even the Government would probably accept that that was not wise. We could all say that with hindsight. However, we know that events have moved on significantly from the SDR, which was broadly supported by all parties in the House in 1998. We must look at some of the lessons that have been learned.

Reservists have been under intense pressure as a result of the increased demands of the operations in Iraq. There are serious concerns about the recruitment and retention of some reservists, especially the more specialist reservists, such as medics. Can the Minister confirm the fact reported by the *The Daily Telegraph* that 27 medics are leaving the Territorial Army following demobilisation? I hope that that is not so because Defence Medical Services relies heavily on reserve forces and is under extreme pressure.

I have tabled a number of questions—most recently on 15 March—on the reasons why people are leaving the Territorial Army and how many are doing so. I was amazed to be told by the Minister in a written answer that

> "Reliable inflow and outflow data for the TA are not currently available and for the same reason it is not possible to provide reasons for departure."—[*Official Report*, 15 March 2004; Vol. 419, c. 49W.]

In an environment in which we rely more and more on our reserve forces, surely we all accept that a situation in which we do not know why people leave needs to be improved. We rely on our reserve forces. I would have hoped that we had a much better understanding of who they are, why they leave and how we can stop others leaving. There is a growing trend for people to leave as soon as they have been demobilised, which is why we need the information.

Lessons can be learned from the Iraq operation. For example, the hon. Gentleman referred to the divergent pay rates for TA and regular medics. We need to consider that and be aware that some TA soldiers have returned and lost their jobs. The Ministry of Defence should rightly be concerned about that.

The TA has had an active defence role in many theatres, not just in Iraq. Specialist units have been deployed to theatres in the Balkans and Afghanistan, where other regular Army units have been deployed. For example, TA infantry personnel have played a significant role in the Balkans, for which approximately 4,000 soldiers have been mobilised for duty since 1995. Undoubtedly, since the emergence of the new threat of international terrorism directed at UK territory, it is important to continue to explore and reconsider how the reserve forces might contribute to security at home. As my exchange with the hon. Gentleman demonstrated, we could benefit from some of the reserve forces being dedicated to homeland security and defence—call it what you like, Mr. Deputy Speaker—trained for that, and being aware that that is their role. Of course, they would not be trained any less than those units that might be sent to Afghanistan or Iraq, but they might be trained and equipped differently and be ready for a different role or job.

I think that all hon. Members from all parties support the excellent role that our armed forces have played. It is not for them to decide whether they should be deployed on active service; that is for the Government. However, when they are deployed on active service, they perform with great heroism and bravery and do credit to our country. We should support them. I have often said that the best piece of equipment or kit that the armed forces possess is the men and women who serve in them. That is as true of the reserve forces as it is of the regular forces. I join the hon. Gentleman in supporting that unit.

9.59 am

Mr. Julian Brazier (Canterbury) (Con): I meant no discourtesy to the hon. Member for Hereford (Mr. Keetch) by being absent for most of his speech. I left my glasses on my desk and the blurriness in front of me was not the result of a convivial evening.

I congratulate my hon. Friend the Member for New Forest, West (Mr. Swayne), on securing the debate and, more important, on the way in which he has encapsulated the views of many Territorials. He based that especially on his recent six-month deployment to Iraq on Operation Telic. I should like to echo many of the things that he said, but I shall spare hon. Members a repetition of the points that he has already made.

I shall briefly consider three areas: first, the mobilisation process, in which there are some strong positives, but also one or two negatives; secondly, the principles behind the use of reserves; thirdly, I want to spend a large proportion of my time on the present size and peacetime structure of the combat elements of the TA.

On mobilisation, one generalisation says it all, but, like all generalisations, this does not apply to every case. Most of the aspects of mobilisation that had to be handled by the individual reservist when their units, employers and families were involved—and, credit where it is due, when Chilwell was involved—were well handled. Chilwell came through very strongly on that. Most of the things that went wrong were in areas in which the personnel staff in the Ministry of Defence were involved.

The medical screening went well. As the Defence Select Committee observed, the gaps that showed up did so precisely because the medical screening was done well. There were paperwork problems in one or two areas, such as pay, but they were on a much smaller scale than they were, for example, during the first Balkans deployment. Again, that is a good reflection on Chilwell. Above all, the vast majority of recruits felt that the

assessment and training at Chilwell were well done and was adequate. The Select Committee made that clear. Therefore, Chilwell has come out very strongly. As my hon. Friend the Member for New Forest, West said, the reserves came through extremely well and the feedback on them has invariably been good.

I do not want to dwell on the negative details because the system is changing, and rightly so. However, it is clear from some of the remarks in the Select Committee report, from comments made to me by Territorials and from the tetchiness of the some of the exchanges with the personnel staff in the Select Committee hearings—the main one in particular—that all did not go well with the central staff in the Ministry of Defence. The failure to give adequate notice is excusable up to a point when there is a war to fight, but we had a lot of notice on this occasion. The disgraceful mailshotting—like a travel company—of individual mobilisation instructions sent direct from the centre to individuals completely bypassed the TA chain of command in exactly the way that the Defence Select Committee objected to over the Balkans deployments. It is extraordinary that nothing had been learned; it was worse this time than it was the previous time.

All that convinces me that the Government are right to take such responsibilities away from the personnel staff in the MOD—who, I am sure, are hard-working and overstretched—and to give them to a directorate headed by a part-time reservist, himself a civilian, and reporting direct to the vice-chief of defence staff. That is better than using an organisation that is not used to dealing with people such as employers and where the focus of its attentions is bound to be principally the regular forces.

On the issue of the philosophy behind the employment of reserves, my hon. Friend put it so well that I do not want to repeat his points in detail. However, a macro-point and a micro-point must be made. The micro-point applies to each soldier, and the macro-point applies to policy as a whole.

People joined with an understanding of serving in action and a desire to do so. My great regret from the 13 years that I spent in the Territorial Army is that I never did an operational deployment. Some of us were particularly angry in 1982. We were in an airborne unit, which we were continually told was old-fashioned because we kept on parachuting on to Scottish islands. The Falklands war happened, but we were not called up. A willingness to give up one's weekends and evenings to work and train hard during peacetime, and the enthusiasm to get stuck in when there is a war or a national crisis does not equate, as my hon. Friend said, to repeated, compulsory deployments after the immediate crisis is over simply to ease regular overstretch. However, there will always be Territorials and reservists who welcome the opportunity to do that bit extra during peacetime.

At the macro level, the fundamental strategic point is that a reserve, by definition, is not normally used but is available when a crisis strikes. If reserves are used so heavily that units are pillaged of their best people because they are all off on deployment somewhere, there is no reserve for when things really go wrong and there is a major conflict. We are coming dangerously close to that.

That brings me to the peacetime structure and the size of reserves. In our English-speaking counterpart countries that do not have conscription, the general rule is that their reserve land forces are broadly comparable in size to the regular army. In Canada it is about three quarters; in Australia it is a little smaller; in America the two volunteer organisations—the US army reserve and, more importantly, the national guard—are, together, one and one third times the size of its regular army. In Britain, our Territorial Army is only one third the size of the regular Army and that disproportion is a great mistake. The wider community is playing a much smaller role and those in the volunteer reserve are sometimes severely overstretched. Above all, we do not have much to rely on when things go wrong.

Moving from size to structure, it is clear to almost everyone I speak to in combat units in the Territorial Army that the present structure is not working, particularly in the infantry. One of the most often quoted and widely accepted defence assumptions is that units can go from high-intensity warfare training to effective low-intensity deployment, but the reverse is impossible. Units that have been trained only for low-intensity work cannot do high-intensity work. There is a parallel with the reserve forces. Units that have been trained to work well together as units and have understood what it is to be part of a company and a battalion and to operate within an all-arms brigade can provide highly effective individual reinforcement, but people who have done only individual training cannot be deployed effectively in units or sub-units, nor in the long term are they much use as individual replacements, even at a level as lowly as a corporal commanding a section, let alone a platoon or company commander.

It is a fact that training must take place within a unit structure. Our present infantry battalion structure does not offer that and I shall illustrate why with two examples. First, it is simply too small. For a battalion headquarters to function, it must have an intelligence function. Information must come in to enable a battalion commander to make decisions and so on. In the recent add back and get well package, a very small welcome addition was made to infantry battalions and the post of intelligence officer was re-created, but he has been given no staff and the man clearly cannot stay awake 24 hours a day in an operational situation. He cannot work on his own. Infantry battalion headquarters cannot function properly even to provide a proper training aid for company commanders, individuals, sub-units, officers and NCOs, and so on, let alone to command the new rapid reaction force unit that is envisaged in the Government's White Papers.

My other example is the structure within the companies themselves. A proper rifle company should have three rifle platoons in it. Many people argue that it should have four such platoons. Three platoons are needed to have a good exercise. If there are three, and there are some people away training recruits, some people abroad on deployment and so on, two platoons can probably be cobbled together on a weekend exercise. Under the present structure, there are only two platoons in a rifle company. There is usually also a specialist platoon, but it is obviously not part of

[Mr. Julian Brazier]

company rifle infantry training. It has other jobs to do. Another set of problems is raised by the fact that allocations across the infantry battalions are perverse when it comes to training purposes, but I will not go into that now.

On paper, the company commander has two rifle platoons. He has no establishment for training recruits, and no establishment for recruits at all, beyond one NCO. The NCO needs two or three helpers to train recruits. The recruits that he has got are on the books of those two platoons, so they cannot go on a company exercise with the company. Effectively, by the time the recruits, the people training them and anyone who is away on deployment is taken out of the equation, we are left with barely one platoon's worth of people in a company. That is not a meaningful structure in which to provide an interesting exercise. As one commanding officer put it to me the other day, it simply means that he knows that his company commanders, company sergeant majors and even his platoon commanders themselves are not being properly trained. That will show through in a fall in quality in the long run.

Let us consider the issue in its recent historical context. Ministers rightly responded to the desperate concern around the country about the footprint. There was a requirement to keep sub-units—TA locations normally involve sub-units—in as many locations as possible. The result was to achieve a reasonable-sized footprint within a terribly small total TA size. The size of the sub-units was reduced and they are simply no longer big enough to train people properly. That will gradually show through in declining standards, although every commanding officer, company commander and member of the permanent staff is struggling to prevent that.

The Secretary of State made some very positive remarks a few months ago. He said that he regretted the size of the reductions. I was sorry to see that the Deputy Chief of the Defence Staff (Personnel) appeared directly to contradict those remarks, but that is another story. I strongly agree with my hon. Friend the Member for New Forest, West that we need larger reserve forces. The crying need that has to be met to make the forces that we have got work is not for extra units but for extra posts within the units and sub-units so that they have a meaningful structure and that real training can be carried out.

I end where I began—by congratulating my hon. Friend. He has brought his valuable experience to the House. I urge the Minister to listen carefully to what he said about the overuse of reserves. The TA, and its counterparts the Royal Naval Reserve, the Royal Marine Reserve and the Royal Auxiliary Air Force, did this country proud in Operation Telic. It is essential that we consider the issues of structure, size and mobilisation arrangements if we are to do them proud and if they are going to be able to do us equally well in the future.

Mr. Deputy Speaker: Before I call the hon. Member for Mid-Norfolk (Mr. Simpson), I want to thank the hon. Member for Hereford (Mr. Keetch) for allowing me to call him early. It helped us out of a hole.

10.14 am

Mr. Keith Simpson (Mid-Norfolk) (Con): I congratulate my hon. Friend the Member for New Forest, West (Mr. Swayne) on securing a debate that is timely not only in terms of the discussion of the reserve forces, but because of its implications for the defence White Paper, which will be rolled out over the next few months.

As other hon. Members have said, we are conscious of the service of—and sacrifices made by—members of the reserve forces who are currently serving in Iraq, the former Yugoslavia, Afghanistan and other overseas postings. Given the fact that, in my previous existence, I was a military historian, I am conscious of the role of the reserve forces in two world wars, for example. We tend to forget that, in the first world war, more than 50 per cent. of Field Marshall Haig's Army were Territorials. Many of the young pilots in fighter command, bomber command and those in the ground forces who supported them were from the Royal Air Force Volunteer Reserve and hundreds of men and women served in the wavy navy in the second world war on escort duties, and many of them were killed or injured.

There is a long, voluntary tradition in our armed forces. Recent figures speak for themselves. Since NATO operations in the former Yugoslav republic began in December 1995, reserves have consistently provided between 10 per cent. and 14 per cent. of the United Kingdom manpower. Operation Telic involved the largest compulsory call-out of reserve forces since the 1956 Suez crisis. It is safe to say that, had the reserve forces involved in the United Kingdom contribution not been there, our contribution would have been—to say the least—seriously constrained. They were not just an add-on option.

The defence White Paper published in December 2003 emphasised that the Government had planned and structured the United Kingdom armed forces on the basis that any major war-fighting operation would draw on the support of the reserve forces. Furthermore, it says that

"the utility of Reserves will be used to evolve further to meet the need for compressed planning and preparation time-scales and more rapid transition to expeditionary war fighting. In future, Reserve forces may be required for a greater number of more frequent, short notice operations".

The issues that have been flagged up must be taken seriously. I hope that the Minister will recognise that the contributions to the debate have been made constructively. There may have been some criticisms, but they are more in terms of lessons learned and what we must do in the future. We must bear in mind what the defence White Paper has argued and, in particular, the speeches that the Prime Minister has rightly made about the threat of international terrorism, the role of our armed forces in proactively attempting to deter terrorists worldwide, the role of the reserve forces and home security.

Since the strategic defence review in 1998, the changing role of the reservists raises several important matters. We know that the number of reservists was over-cut under the SDR to provide funds for the necessary changes in organisation and the equipment of

the regulars. Such action was not new. Previous Governments have tended to rob the small amount of money that was allocated to the reservists to provide front-line regulars. It is interesting that those days have gone and, in a strange way, I suspect that the funding and equipment of the reservists will have to be better in the future because they are now so tightly integrated into the regulars. Thank goodness that the days of the old method used by Ministers and senior regular officers, when faced with cutting the TA and reducing its equipment, have gone.

The Secretary of State has acknowledged that the planned cuts of the TA and the SDR were wrong. On 20 February 2002, in an interview in *The Daily Telegraph*, he said that he was

"glad that the TA had not been fully cut from the previous strength of 56,000 to 41,000 set by the defence review . . . if its recommendations had been put into effect, TA numbers would have been so low that reservists would be unable to fulfil the tasks envisaged for them in the defence of the homeland".

I believe that such recognition was good.

The reserve forces are no longer the old-fashioned, second-line Saturday night soldiers—as they were often contemptuously referred to by some regulars and much of the media. They are now an integral part of the modern armed forces, and they are frequently used worldwide. Without the reserve forces, the regular forces would be unable to meet many of the Government's commitments.

Ministers will have to examine carefully the organisation and structure of the reservists, how they are recruited and retained, and whether we will need to dedicate certain reservists just to home defence and others only to operations overseas. I am merely an amateur in this, but my gut reaction is that I would be against that. We must have built-in flexibility. My friends in the military always say to me that soldiers, sailors and airmen have to be trained for full war-fighting capability and for being deployed anywhere.

Servicemen and women who have taken part in operations in Afghanistan or Iraq might subsequently, because of their age for example, serve in a civil contingency unit. They would bring considerable experience to such units, but we can debate that matter later.

Mr. Brazier: I entirely agree with my hon. Friend. One way of squaring the circle and meeting some of the points that have been made would be to reintroduce the home service force—a company of older soldiers listed on to each TA unit. That would provide a low-cost supplement for domestic use only.

Mr. Simpson: More details can be fleshed out as the debate continues and as we discuss the defence White Paper and the interesting matter of the allocation of resources.

The hon. Member for Hereford (Mr. Keetch) made a point that the Minister will not want to address in detail. Our special forces have undertaken important roles in the past as they do at present and, according to the defence White Paper, they will play an increasingly important role in the future. Our regular special forces would be unable to operate on their current scale without the full and active involvement of the TA and reserve element; that is crucial.

The critical mass is in danger of being stretched very thin; I do not expect the Minister to comment on that. We should bear it in mind that our special forces, unlike those of other countries, are not elite units whose members are recruited straight from civilian life. They are drawn across the board from our regular armed forces and there comes a point when, if the size of those regular forces are reduced below a certain critical mass, the quality and quantity of the people who can get into our special forces will be affected.

Mr. Keetch *rose—*

Mr. Simpson: I think that the hon. Gentleman wants to intervene.

Mr. Keetch: I certainly do. We do not expect the Minister to comment directly on the special forces issues, but there is another key matter, which I am sure that the hon. Gentleman is aware of. Increasing numbers of private security companies now exist; they are used in places such as Iraq and Afghanistan. There is a huge temptation for former members of the special forces to go and earn considerable sums working for such private companies rather than stay on or move into the Territorial special forces. We must recognise that that is an additional draw on former special forces personnel. That is why the hon. Gentleman's comments about ensuring that the regular Army and the Marines are large enough to bring forward special forces people is doubly important.

Mr. Simpson: The hon. Gentleman makes a good point. As the Minister knows, the expansion of the Home Office budget to deal with home security has led to many chief constables trying to recruit experienced men and women from both the regular and reserve forces to fulfil certain roles. That is an issue for the Government as a whole to address.

My hon. Friend the Member for New Forest, West and others mentioned that some reserve forces effectively play a dual role. I have mentioned that people have been earmarked to serve in the civil contingency reaction forces but have ended up having to serve in Iraq and Afghanistan. Will the Minister discuss the organisation, training and preparation of the civil contingency reaction forces? Are they in formed units? Have they received adequate training? In the event of a large-scale incident in the United Kingdom, could they act quickly and effectively?

As my hon. Friend said, the increased activity and service of the reserve forces cause real problems for certain reservists and their families as well as for their employers. He graphically described the situation, as did my hon. Friend the Member for Westbury (Dr. Murrison). The MOD says in its report, "Operations in Iraq—Lessons for the Future", that it is addressing the problem. The matter was also taken up in the Defence Committee's report, "Lessons of Iraq". As my hon. Friend the Member for New Forest, West said, and as my former colleague and old friend Brigadier Richard Holmes intimated, we face the danger of running out of reserves if the Government maintain the tempo of operations, some of which are concurrent. Does the Minister agree with that?

[Mr. Simpson]

Ministers may be confident that such is not the case, but, if operations continue at the present tempo, I fear that some employers may look with reluctance upon people seeking employment with them who have a reserve liability. For example, most businesses in my constituency employ fewer than eight people. A large business that employs 250 or 300 people can take a hit of two or three people serving as reservists. It is different if one or possibly two reservists leave a business that employs only five or six people. However patriotic one is, such a business may decide that that is a liability too far.

Like other hon. Members, I warmly welcome the MOD's strengthening of the higher management of the reservists and the appointment of His Grace the Duke of Westminster, who also works in civil life as the director of reserve forces and cadets. He is to come directly under the vice-chief of the defence staff. That is a powerful initiative for putting the reserve forces at the centre of MOD planning. However, will it result in an allocation of extra resources and reserve forces being strengthened in every possible way?

Will people in the regular armed forces no longer think that serving with the reserve forces is a potential career blockage? It was always the case in the past that someone who was sent to serve as adjutant of a TA unit or to command a TA battalion was considered a member of the second eleven. The current Chief of the General Staff, General Sir Mike Jackson, would say that he is a living example of that not being so, having experience as a young captain as adjutant to a Scottish TA para-battalion, which, unfortunately, ruined his liver—at least, that is what he claims. However, in the past, an association with the reservists was not considered a good career move. I am sure that the Minister will say that that is no longer so, and I would like to think that, with reservists so integrated into the regular forces, appointments to the reserve forces will be considered a very good career move.

The second issue is the impression that reserve forces are given cast-off, virtually obsolete kit and equipment from the regular forces, primarily because of pressures on the defence budget. My hon. Friend the Member for New Forest, West said that reservists who were integrated into regular units had exactly the same equipment and kit as the regulars. It is more an issue for the formed reserve units that were sent out. There were criticisms that they did not have the best kit and equipment and that there were shortages. Perhaps the Minister would comment on that.

Over the past year many hon. Members on both sides of the House have raised questions about pay, allowances and the pensions of reservists and the security of civilian employment. All were touched on by the Select Committee report, and the MOD is undertaking a review of those matters. The Minister has approached the issue constructively but, as a matter of urgency, I ask him to make a statement in the House about how far the Ministry of Defence has got with addressing the problems.

I was particularly interested to see the MOD announcement on 3 February, about administrative changes to the recruitment and re-engagement procedures for volunteer reserve forces, which touches on an issue that I raised earlier. The Select Committee noted that from 1 April new recruits from the volunteer reserve forces and applicants for re-engagement will be required to agree to their unit contacting their employer about their membership. The MOD says that the changes will

"enable employers to be in a better position to plan for the absence of employees who are reservists and also to be better informed about their rights and obligations."

The Select Committee said that it was concerned that those changes seemed to have been announced ahead of the findings of the MOD's own study on employer support, and that there seems to have been no prior consultation with members of the reserves. Will the Minister comment on that?

The debate has been short but, due to the contribution of my colleagues, it has been very constructive. I pay tribute once again to my hon. Friend the Member for New Forest, West and other hon. Members and members of the House staff, who in the past two or three years have served in the reserve forces and been, as they used to say, twice a citizen.

Mr. Deputy Speaker: Before I call the Minister, I shall just reflect on the fact that only last month I paid my last ever mess bill.

10.33 am

The Parliamentary Under-Secretary of State for Defence (Mr. Ivor Caplin): I will not ask how large the mess bill was, Mr. Deputy Speaker.

Mr. Deputy Speaker: It was £42.36.

Mr. Caplin: I want to begin on a sombre note by paying tribute to Brigadier Lord Vivian, the Conservative party's defence spokesman in the House of Lords, who passed away on 28 February. He had a distinguished military career before entering the House of Lords in 1991, where, if I may say to Opposition Members, he was among the most active peers in the Conservative party. He wrote me a very nice note on my appointment to this position in June last year, to which I responded. It is also worth saying, in light of today's debate, that Lord Vivian was an honorary colonel to 306 Field Hospital in the Territorial Army. I pay the respects of the whole House to his family at this difficult time.

I also want to pay tribute to the five reservists who have lost their lives in action in the past year. Private Smith of the 52 Lowland Regiment; Corporal Pritchard, 116 Provost company; Fusilier Beeston, also of 52 Lowland Regiment; Sergeant Nightingale of 150 Transport company attached to the 27th Regiment, Royal Logistic Corps; and Private Kitulagoda of the Royal Rifle Volunteers. We are indebted to all of them and their families for the efforts that they made on behalf of the United Kingdom here and abroad.

I congratulate the hon. Member for New Forest, West (Mr. Swayne) on securing the debate. I was expecting a few more of his hon. Friends to be here and, indeed, some of mine, but that is how it sometimes happens early on a Wednesday morning. I have been reflecting on how constructive the debate has been and contemplating one of my previous roles as

Parliamentary Private Secretary to my right hon. Friend the then the Leader of the House—she is now the Secretary of State for Environment, Food and Rural Affairs—in the 1997 to 2001 Parliament at which time Westminster Hall debates were created. The view was that we could have consensual constructive debates about the issues of the day, and today has shown the benefit of this debating Chamber even though there has been only a small attendance.

Everyone knows that the hon. Member for New Forest, West is a major in the Territorial Army. During the passage of the Armed Forces (Pensions and Compensation) Bill, he insisted on not being referred to as a galloping major. One Conservative Member tried to refer to him as such, quite unfairly from the Government's point of view. I thoroughly enjoyed reading his story "From Westminster to Iraq" in the in-house magazine for the Ministry of Defence, which was published recently, and about his experiences of being in active service and working as a liaison officer to the Italian joint taskforce in Nasiriyah in Iraq for six months. We are pleased to see him back.

The Government hold the reserve forces in the highest possible esteem, and I fully endorse all the praise and accolades that have been bestowed on them this morning. We agree that the reserves form a key part of the United Kingdom armed forces. The reason for the appointment of the Duke of Westminster to the position of assistant chief of the defence staff, reserves and cadets was to demonstrate publicly that we regard the reserves as an important and integral part of what we do. I was delighted to be at Chilwell last month to announce his appointment. He will report directly to the vice-chief of defence staff, and, as hon. Members know, I take a direct interest in all reserve matters and talk regularly to the vice-chief and others in the organisation.

I am not sure what the Chief Whip will make of today's debate when he reads tomorrow morning about the secrets that the hon. Member for New Forest, West has given away. Mrs. Swayne, too, might have something to say when she sees tomorrow's *Hansard*.

Mr. Swayne: The Minister will know the truism that any speech made in Parliament is likely to remain a secret.

Mr. Caplin: That is probably true. After making announcements on defence issues, I have asked people, "Did you know that we were going to do this or that?" They say, "No. Where did you announce that?" I say, "Only in the House of Commons."

Until a few years ago, call-out for reservists seemed only a remote possibility. In the past 10 years, there has been a major strategic evolution, and I accept, as the Secretary of State made clear, that that started with the 1998 strategic defence review. We have moved from a large and little-used reserve force to a smaller, more effective one that is constantly in use. That has been a tremendous challenge for our reservists, and the Ministry of Defence has good reason to be grateful for the positive response from both the reservists and their employers. I shall try to deal with all the issues raised this morning, but I am more than happy to take interventions if I do not answer all the questions; we have plenty of time after all.

In line with the tenet of the strategic defence review, the Government plan and structure the armed forces on the basis that any major war-fighting operation would draw on support from the reserve forces. Namely, we have more usable, integrated and relevant reserve forces that support their regular counterparts in operations at home and overseas. That is a prudent approach that allows the maintenance of full-time armed forces in no greater strength than is needed for normal peacetime activity, and that can meet a limited range of contingencies. In addition, the more flexible use of reservists gives the Government the opportunity to harness skills appropriate for operations, which are not needed regularly or frequently in peacetime and therefore not readily found in the regular armed forces. Although we have a lot of time this morning, the defence medical service would probably take up the whole of the rest of my speech, so perhaps hon. Members would like to return to that matter on a separate occasion.

As the hon. Member for New Forest, West told us, and as the hon. Member for Westbury (Dr. Murrison) who was called out shortly afterwards knows, the call-out is the use of a legal power to bring reservists into permanent service—in effect, to mobilise them. It is authorised by the making of an order under the Reserve Forces Act 1996. The call-out order for Operation Telic was made under section 54 of that Act by my right hon. Friend the Secretary of State on 7 January 2003. We renewed that order on 6 January 2004 to enable reservists to continue to support operations in Iraq and also in Afghanistan and the Balkans. As the hon. Member for Mid-Norfolk (Mr. Simpson) rightly said, more than 10 per cent. of those in the Balkans are reservists.

In broad terms, Operation Telic required about 5,600 reservists—about 3,600 from the Territorial Army, 1,500 from the RAF and 500 from the Royal Navy and Royal Marine reserves. That was the largest call-out of members of the reserve forces since 1956. In determining the number of people who would be sent call-out notices, allowance was made for possible wastage rates resulting from those who would not meet medical or dental standards. Medical failures and applications for exemption or deferment from reservists or their employers were also taken into consideration where possible.

I do not intend to respond directly to the Select Committee report, if for no other reason than that I think it right and proper that the Ministry of Defence should give a proper, considered response to all parts of the report to the House in the usual way.

In the event, more than 8,000 reservists were called out and more than 5,000 taken into service in sufficient time to be deployed and participate in the war-fighting phase of the operation at this time last year. The majority were drawn from the volunteer reserve forces. A smaller number came from the Army and RAF ex-regular reserve forces. Members of the sponsored reserves were also called out. Once war-fighting operations were over, there was—and is—a continuing role for reservists in the reconstruction of Iraq. To date, more than 9,300 reserve forces have supported, or are supporting, operations in Iraq.

At this stage, perhaps I should tell the House about my recent visit to the Gulf and to Basra. Two things were interesting and significant. First, I spent part of an

[Mr. Caplin]

evening with the London TA, which is out there at present. We did a question-and-answer session for the members of the unit. One of the young soldiers asked me whether the members of the TA could be referred to as part-time soldiers. I have heard that phrase a number of times. My response, which I am pretty sure is not only right but important, was that I did not consider him a part-time soldier, particularly when he is on an operation in a dangerous theatre such as Basra in southern Iraq. I said to him, "For all intents and purposes, you are a soldier not a part-time soldier". Over the coming months, it is imperative that we get that message across, and I hope that we will do so.

The hon. Member for New Forest, West referred to intelligent mobilisation, which is the other interesting thing. It is an important way forward for the Territorial Army and reserve forces in the future. When I was in Al Amarah, I came across a unit commander who is a chief inspector of police in the UK. He had been redeployed from his normal TA duties to mentor the new chief of police in that town. That is having a direct impact on an area where we have had problems over the last 12 months. That area is much calmer now and part of the reason for that is the mentoring process that that Iraqi police force is undertaking. That is also an area of policy that we want to consider.

There is a continuing need for us to use reservists and to call them out in Iraq, Afghanistan and other areas. I made the most recent call-out order on 1 March 2004, which will allow the continued support of operations in Sierra Leone and the Congo. I assure hon. Members that the new order was routine, and will allow reservists to be called out should we need them.

Mr. Keetch: Given the Minister's experience with the chief inspector that he met in Iraq, is it not the case—as it has always been—that the skills that members of the reserve forces have in their civilian occupations can often add enormously to the contribution that they give in training and active service? Has some thought been given to identifying particular individuals who may provide huge additional benefits to deployed regular forces in a peace-building situation or reconstruction phase? That might be a constructive way of getting the most out of those who have served in our reserve forces.

Mr. Caplin: The hon. Gentleman raises an interesting point. Perhaps I can respond to it by quoting Peter Morgan, a business unit leader at GlaxoSmithKline. He said on the SaBRE—Supporting Britain's Reservists and Employers—website in November 2003:

> "After visiting Kabul in July, I now fully understand why the Reserve Forces are such a vital part of the UK's overall Armed Services strategy. I am in complete support of employees who join the Territorial Army. There is no doubt that the TA benefits individuals, particularly when skills learned in the military can be transferred to civilian jobs."

I fully concur with that view and I am grateful for the support of the hon. Gentleman.

It is important to say in response to the points made by the hon. Member for Mid-Norfolk that we do not, will not and cannot take the support of employers for granted. That would be the wrong thing to do. As hon. Members will know, SaBRE was set up about 18 months ago to bring about greater focus on employer issues and to work with employers during call-outs. SaBRE has been a success. That does not mean that there is nothing more that it can do, or that there is no more work to do, but given the period of time since it was set up and what it had to face during that period, it has been successful.

We are constantly thanking employers. I have been to three regional receptions, and attended one in London at which the Secretary of State and the Chief of the Defence Staff publicly thanked the national employers for their support during the past 12 months. It is also important to recognise that the chain of command has been very supportive in delivering employers' support where necessary. I pay tribute to the National Employer Advisory Board, chaired by the Conservative peer Lord Glenarthur, which plays a crucial role in advising the Ministry of Defence on employer issues.

Perhaps I can talk a little about the announcement that I made to the House on 3 February on employer notification. After our earlier exchange about secrets, I am grateful that so many hon. Members are aware of that notification. It was rather an achievement to be recognised in that way in a Select Committee report. The subject was the topic of much debate both in the Ministry of Defence and with reservists and employers before I arrived at the Ministry in June 2003. Surveys undertaken by the MOD have shown that a large majority of reservists have already told their employers that they are members of the volunteer reserve. In addition, when reservists are mobilised, their employers are automatically informed of their membership of the reserve forces. We do not expect that routine employer notification to have a significant impact on employers' support. I believe that that is an important step forward.

I decided that we should tell the House as soon as we took that decision rather than wait for further periods of consultation because it has been talked about for so long. It is an important step forward for the long-term strategic future of the reserve forces and the employers who support us. I should place on record the Ministry of Defence's thanks to employers from both the public and private sectors for the outstanding support that they have provided to our armed forces in the past 18 months. In the past, it has been suggested that we have had difficulties with employers. That is not my experience from going around the United Kingdom talking to them; by far the majority of reservists' employers have been tremendously supportive. What the hon. Member for Mid-Norfolk said is right; operations would not have been as successful as they were if employers had not offered that level of support.

Questions were asked about reinstatement and other issues, and I shall deal with some of them. Under the Reserve Forces (Safeguard of Employment) Act 1985, an employer is required to take back former employees who have completed call-out service. The Act also deals with the terms and conditions of reservists when they are reinstated to civilian employment. If an employer fails to take reservists back into his employment or infringes any of his rights under the 1985 Act, the reservist may apply to a reinstatement committee, which will decide on the matter. That committee has the power to require employment to be made available to the reservist or to order the employer to pay compensation, or both. I

mentioned that there were more than 9,000 call-outs. However, since 1 January 2003, we know of only 19 applications to reinstatement committees. That shows that the legislation is working well and the level of support that there is between employers and their reservists.

The MOD does not provide legal advice or representation to reservists seeking reinstatement to their civilian employment under the terms of that Act. However, it provides advice to reservists on their legal right to reclaim their civilian employment and on how to seek reinstatement. Each reservist receives a copy of JSP 532; I am sure that the major—the hon. Member for New Forest, West—is aware of that document which is entitled "Guidance for reservists returning to civilian employment following a period of mobilised service". The campaign team of SaBRE provides a helpline and a website that give additional information and advice. Each of the reserve forces and cadet associations in all of the regions has an employer support executive, which can offer advice and assistance to reservists who are experiencing problems returning to their civilian employment. We are also introducing unit employer support officers who will be able to assist reservists with employer issues. The Secretary of State made it clear that we will look again at those issues during the course of the White Paper debate, which will start on Thursday in the main Chamber.

There has also been discussion about financial assistance for reservists. It is right that I inform the House about that this morning so as to bring hon. Members up to date on this, rather than make yet another statement that no one sees. There has been some criticism of the financial package that is in place for reservists. The current banded rates that we use came into effect in 1997 and, as they currently stand, they do not reflect the increase in civilian earnings since that time. That does not necessarily mean that reservists lose out. They are entitled to make a hardship claim if their standard award does not match their civilian earnings. Nevertheless, we recognise that this situation is not ideal. As we announced in the White Paper, work is in hand to produce new regulations governing the award of both the reservist standard award and the reservist hardship award.

The new regulations will take into account the lessons arising from the mobilisation into Iraq. While that work is being undertaken as a priority, it is not yet possible to state what the finalised proposals will be. However, once we have completed our deliberations, we plan to publish a consultation document to seek the views of interested parties prior to the final regulations.

Mr. Swayne: I am grateful for the Minister's undertaking to consult on that. He will be aware that, in a flexible modern economy such as ours, a scaffolder may earn considerably more than a Member of Parliament. However, when mobilised, the scaffolder may be a corporal, and the Member of Parliament a major, so significant hardship would be imposed on the corporal under existing rank constraints.

Mr. Caplin: I accept the hon. Gentleman's points, and others have made them, too. I shall conclude my update on the issue by telling the Chamber that the aim is to bring the matter before Parliament in the autumn. We will then have an opportunity to debate the subject.

Mr. Brazier: The Minister has given us the welcome prospect of future announcements. Could he come back to issues of unit structure, perhaps in correspondence? Inevitably, the bulk of today's debate has been on the mobilisation process. There is a real worry in the command structure of the Territorial Army that the present unit structures, particularly within combat units, are simply not delivering the training needed to continue the effort needed.

Mr. Caplin: I certainly can come back on that issue. I was going to make a few points about training in the last couple of minutes available, but if that does not satisfy the hon. Gentleman, I will, as always, be more than happy to write to him on the matter.

I want to reflect a little on Chilwell and Grantham, because the hon. Member for New Forest, West mentioned them today and in his letter to the Secretary of State in June. I welcome the support that he and others have given to the people who run Chilwell and Grantham. As hon. Members will know, last month I spent a day with the assistant chief of the defence staff, as he is now known. Chilwell and Grantham show how we have moved forward training for those reservists who go through that process. I certainly had the opportunity to discuss with many of the people being mobilised the training that they were about to undertake. That was very good, and I was pleased to see the progress made there.

I come to the point on council tax, which is a perennial for the Liberal Democrat spokesman, the hon. Member for Hereford (Mr. Keetch). He must have a chip that makes him say, "I must mention council tax in every speech, whenever I can get it in." I do not mind him doing that. As he will know, council tax concessions are a matter for local authorities rather than the Ministry of Defence. All regular and reserve service personnel who own or rent private property remain liable to pay council tax while they are absent from that property, as that normally remains their sole or main residence. Members of the armed forces stationed in the United Kingdom or overseas are treated in the same way as any civilian who is required to live and work away from home. That is a consistent approach.

I want to update the House on the civil contingency reaction forces, which I am pleased to say have now achieved full operating capability, in accordance with the timetable set out in the new chapter of the strategic defence review. The House will be aware that they have been designed to enhance our ability to support the civil police and other civil authorities. Some 14 CCRFs will be available for deployment at short notice to support the civil authorities at the scene of an incident—whether it be a terrorist attack, a major accident or a natural disaster—should they request it.

Currently, 852 members of the CCRFs are mobilised overseas or are on active service in the UK, but that does not affect the operational capability of those forces.

[Mr. Caplin]

Steps have been taken, where necessary, to fill those temporary vacancies. I know that training is ongoing because I discussed the training programme with one of the commanding officers when I was in Cardiff recently.

I conclude by welcoming today's debate, and joining all Members of the Chamber in paying the right and fulsome tribute to the work of all our reserve forces, wherever they are deployed. They have done, and will continue to do, a first-class job as part of the United Kingdom armed forces.

Disabled People (Assistance Dogs)

11 am

Mr. Edward Davey (Kingston and Surbiton) (LD): May I thank Mr. Speaker, through you, Mr. Deputy Speaker, for giving us the chance to hold this debate? I hope that the Minister is pleased at the prospect of this debate, because I am giving her the chance to make herself even more popular with both disabled people and the Chancellor. I believe that I have a win-win-win set of proposals: winning for the taxpayer, because savings can be made, winning for animal lovers and for the dogs involved, and, most important of all, winning for people with disabilities who can, through the use of an assistance dog in the circumstances that I shall describe, regain their independence and—in some circumstances—even return to work. Put simply, we can, through the sorts of actions in my proposal, make more assistance dogs available for more people.

We are all used to seeing guide dogs helping people who are blind or have severe visual impairments. Guide Dogs for the Blind has done tremendous work over the years. It has received support from previous Governments, from this Government and from Members from all parties in the House. It does a tremendous job and is popular with the public and the people whom they help. Canine partners—dogs—help many more people than just those with severe visual impairments and blind people. They can be used to help people with hearing difficulties and people with epilepsy—they can detect an oncoming fit, sometimes half an hour before it happens. The focus today is on assistance dogs that can help people with physical disabilities and often people in wheelchairs.

The charitable sector has developed these services and trained many dogs over the years. In this area, as in many others, the charitable sector is becoming much more organised than it has been in the past. There is now an umbrella organisation called Assistance Dogs (UK), which represents the five main constituent charities: Guide Dogs for the Blind, Canine Partners, Hearing Dogs for Deaf People, Dogs for the Disabled and Support Dogs. They are all registered charities and they receive no direct funding from the Government. However, I think that we all agree that they do a fabulous job in developing innovative approaches to canine partnerships. The Minister will have seen and will know about how these dogs can transform people's lives, help them expand their life choices, experience a different quality of life, and very often enable them to take up education and work opportunities. They can make a complete difference.

It is appropriate to mention one real life case. The Wiltshire *Gazette & Herald* of 24 December 2003 contained an article about a lady who had been suffering from multiple sclerosis and was increasingly dependent on carers. However, with some support from Wiltshire county council with payments for dog food, vet bills, insurance, and so on, she was able to benefit from her black labrador, Naomi, which transformed her life. The sorts of things that Naomi did for her owner included waking her in the morning, bringing her clothes, picking up items that were dropped, opening and closing drawers and doors, taking clothes out of the washing machine and, when they were out and about in the

street, pushing the button on pelican crossings. That huge number of tasks brings a smile to everyone's face when they hear about them and makes a difference to the individual concerned.

I hope that the Minister is pleased that I have secured this debate, because I know that she already supports these charities. I have heard from the charities that she has shown a great interest and is keen to help. Both she and her predecessor were helpful in ensuring that the direct payment scheme could be used and that the local care packages could be developed. I should like to say a little bit more about that in a second.

I am sure that the Minister is aware, through her work, that the opportunities provided by canine partners do not just help disabled people; they help their families, too—particularly young and elderly carers—giving them respite and helping them to get on with their lives. This is a compelling case. I could use most of my time describing how wonderful the opportunities are but, rather than doing that, I want to get down to brass tacks. What could the Government do to expand this great sector?

The Government have already been helpful on direct payments. I think that it was the Minister's predecessor who confirmed in writing a year or so ago—perhaps even two—that direct payments could be used for paying food and vet bills. Charities have presented the letter that I received from the then Minister to social service departments to show them that payments could be used for that purpose. The letter was very helpful. I ask the Minister today to reinforce that previous guidance through all the links that she and her officials have with social service departments throughout the country in order to ensure that the concept of allowing direct payments to support assistance dogs is given the full weight of her Department so that more social service departments consider that option. It would also be worth while if assistance dogs were included in the local care packages of people who are not necessarily eligible for direct payments. That would help disabled people, but it would also help their carers and the social service departments to understand the full potential benefits of assistance dogs.

Housing is a difficult issue. People who would like a dog and could benefit from one often find that they live in inappropriate housing. A dog has certain physical needs that tend to require a garden. Many people who are potential beneficiaries do not have a garden and therefore cannot benefit from a dog for obvious reasons. The idea of local authorities being required to have accessible housing registers was debated in respect of disabilities more generally in the Standing Committee on the Housing Bill on 24 February. There was support from both sides. Good practice guidance, which has been published by the Office of the Deputy Prime Minister and its predecessors, supports the development of registers listing the adaptive homes that are suitable for disabled people and the names of the people who are looking for such properties. The Minister's colleague in the ODPM was very positive in her reply to that Standing Committee debate. She had some concerns that new registers would result in the opposite of what the Government have been doing in respect of choice-based lettings schemes, but I wonder whether such schemes could be adapted to ensure the availability of properties that would be the most appropriate choice for disabled people—in this case, for disabled people who would benefit from the use of a dog.

Current legislation enables dogs that are trained with their human partner to go into most public places, but dogs under training do not have that protection. Someone who is training a dog to be used by someone with a disability is not able to take it into all public premises. I hope that the Minister will undertake to review the legislation and ensure that dogs under training are permitted to enter public places.

I said earlier that there would be huge cost savings for the Government. That is not the rationale for my proposal; instead, it is to give independence back to disabled people. However, because the cost savings would be so significant, it would make sense for the Government to consider more carefully whether this cutting-edge approach would have benefits for councils throughout the country as well as the Exchequer. I suggest that the Government undertake a feasibility study to determine more clearly the relative costs and potential savings.

I understand that the savings could be huge. In effect, a dog would be on duty 24 hours a day, seven days a week. The cost of its food and vet bills would be rather less than the costs of a human carer. An assistance dogs charity prepared a costing for this debate, which I would be happy to give to the Minister. Using extremely modest assumptions, it suggests cost savings of more than £65,000 for the eight-year period of the working life of a dog. If some of those savings were ploughed back into expanding the number of dogs available and improving access to such dogs, particularly for people on low incomes, substantial savings could still be left for social services departments and the Exchequer and the quality of life for many disabled people could be massively improved.

I do not ask the Government to commit huge sums of money, and the Minister is clearly not in a position to do that today. I ask them to give interested parties and me the assurance that they will examine the cost savings potential. That would not require a huge amount of work on the part of her Department or officials, but it might bring home to them the fact that the Government could be far more active in that area.

The Government could help with costs in one initial area. It is in line with many of their policies, particularly the access-to-work programme, and involves defraying the costs of the training courses for the disabled people who are beginning their placement with an assistance dog. Canine Partners, an assistance dog charity that has helped me prepare for the debate, runs its training sessions from a centre in Holton Lee near Poole in Dorset. It rents part of the centre from another charity for eight weeks of the year and, in that period, it provides four two-week training courses with about six candidates on each course. They are very intensive: the human and the dog get to know each other and learn to use the basic 100 commands that each dog is taught, and then the human learns to teach new commands specific to the individual's needs. The course can dramatically change someone's life as the partnership develops.

The cost of the course per partnership is £3,700. That is quite a small price for dramatically changing a life. In many cases, it results in the person being able to access

[Mr. Edward Davey]

education and work, so it fits in with the Government's thinking on those issues. However, I hope that they will be more generous and not only link the course to access to work but help all disabled people to benefit by subsidising or defraying the cost of the course.

In discussions with the assistance dog charities, I had a slightly more esoteric idea to involve minor offenders in open and other prisons with the training of the dogs. There is a lot of evidence of the therapeutic benefits for offenders of working with animals, and I do not see why one could not have a virtuous circle of benefits for those involved and savings for the taxpayer if there was a way in which a scheme could be piloted at an open prison. The offenders could enjoy the friendship of a dog, learn positive things about a relationship with a dog and learn that, through their actions, they have helped a disabled person. That could reduce the training costs for charities and, if we cut reoffending, the costs to society more widely.

I have outlined a modest package of measures. If the Minister were to take them and run with them, they could make a significant difference to the availability of assistance dogs. I could have taken a different approach and argued that the Government should step in; that charities have shown the way forward and now the Government should run a national scheme and spend millions of pounds setting up their own dog training centres and provide assistance dogs to any disabled person who wanted one. It might be ideal, but it would be unwise to take that sort of service into the public sector. The state can get a bigger bang for its buck by working with and supporting charities and finding ways to develop the work that they are already doing.

There is huge potential. One charity has estimated that there may be as many 850,000 disabled people for whom assistance dogs would be beneficial. We know that there are millions of disabled people, but just under a million could benefit. Not all of them would want to benefit, and perhaps some people would baulk at the idea of 850,000 black or golden labradors going up and down the streets.

I think, however, that we could do an awful lot better than the 6,800 such dogs that are out there in the country at the moment. I am sure that there is massive untapped potential; this is a win-win situation, and the Government should grasp the opportunity with both hands. The Minister has a great record. I hope that she can expand on that and on her growing reputation.

11.15 am

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): First and foremost, I congratulate the hon. Member for Kingston and Surbiton (Mr. Davey) on securing the debate. One of the benefits of this Chamber is that it gives us the opportunity to raise such issues, which although not always at the top of the political agenda, are none the less very important to many of our constituents. As he thoughtfully set out, it is possible to raise people's awareness of such important issues, and I congratulate him on choosing to do that.

I fully recognise the important role that assistance dogs play in enabling many disabled people, especially those with visual and hearing impairments, and increasingly those with more complex care needs, to lead independent lives. I am pleased to endorse everything that the hon. Gentleman said about the value that those animals and the charities that train them have in improving the lives of disabled people.

It is important that we debate such issues because I do not think that there is a general awareness among the public, who do not deal with such things on a daily basis, about what assistance dogs can do. Many people still think of guide dogs for the blind. They do not realise that dogs can help hearing-impaired people and that others, like Naomi, can assist people who live with MS. A dog can deal well with things that those people may find hard to cope with.

When people read our debate in *Hansard*, many will be amazed to learn that dogs can already help to pay for shopping at the supermarket. That is one of the innovative new services on which the charity sector and Canine Partners in particular have taken the lead. I am pleased to pay tribute to their work and to say publicly that the dogs' work is valuable.

The hon. Gentleman referred to direct payments. There is no doubt that the advent and increasing use of direct payments has been a big stimulus in assisting disabled people to take full control of their own care needs and how they are provided. Such payments have also stimulated local authority social services departments to think more innovatively about how to fulfil their obligation to provide care services to disabled people in their areas.

I congratulate local authorities such as Wiltshire, which helped with Naomi, and Surrey on realising that the role of dogs can go beyond simply helping those with a visual or hearing impairment. Such authorities appreciate that dogs can provide the care that in the past we thought could only be provided by humans. I congratulate them on their innovative approach.

Direct payments were introduced to give people control over how their care is delivered. Our intention is that they should be flexible and designed around the individual. Disabled people themselves suggested the idea of direct payments, which enable imaginative and novel solutions that are suited to the individual. Such payments mean that practical common sense can triumph over bureaucracy, form filling and processing, and the idea that we must continue to deal with things in the same old way.

The example of assistance dogs shows how innovative direct payments can be. They will not always be appropriate, as the hon. Gentleman acknowledged. However, when the council is satisfied that a person's needs can be met by using a direct payment in that way, there is no reason why it should not enable that payment to go ahead. The important consideration is the outcome for the disabled person. It is outcomes rather than processes that local councils should be focusing on, as the best and most innovative of them are.

The Government are committed to the increased use of direct payments for all disabled people, which is why we have changed the law to give councils a duty to make a direct payment to everyone who is eligible and wants one. In the past, there was a permissive power, which was not taken up with as much enthusiasm and speed as we might have hoped. We have now changed the law to

impose a duty on local authorities. That means that that approach to direct payments should be discussed at every assessment and review of a disabled person's circumstances. We will also include direct payments in how we assess performance. Hopefully that will get across to local councils—I am sure that it will—the importance with which the Government view the success of direct payments.

The Government have also put money into the support services that we know are essential in helping people to get on to and to stay on direct payments. The direct payments development fund is putting £9 million over three years into voluntary and community sector organisations, which can then work with the councils to promote and increase the take-up of direct payments. There is an opportunity to raise awareness about the potential role of assistance dogs in appropriate cases. For example, the Royal National Institute of the Blind is working in Rotherham to increase the take-up among people who are blind, partially sighted or have low vision by offering a quality of life check. At that point, it can raise awareness about possible solutions.

The provision of assistance dogs is not just confined to the direct payment system. As the hon. Gentleman made clear, some local councils and social services departments are taking an even more enlightened approach to the care packages that they provide and to finance that is outside direct payments. They have recognised the extent to which assistance dogs can be an integral part of care packages for some individuals.

I am grateful to the hon. Gentleman for his kind remarks about my role in the Government, but I have to tell him that my responsibilities in the Department for Work and Pensions do not extend to dealing with social services departments. They are led directly by the Department of Health. That said, we are all believers in joined-up government and my ministerial colleagues in that Department and I look closely at such issues together. There is no reason why I cannot talk to those who have direct responsibility for social services, stress to them the points that have been made and draw his ideas to their attention.

I have, of course, some responses to make to the hon. Gentleman, but he will understand that I also have to approach my colleagues in other Departments. Perhaps I can deal with some of his points in correspondence. He asked me to reinforce the direction that the Government have taken to ensure that full weight is given to the concept of allowing direct payments to support an assistance dog. We have done that. He cited a letter from an ex-Minister at, I think, the Department of Health. There is no doubt that the Department has already issued guidance for councils and that we are committed to making it clear to them that we are looking for a creative and flexible approach to direct payments, built around the individual's needs. It is outcomes for the individual disabled person that are important, not a quota relating to how, and on what, money should be spent.

The hon. Gentleman asked about housing schemes supporting those with assistance dogs. He referred to the essential needs of dogs, such as a private area or a small piece of garden—somewhere where the dog can exercise and have a bit of space. As he said, that falls within the remit of the Office of the Deputy Prime Minister. He said that there had been some discussions on legislation, led by that Department. He will know that there is no requirement to provide private space, but registered social landlords are encouraged to provide suitable private or common space whenever possible. Under the housing quality indicator system, a registered social landlord receives better recognition for providing a larger open space. So there is encouragement for those who provide housing to think about needs that are not first on the list, including private garden space or communal space, which would be suitable for dog-owners.

I shall pass on the hon. Gentleman's comments on registers of adapted homes, choice-based lettings and the implication of making changes, and I am sure that Ministers will give them due consideration.

The hon. Gentleman suggested looking at legislation to see whether it is possible to enable dogs in training to enter public premises. The policy of the Health and Safety Executive, which is within my Department, is that rather than implementing blanket bans, health and safety controls should be sensibly applied. The goal is not to try to eliminate all risks in public buildings—that would not be sensible—but to have a system under which risk is properly managed. We aim to have inclusive two-way communication with stakeholders, and he is aware of specific problems arising from the attempt to take dogs in training into public places. I would be very happy for the hon. Gentleman to write to me with some examples. I shall ask the Health and Safety Executive about its approach and ask whether something can be done to ensure that current rules are not applied unnecessarily rigorously.

I am sure that what the hon. Gentleman said about cost savings would be of great interest to the local authorities, which often bear the cost. No doubt, they will take notice because, if they have additional resources that are not being spent on the sort of support that someone with an assistance dog might otherwise need, they could not only provide a more efficient local service but have some spare money to do something for someone else in their area. I am sure that when local authorities start to think about the wider benefit of assistance dogs, they will recognise the potential.

On defraying the cost of training courses for disabled people as they learn to work with their assistance dog, the hon. Gentleman will know that the Department for Work and Pensions arranges vocational training—he referred to the access to work scheme, which is a little different—for long-term unemployed adults, many of whom have disabilities and are visually impaired, and for whom suitable vocational training provision is not available. On our courses, we ensure that any specialist support that is necessary for someone to make progress, including that relating to assistance dogs, is met. That does not deal with his concern about the cost of learning to work with the dog. I shall have to return to that, which I undertake to do.

The hon. Gentleman made an interesting suggestion about prisoners. He will be aware that, along with all the other matters for which I am not responsible, I am not responsible for prisoners. However, I shall take his idea to my colleague in the Home Office and return to him with an answer. It is not something on which I want to stick my neck out at the moment.

[Maria Eagle]

The hon. Gentleman had a number of interesting ideas and I am pleased to see his enthusiasm, which I can well understand, having met many of the charities that provide assistance dogs. The great value of his comments, which extends beyond simply the issues raised and his ideas, is the opportunity to raise awareness among us all about the potential of assistance dogs. We need to make it clear to the public that their use goes beyond guide dogs for the blind and that they can provide much help and support for disabled people. It is clear that disabled people value their help widely.

11.30 am

Sitting suspended until Two o'clock.

Non-proliferation Treaty Review

2 pm

Mr. Deputy Speaker (Mr. John McWilliam): We have no *Hansard* reporter in the Chamber at present. However, the debate is being transcribed, so the position is not as bad as people might think.

Jeremy Corbyn (Islington, North) (Lab): I welcome the opportunity to introduce a debate on the non-proliferation treaty and its five-yearly review next year. The PrepCom will take place in April this year. I wish to declare an interest. I joined the Campaign for Nuclear Disarmament at the age of 16 and I have no plans to resign from it. I do not recant anything that I have done within CND and I am a member of its national council. I am proud to be a member. I thank the CND and the House of Commons Library for their help in preparing for the debate.

Last week, my hon. Friend the Member for Blaenau Gwent (Llew Smith) initiated an interesting half-hour Adjournment debate on the acceptance or otherwise of nuclear weapons by the British Government. The Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for Harlow (Mr. Rammell), replied to the discussions. I shall set the debate in context. We live in an incredibly dangerous world. Since 1945, there has been a huge number of wars. Many people have died as a result of those conflicts, yet we are still arming ourselves with nuclear weapons. While the purpose of the NPT is to prevent the proliferation of nuclear weapons, we must recognise the heroic efforts of peace campaigners since nuclear weapons were first invented. People have bravely laid down their lives or devoted their whole lives to peace campaigns, such as the Nobel peace prize winner, Joseph Rotblat, who was part of the Manhattan project. There are many others, of course, such as the brave women of Greenham common who did so much to bring home to the world the dangers of the proliferation of nuclear weapons, and a hero, Mordecai Vanunu, who is deserving of the Nobel peace prize and who is shortly to be released from prison. He has spent 14 years in an Israeli prison for having the temerity to tell the world that Israel was illegally developing nuclear weapons.

The case against nuclear weapons is strong. Each year, in Tavistock square in London—as in many other countries throughout the world—we remember Hiroshima day. We commemorate what happened on 6 August 1945 when nuclear weapons were dropped on Hiroshima and Nagasaki, as a result of which 60,000 people died immediately. The effects of the cancers at that time are still with us and people are still dying as a result of those explosions. They were no more than fireworks compared with the nuclear weapons that are now available to us. We should reflect for a moment on what has been achieved since 1945 in respect of even more nuclear weapons and greater dangers.

In his speech on 16 March 2004, my hon. Friend the Member for Blaenau Gwent rightly quoted at column number 293 something that former President Jimmy Carter said about nuclear weapons. I shall repeat the quote because it is very apt. The former President argued:

"In an all-out nuclear war, more destructive power than in all of World War II would be unleashed every second during the long afternoon it would take for all the missiles and bombs to fall.

A World War II every second—more people killed in the first few hours than all the wars of history put together. The survivors, if any, would live in despair amid the poisoned ruins of a civilisation that had committed suicide."

My hon. Friend also quoted former Soviet leader Khrushchev, who expressed similar sentiments when he said that

"the survivors would envy the dead."

Before we go into the minutiae of treaty negotiations and the technicalities of the issue, we must reflect on why we are trying to achieve nuclear disarmament and why many people have dedicated their lives to that end. The review conference in 2005 is important. It is the five-yearly review. When the Minister replies to the debate, I hope that he will give us some idea of what the Government's position will be and how he intends to involve Parliament in discussions about that so that MPs can make known their views on the matter.

The NPT review will take place as a result of the treaty that was first signed in 1970. It involved all the signatory states in the definition of what nuclear weapons were and in how they would get rid of them. The five declared nuclear weapon states undertook to get rid of their own nuclear weapons eventually. There was a commitment to total nuclear disarmament. That commitment remains, but it is a long way from being achieved.

I will list the declared nuclear weapon states. The United States developed nuclear weapons during the second world war in response to the true perception that Nazi Germany was also developing them, and it is the only country to explode them in anger. The Soviet Union followed by developing them in the immediate post-war period. Both the superpowers relied heavily in the development of their programmes on the expertise of Nazi weapons experts captured in 1945. Britain and France followed suit, but they developed smaller weapons. Then, dramatically, in 1964 China declared that it had nuclear weapons and exploded one.

The non-declared states that we know hold nuclear weapons are India, Pakistan and Israel. None of them has signed up to the NPT. That they should do so must remain a central demand of everyone involved in the peace movement. Another country that was well known to have nuclear weapons but was not a declared nuclear power was South Africa. Nelson Mandela and the African National Congress have achieved many great things; we should thank them for revealing to the world the existence of South African nuclear weapons when they took power, and for renouncing their use and abolishing them. That allowed Africa to become a nuclear-free continent. We should remember that it is possible unilaterally to declare oneself to be nuclear disarmed and not to suffer immediate invasion from somewhere else.

Mr. Simon Thomas (Ceredigion) (PC): Does the hon. Gentleman agree that it would be useful if today or in the near future the Government were to make clear their intention not to continue with Trident when it reaches the end of its natural life? That would be a huge step forward in ensuring that the treaty becomes workable and effective throughout the world.

Jeremy Corbyn: I agree. I was going to mention Trident later.

The other countries that are believed to have nuclear weapons—or, at least, the capability of developing them—are Iran, Libya and North Korea. However, it is conceivable that most countries that have access to nuclear power could, in the right circumstances, develop nuclear weapons as well, although considerable technological knowledge would be required to achieve that.

We have NPTs and bans on the export of nuclear material and the technology that goes with it, but the limitations of all of that have been exposed by the statements of Abdul Qadeer Khan of Pakistan, who told the world about the large quantities of nuclear material that he had been involved in exporting to North Korea and other countries and the danger that goes with that.

So far, 188 have signed up to the NPT. The latest three to join are Cuba and East Timor. The only three states that remain outside the NPT process are India, Israel and Pakistan. I appeal to the Government to do everything that they can to persuade those countries to sign up to the NPT and to accept that the world must get rid of nuclear weapons altogether. If we are serious about persuading them to nuclear disarm, we should question why we are providing them with such a vast amount of conventional arms, which can be used in a localised war between India and Pakistan, and in the case of Israel can be, and are, used against the Palestinian people in the continued occupation of Palestine. The 2000 review agreed on 13 steps, all of which led towards a nuclear-free world, but the associated comprehensive test ban treaty has been signed by only 180 countries. Twenty-one countries have not signed it. I urge the Government to do everything that they can to persuade those countries to sign the treaty.

We should remember that the atmospheric testing of nuclear weapons that took place routinely during the 1950s and early 1960s caused enormous environmental damage throughout the Pacific and in Australia. People, including British soldiers, are still dying who are nuclear test veterans. That is the reality of nuclear weapons and explosions.

In *The Economist* in October 2003, Muhammed El Baradei, the UN nuclear weapons expert, wrote an interesting and long article called "Towards a safer world" as head of the UN's investigation team. I shall quote briefly from it. He wrote that

"controlling access to nuclear-weapons technology has grown increasingly difficult. The technical barriers to designing weapons and to mastering the processing steps have eroded with time . . . Uranium enrichment is sophisticated and expensive, but it is not proscribed under the NPT. Most designs for civilian nuclear-power reactors require fuel that has been 'low-enriched', and many research reactors operate with 'high-enriched' uranium. It is not uncommon, therefore, for non-nuclear-weapon states with developed nuclear infrastructures to seek enrichment capabilities and to possess sizeable amounts of uranium that could, if desired, be enriched to weapons-grade."

He continued:

"In 1970, it was assumed that relatively few countries knew how to acquire nuclear weapons. Now, with 35 to 40 countries in the know by some estimates, the margin of security under the current non-proliferation regime is becoming too slim for comfort."

He calls for a new approach and gives three proposals. The first is

"to limit the processing of weapon-usable material (separated plutonium and high-enriched uranium) in civilian nuclear programmes, as well as the production of new material through reprocessing and enrichment."

[Jeremy Corbyn]

His other two proposals are that

"nuclear-energy systems should be deployed that, by design, avoid the use of materials that may be applied directly to making nuclear weapons"

and that

"we should consider multinational approaches to the management and disposal of spent fuel and radioactive waste. More than 50 countries have spent fuel stored in temporary sites, awaiting processing or disposal. Not all countries have the right geology to store waste underground and, for many countries with small nuclear programmes for electricity generation or for research,"

the cost of facilities is prohibitive. By bringing his considerable expertise to bear on the subject, he has pointed out some of the technical problems and limitations that one hopes that the NPT review conference will address.

The British Government will be participating in the PrepCom in April and May 2004 and in the full review conference next year. There are a number of issues that the British Government must address and I hope that we can discuss them briefly this afternoon. The first issue is that, if we are serious about nuclear disarmament, we must say that we are not prepared to use nuclear weapons. However, the Secretary of State for Defence made a number of statements throughout the run-up to the Iraq war and since—which were repeated by the Minister last week in a debate in the House—that the British Government would not rule out the use of nuclear weapons. I find it inconceivable that this country would ever use nuclear weapons. I want to hear the Minister say that, so that we can declare ourselves serious about disarmament and the non-use of nuclear weapons. I know that a number of facilities have been taken out of use and a number of submarines taken off patrol and that the number of active nuclear warheads is much reduced. Nevertheless, it takes only one warhead to go off to set off a nuclear conflict.

The second issue is the proliferation of nuclear weapons, which I believe is part and parcel of the US proposals for national missile defence, and Britain's signing up to the initial part of the NMD process. If we are to lecture the rest of the world on the need for nuclear disarmament, it ill behoves us to develop national missile defence, given the danger of proliferation.

The third issue is the one raised by my friend, the hon. Member for Ceredigion (Mr. Thomas), in his intervention concerning the replacement for Trident, which is becoming more or less obsolete, as did Polaris before that. It would be nice to hear that there are no plans to replace that nuclear facility, and that we are committed to the statement to which we readily signed up in 1970 for the eventual elimination of nuclear weapons.

There is also the question of rigorous inspections in Iran, Korea and Libya. Although such inspections are taking place in Libya and, to some extent, Iran, and although negotiations are going on in Korea, one hopes that the NPT conference will be an opportunity to ensure effective inspections. As I pointed out, we should also continue to put pressure on Israel, India and Pakistan to rid themselves of nuclear weapons.

In 2000, my old friend, the sadly recently deceased Lord Jenkins of Putney, asked in the House of Lords whether the Government were

"hoping to make substantial progress towards world nuclear disarmament at the coming United Nations NPT Review Conference in New York"—

that is, PrepCom—

"and how they propose to avoid the procedural discussions which are reported to have nullified the recent Geneva Conference."

That was four years ago. In reply, the Minister said:

"We are looking for the conference to result in a balanced review which takes account of the positive steps which both we and other nuclear weapon states have taken over the past five years and which also sets a realistic agenda for the next five years." —[*Official Report, House of Lords*, 28 February 2000; Vol. 610, c. 323 and 324.]

Those were nice words well put, but unfortunately the problem remains that that conference, although important in itself, did not achieve the desired breakthrough. One hopes that there will be a breakthrough in the conference this April and May.

I hope that the Minister will answer the points that I—and, no doubt, other hon. Members—will raise this afternoon concerning the existence and use of nuclear weapons and, above all, the possibility of nuclear disarmament that comes from the NPT process. I also hope that he will seriously consult with the many bodies of opinion and expertise in this country, including those in the peace movement and various defence analysts and experts, so that there is popular understanding of what the NPT process is about, and of the possibility of our achieving nuclear disarmament.

The 1970 treaty envisaged that all states would eventually rid themselves completely of all nuclear weapons. In 1998, at the United Nations, the "new agenda" coalition of countries—Brazil, Egypt, Ireland, Mexico, New Zealand, Slovenia, South Africa and Sweden—proposed that we should get rid of all nuclear weapons, and saw that as a way forward. Why did the United Kingdom vote against the resolution put by those very honourable countries, all of which were very clearly saying something about nuclear weapons? Why was the opportunity of the 1998 strategic defence review not used to allow us to go a little bit further than we did in reducing the number of nuclear weapons on patrol? Why did we not use that opportunity to try to bring about the aspirations of the 1970 treaty?

I conclude—so that others may speak—by saying that the world has the ability to destroy itself many times over. Many people are dying because of conventional weapons, and many more would die if nuclear weapons were used. Many countries want to get hold of nuclear weapons because they see that the five permanent members of the Security Council are members of the nuclear club, and are the people with the power, deciding how the world is run. If the example is set by those five powers, who are expanding their nuclear capability through national missile defence, or a regeneration of Trident, or whatever, that does not make the world a safer place; in fact, it makes it infinitely more dangerous. The non-proliferation treaty debate—the conference next year—is an opportunity to step towards peace and use our skill, expertise and wealth for peaceful purposes, rather than for the development of weapons of mass destruction, which we hold in this country.

I have been in the CND all my life, and I am in a party with my hon. Friend the Member for Blaenau Gwent, who has met many Members who are very committed to nuclear disarmament. This is a live issue in political debate, and I hope that today's debate goes some way towards encouraging further public discussion, with the hope and aspiration that there can be a world completely rid of nuclear weapons and their consequences.

2.19 pm

Mr. Simon Thomas (Ceredigion) (PC): I should like to begin by congratulating the hon. Member for Islington, North (Jeremy Corbyn) on securing this important debate on a subject that we do not spend enough time discussing in Parliament. Although he has used the opportunity of the forthcoming review to hang his ideas on, those ideas flow throughout the security of this country and, more important, they underpin our dealings with other countries. We only have to look to our debate in Prime Minister's—or should I say Deputy Prime Minister's—questions on Libya and our relationship with that country to see how important it is to work on disarmament, rather than armament. I fully support and concur with the hon. Gentleman's ideas.

I want to concentrate first on the concept of a strategic deterrent in the form of nuclear weapons, which it seems that we have in this country at the moment, and secondly, on the proliferation security initiative, about which I should like to ask the Minister a few questions.

I begin with the defence White Paper of December 2003, which reiterated that

"our minimum nuclear deterrent capability, currently represented by Trident, is likely to remain a necessary element of our security."

People tend to get somewhat disheartened on reading such words, because they are a de facto acceptance of a retention of a permanent policy commitment to nuclear weapons, in defiance of the international commitments and treaty obligations that the hon. Member for Islington, North outlined and which, incidentally, are not mentioned in the defence White Paper. In other words, the White Paper does not set out how the Government are setting about meeting their international treaty obligations to disarm and undergo nuclear disarmament, or how we square our treaty obligations with an ongoing commitment to Trident.

The White Paper also states that the UK faces "no major conventional military" threat. I think that that is still so. The threat that is identified, and which we have seen all too clearly over the past couple of weeks, is that of terrorism and of proliferation in terrorist methods. We must ask ourselves, "What possible use is our nuclear deterrent against that real threat to our daily lives in the United Kingdom, which is not in any way related to the issues of proliferation of nuclear weapons?" I shall deal with the proliferation of weapons of mass destruction in a moment. If we believe that the reliance on nuclear weapons as a strategic deterrent is of no relevance in the war on terror, that prompts the question of why we, as a nation, are holding back from moving forward on nuclear disarmament and particularly, why the defence White Paper says:

"Decisions on whether to replace Trident"

or not are not decisions to be made in

"this Parliament but are likely to be required in the next".

I regard that as a clear indication that the Government have in mind a timetable for a replacement for Trident. That is why I was grateful to the hon. Member for Islington, North for allowing my intervention and for his remarks. It is clear from the White Paper that the Government have in mind a replacement for Trident. It would be useful if the Minister were able to say something today about any research that may be going on in nuclear installations in this country regarding such a replacement. That situation also underpins the need for parliamentary debate on such matters, to prevent our being bounced, as we were with the strategic defence initiative, into agreement with other countries about their defence and nuclear-based defence capabilities.

We were initially told that there would be upgrading work at Fylingdales for the strategic defence initiative during this month. It would be useful if the Minister said something today at least to confirm what is happening at Fylingdales at the moment and to give us the current state of play of that initiative.

We need to consider where the Government's policy is on this matter. The hon. Member for Islington, North set out clearly the international obligations and the way that he would wish the Government to address them, but we need to consider what they are actually saying on these matters. I reiterate—it is important to say this on the record—that the Government have not ruled out the use of nuclear weapons. On 20 March 2002 the Secretary of State for Defence told the Defence Select Committee that

"in the right conditions"

the UK

"would be willing to use our nuclear weapons."

There are no right conditions in which to use nuclear weapons—that is the central question. However, we need to know what those right conditions are. Under what conditions do the Government foresee that it would be permissible or allowable to use nuclear weapons? The White Paper dismisses the idea of a major conventional threat to this country and identifies terrorism as the threat to our daily lives. That prompts the question, what are the Government doing about the issue?

On 2 February 2003, I asked the Prime Minister about the pre-emptive use of nuclear weapons in the context of what was then the forthcoming war on Iraq. Once again, the Prime Minister refused to rule out the pre-emptive use of nuclear weapons and simply said that there was a traditional British doctrine. However, we do not know what that is because we have no explanation of what the right conditions would be for the use of nuclear weapons.

There was another interesting response in a parliamentary answer to the hon. Member for Hereford (Mr. Keetch). He asked the Defence Secretary about the nuclear weapons programmes and there was the same reply:

"Under the terms of the nuclear non-proliferation treaty, the United Kingdom, the United States, France, China and Russia are legally entitled to possess nuclear weapons."—[*Official Report*, 30 October 2003; Vol. 412, c. 320 W.]

That is not what the treaty says at all; it does not give a legal entitlement to the ongoing possession of nuclear weapons. The purpose of that treaty is to control the proliferation of nuclear weapons and to facilitate their

[Mr. Simon Thomas]

total elimination. It does not give a legal remit to hold on to nuclear weapons at all. Article VI of the treaty states:

"Each of the Parties to the Treaty undertakes to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date"—

to a certain extent, the treaty has been successful on that—

"and on a Treaty on general and complete disarmament under strict and effective international control."

The only conclusion that I can draw from the Minister's reply to the hon. Member for Hereford is that the UK is trying to rewrite ipso facto the nuclear non-proliferation treaty to give the present nuclear weapon states, including the UK, some sort of legal basis on which to own nuclear weapons. I return to what the Secretary of State for Defence told the House of Commons on 5 June 2000. He said that

"the non-proliferation treaty as an agreement is an aspiration; it is not likely to produce results in the short term."—[*Official Report*, 5 June 2000; Vol. 351, c. 12.]

I would say that the treaty has produced results. Whatever argument one may use about the history of the arms race, the treaty was useful in introducing effective measures to bring about the cessation of the nuclear arms race and can be effective for the future—this is the important thing for the review—for general and complete disarmament and a strict and effective international control. It is very unfortunate that the Secretary of State seems to have dismissed that as an aspiration when that aspiration has, partly at least, come about. The Government have obviously worked along those lines and I would like to see them work much harder to make the non-proliferation treaty work in that regard.

Finally, I should like to note in passing that the department in the Foreign and Commonwealth Office that deals with such matters has changed its name from the non-proliferation unit to the proliferation prevention unit. There is a subtlety of meaning there. "Non-proliferation" tied in the work of that department to the treaty, which was not just about non-proliferation but about nuclear disarmament. "Proliferation prevention" ties the department in much more to the current agenda of the nuclear states and the United States in particular. That agenda is about stopping other countries getting the weapons that we have and about keeping the weapons that we have. That is a very basic, rude and crude way of putting it, I know. However, that is what the United States policy is; I should be delighted if the Minister would put some more flesh on that from the United Kingdom policy point of view.

I want to mention the proliferation security initiative. We have not heard much about that in Parliament, and in general the issue has gone quiet during the past few months. However, hon. Members may remember that it was a United States State Department initiative. As it put it, it was set up

"as a response to the growing challenge posed by the proliferation of weapons of mass destruction".

We know that such weapons are proliferating in Pakistan and North Korea. They may not be proliferating in Iraq, of course; that is a different matter. The idea was that there could be an international seizure of the trade in weapons of mass destruction, particularly on the high seas. There were attempts just before the Gulf war to seize a shipment of missiles en route to Yemen from the Republic of North Korea. That turned out to be perfectly legal, in general international terms at least.

I remind the Chamber of what the proliferation security initiative says that it intends to achieve. Its interdiction principles state that it intends

"to establish a more coordinated and effective basis through which to impede and stop shipments of WMD, delivery systems, and related materials flowing to and from states and non-state actors of proliferation concern, consistent with national legal authorities and relevant international law and frameworks, including the UN Security Council."

I have some brief questions to put to the Minister and I hope that he can respond to some of them. One question is about the relationship between international law and frameworks and the United Nations Security Council. The US State Department has seized on a 1992 presidential statement of the UN Security Council to give it the authority to exercise the use of force to interdict ships on the high seas and check them. It does that in the name of non-proliferation. However, there are some serious questions as to whether that presidential statement gives it legal authority, and as to whether the international law and frameworks of maritime law, which are pretty well developed, run counter to that.

My second question relates to how any cases of such interdiction would be brought before the UN by the participants in the proliferation security initiative. The UK is a core part of that initiative. We also need to note that that initiative is a coalition of the willing—to use a phrase from another context—rather than an organisation based on an international treaty. We must ask ourselves how "states of concern"—that is the wording of the initiative—will be identified. Does the phrase have a legal definition or, as we have seen in the case of Iraq, does it allow one country to decide that another country is of concern and that action must be taken against it?

What mechanism will be adopted in the case of interdiction? Finally, what is to prevent any nation from adopting the same criteria and boarding any ship that it believes to be of concern, thereby thwarting legitimate trade between nations? Such measures could be used to put pressure on countries that do not fit in with the ideals of the nation concerned. We have only to think about what the US State Department thinks about Cuba, which internationally is a perfectly legal and recognised entity, to see how a proliferation security initiative could be misused by one country if it identified a concern in another country and took action on that. I hope that the Minister can bring the House up to date about the proliferation security initiative and how he intends that to work in relation to international legislation and the workings of the UN Security Council.

I conclude with a simple quote that I came across recently. It underlines my feelings on the matter and the conclusions of the hon. Member for Islington, North. It is as follows:

"We must abandon the unworkable notion that it is morally reprehensible for some countries to pursue weapons of mass destruction yet morally acceptable for others to rely on them for security—and indeed to continue to refine their capacities and postulate plans for their use."

The United Kingdom is in that situation. We hold weapons of mass destruction. What is more, we continue to develop them and refine their capacities, and we have plans for their use. If the Government say that there are situations in which they would use nuclear weapons, obviously they postulate plans for their use. That quote came from the same person that the hon. Gentleman quoted in a different context: Muhammed El Baradei, the director general of the International Atomic Energy Agency. The quotation was published on 13 February 2004 in the *International Herald Tribune*.

We are talking about the key question for the review of the non-proliferation treaty. How will the Government approach that review? Will they build on the successes of the treaty so far in at least bringing about the cessation of a particular type of horrid arms race, or will they perpetuate the cold war in another guise? It is time for us as a nation to take the step not only of rejecting the use of nuclear weapons, but of saying positively that we will disarm. The replacement for Trident is the ideal opportunity to take that first step. I hope that the Minister will say—I do not think that he will—that we will not have a replacement for Trident and that we will be taking those steps.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I see two hon. Members rising to speak. We should remember that the purpose of the debate is to enable the hon. Member raising it to get an adequate reply from the Minister. If both hon. Gentlemen are brief, they will be able to speak before the Minister starts his winding-up speech.

2.35 pm

Mr. Kelvin Hopkins (Luton, North) (Lab): Thank you, Mr. Deputy Speaker. I shall speak only for a few minutes. First, I congratulate my hon. Friend the Member for Islington, North (Jeremy Corbyn) on securing this debate on a most important issue—arguably the most important that faces us. I entirely agree with the two fine speeches that have already been made so I do not need to repeat them, but some of what I say may reinforce them.

The cold war between the Soviet world and the west is now over. Weapons such as Trident were designed for that situation, but even then, I did not accept the necessity of nuclear weapons. I was a member of CND for many years, I marched all the way from Aldermaston in 1962, and many years later I became chair of Trade Union CND, so I have a record in these matters. It is time to decommission Trident and not to replace it—that point has been made. It was designed for a world in which major powers faced each other, not for a world that is dealing with terrorism carried out by persons unknown working within societies. Trident is out of date, irrelevant, extremely expensive and potentially very dangerous.

I agree entirely that we should decommission Trident and become a non-nuclear power. If we did, we would be seen to be the first major power to be moving in a peaceful direction, rather than a warlike one. We would derive great moral respect in the world, and we would then be in a position to speak about peace to the rest of the world. I am not suggesting that we disarm conventionally, because we have a strong role to play using conventional arms—working under the auspices of the UN for peaceful purposes in various parts of the world is a very fine thing. Indeed, some interventions were not made that I think should have been made. Rwanda is one such case: if the UN had got in quickly, and we had sent troops to stop the genocide in Rwanda, that would have been a humane purpose for military activity, and I would have supported it. However, that has nothing to do with nuclear weapons, which have no role to play.

Britain has another role because we were a colonial power—the colonial power, with a footprint in more parts of the world than anyone else. We have links that can be useful. In my constituency are many thousands of constituents from Kashmir, Pakistan and India. The situation in that part of the world is tense and very delicate. It is starting to improve, but Britain could and should have a role. If we take sides in a strong and aggressive way, as we are at the moment, it is more difficult for us to play a conciliation role in those parts of the world.

In Africa, too, there are serious tensions in many states, and some have become non-states because of appalling internal civil wars and violence. We could play a role in Africa under the auspices of the United Nations, because we understand Africa—we have had a greater presence in Africa than any other colonial power. We could play a positive role for peace across the whole of Africa, but we cannot do that if we have a partisan, militaristic role in the world and retain nuclear weapons. We look like a country that is going to wage war, rather than a country that is going to end wars.

I wanted to make those brief points to support my hon. Friend the Member for Islington, North and the other hon. Members who have spoken today. The UK has respect in the world—perhaps more respect than we deserve sometimes. Britain still commands respect from many people in the continent of Europe, and the many people from all over the world who live in my constituency. That could be massively enhanced if we chose to be the first major nation to get rid of its nuclear weapons and start to work for peace.

2.39 pm

Mr. Malcolm Savidge (Aberdeen, North) (Lab): I congratulate my hon. Friend the Member for Islington, North (Jeremy Corbyn) on securing this very timely debate, and on his own excellent and comprehensive speech. I also complement the other speakers and agree with much that has been said.

I believe that the nuclear non-proliferation treaty is the basis of a stable future for our world. I praise the work that the United Kingdom Government played in the 2000 negotiations in bringing countries together in a successful negotiation. If we are to have a safe future, it is vital that the treaty be strengthened. It has been much more successful than many people had anticipated. If one examines the forecasts that experts made in past decades, one finds that they predicted that by now far more countries would have nuclear weapons than has turned out to be the case.

[Mr. Malcolm Savidge]

When we debated this issue in January 2000, we were aware that there was a risk of materials passing from states not only to other states but to terrorists. In the light of 11 September, the awareness has become much stronger. Materials may pass not only from states but from black market or independent agents. There are various concerns about materials remaining in the former Soviet Union and the danger from Pakistan. When we were embarking on the campaign against al-Qaeda, there were fears that it could have obtained personnel or weapons material from Pakistan, through ideological or financial links. The general impression is that, although al-Qaeda attempted to do that, fortunately, it did not succeed. Where terrorism is concerned, we must concentrate on al-Qaeda and related organisations, but we must never forget that the threat is not simply from Islamic fundamentalism. As one can see from the Aum Shinri Kyo sect in Japan, it is possible for other organisations to adopt the sort of extremist terrorism that aims to kill vast numbers of people.

One should be cautious about what one says about Iraq. The present evidence is that Iraq abandoned its nuclear programme, and probably all its weapons of mass destruction, in the 1990s. If that was the case, it suggests that the International Atomic Energy Agency, the NNPT and international pressure were more successful than most of us—myself included—realised. That shows that there are terrible dangers in the neo-conservative concept of resolving such matters through pre-emptive war based on uncertain intelligence. Detestable as it must be to the Prime Minister and many others, I praise his decision to deal with Libya. We have to resolve such matters by negotiation.

On 11 February, President Bush made an important speech on weapons of mass destruction proliferation. I yield to most people in my respect for President Bush, but I admit he said some things that are deserving of special attention. Every civilised nation, he says, has a stake in preventing the spread of weapons of mass destruction. We could go further and say that the whole of humanity has a stake in that. His statement that we should do everything we can to prevent the criminal proliferation of weapons of mass destruction is clearly correct. However, I share the concern that was expressed by the hon. Member for Ceredigion (Mr. Thomas) that such a policy can include intercepting vessels one thinks are carrying materials. Because of the attitude of some members of the Bush administration, I am concerned that such action could become a cause of war if it were carried out in a cavalier fashion.

We should strengthen national laws, and I am pleased that we have been one of the first countries to take on the additional protocol. I am also pleased that President Bush is now talking about strengthening the Nunn-Lugar arrangements to control and reduce nuclear materials in the former Soviet Union. It was disappointing that he moved away from it at the start of his presidency, but I am pleased that he has moved it back up his agenda and that the world community has fallen into line behind it. We must recognise that civil nuclear production can be diverted to making nuclear weapons: in particular, processes such as enrichment and reprocessing must be controlled.

Llew Smith (Blaenau Gwent) (Lab): My hon. Friend says that national and international laws must be strengthened, but is it not a fact that the United Kingdom is breaking the current law in non-proliferation treaty articles VI and I, and the United States is breaking another international treaty, the chemical weapons convention? He spoke of the willingness of terrorists to carry out mass killings. It is difficult for us to comprehend the horror of some of those events, but, in response to a question of mine, the Government said that in extreme circumstances they would be willing to press the nuclear button—surely the ultimate act of madness. Does my hon. Friend agree, or can he think of a more extreme act of madness than involvement in nuclear conflict?

Mr. Deputy Speaker: Order. I remind the hon. Member for Aberdeen, North (Mr. Savidge) of the time constraints.

Mr. Savidge: I believe that all of us would devote ourselves to trying to ensure that nuclear weapons are never used again. Having visited Hiroshima, I have no doubt about that.

It is important that the International Atomic Energy Agency be strengthened. Suspected violators should not be on the board and we should strengthen the additional protocol. However, the points made by Mr. El Baradei in response to the President must also be considered. The nuclear non-proliferation treaty should be made binding, and we should treat withdrawal far more seriously. There should be no permission for withdrawal from the treaty or, at least, there should be an immediate report to the United Nations Security Council in such an event. We must also recognise the dangers of diversion from the civil nuclear industry and ask whether the spread of that industry increases the safety of our world.

As my hon. Friend the Member for Islington, North said, we must consider the non-signatory powers, including India and Pakistan. Obviously, we are very pleased that Mr. Vajpayee and Mr. Musharraf are pursuing a peace process—we hope that it will be successful. Clearly, they should be involved. As has been said, the situation of Israel is a problem, and it is unacceptable for Sharon to say that he is waiting for success in the middle east peace negotiations if he himself is a major block to progress. We should also consider Kofi Annan's proposal for a UN conference on nuclear weapons in which the status of the unofficial nuclear weapons states would be avoided in order to bring them into discussions.

We cannot disregard questions about the nuclear weapons states themselves. I follow the hon. Member for Ceredigion in quoting Mr. El Baradei, who said that we must abandon the notion that

"it is morally reprehensible for some countries to pursue weapons of mass destruction yet morally acceptable for others to rely on them".

We must follow the 13 steps drawn up in New York. We promised that we would support a comprehensive test ban treaty and stop testing. The US must adhere to its

current moratorium and we must press our ally to consider and sign the comprehensive test ban treaty. It is unacceptable that, although we have said that we will have a missile cut-off treaty, China and the US are blocking it over the issue of weapons in space. It is unacceptable that, although we agreed to strengthen the anti-ballistic missile treaty, it is being abandoned. Missile defence is not helpful to the process that we need.

We must realistically reduce nuclear weapons. We need something far stronger than the Moscow treaty—something that includes irreversibility, is binding, and acts much faster to remove the vast quantities of nuclear weapons materials that no one needs. We therefore need a process that moves fast enough to bring in China, Britain and France.

The Bush Administration should cease talking of breaking negative security guarantees and devising programmes to make nuclear weapons useable. It is unthinkable that they should be talking about mini-nukes for bunker-busting, especially if one remembers poor Colin Powell being pushed out to say that the Administration knew about vast underground bunkers and weapons of mass destruction in Iraq, and how none has so far been found.

We must work together to strengthen the nuclear non-proliferation treaty to reduce the threat of nuclear terrorism and nuclear war and create a safe future. There is no future safety in national military invulnerability. There is safety only in the common security of all states.

2.51 pm

Mr. Michael Moore (Tweeddale, Ettrick and Lauderdale) (LD): I, too, pay tribute to the hon. Member for Islington, North (Jeremy Corbyn) for securing a debate on a very important topic. As he pointed out, it is rarely afforded the opportunity of proper discussion in the main Chamber. I also pay tribute to all others who have contributed. They, in their different ways, have long and established campaigning records on these issues, and bring much expertise to the debate.

A recurring theme this afternoon has been the self-evident truth that the nuclear non-proliferation treaty is the cornerstone of international arrangements to reduce the threat of nuclear war and keep the world secure. For a period after the end of the cold war, people thought that the dangers had passed. The events of the past few years have indicated that the world is not as safe a place as we hoped. An element of complacency in the 1990s has been replaced with real fears about the spread of nuclear weapons and a new risk that, in time, terrorists or other non-state actors will get hold of the technology and capability for nuclear weapons.

When we examine the context in which the non-proliferation treaty will be reviewed in a year's time—as the hon. Member for Islington, North said, there is an important conference in a few weeks' time—we can see that there has been a mixed set of circumstances on the non-proliferation issue in the past year. There has been a mixture of some delight and a great deal of concern. In Libya, we have seen a real breakthrough. As the hon. Member for Aberdeen, North (Mr. Savidge) commented, there is some difficulty with the concept of dealing with Gaddafi and his regime and never losing sight of the terrible events of Lockerbie. On the other hand, we have seen the rewards of a patient process in which the Government and others have participated, and the events of the past year, with missiles being shipped safely away from Libya, represent real progress.

Equally, there have been real concerns. The good news in Libya stripped away some of the difficulties of seeing the modern nuclear reality. We quickly saw the situation in Pakistan and the revelation of the virtual international bazaar that Dr. Abdul Qadeer Khan was operating, spreading nuclear know-how around the world. We should be very worried to see many of the countries that he was dealing with in the possession of such knowledge. Know-how and technology are moving around, and there are parallel concerns in Pakistan about the safety and security of its nuclear arsenal. As has been mentioned, Pakistan, India and Israel are not members of the non-proliferation treaty regime. Given the new context in which we operate, it would be useful if the Minister told us what steps might be taken to allow Pakistan and others to come closer to membership of and compliance with the nuclear non-proliferation treaty.

Alongside Pakistan, we have concerns about North Korea, which is perhaps the most dangerous situation that is facing us. In the past year there have been threats, counter-threats and many periods of stand-off. Last year's announcement that North Korea was withdrawing from the NPT was worrying, but we must hope that, once again, multi-lateral diplomacy will be successful in drawing it into compliance with the treaty.

Events closer to the domestic political agenda of the past year have put a focus on the middle east. I will not rehearse again the questions and points that have been raised about Iraq. However, the prospect of a nuclear war that is started somewhere in the middle east remains real. It is vital that we get Israel signing up to the non-proliferation treaty as a non-nuclear state, allowing us to move towards the creation of a middle east that is free from such weapons.

Iran, in its own way, has brought itself to the public's attention. I shall return to that in a moment. There has been a series of responses from the world community. One of the key areas that needs further examination is counter-proliferation and the role of our intelligence services; they are the subject of severe scrutiny in the United Kingdom at the moment. We need to see their role in working with other international agencies strengthened. The hon. Member for Ceredigion (Mr. Thomas) mentioned the proliferation security initiative. We would welcome anything that will enhance security, although I recognise some of the dangers to which he alluded. The Foreign Secretary, in his written statement to the House of Commons in February, referred, in the context of the global partnership against nuclear proliferation, about the prospect of establishing a UN Security Council committee along the lines of the Counter-Terrorism Committee. Has that particular initiative been taken forward and what progress has been made on it? Similarly, there was mention in that statement of the desirability of a new United Nations Security Council resolution. We would support such an initiative and I hope that the Minister will have something to report to us about it.

[Mr. Michael Moore]

I mentioned Iran. The peaceful use of a nuclear capability is something that is important to many countries. The agonising about the status of Iran's nuclear capabilities has been causing much concern in the past few months; there must be genuine concerns about the nature of its nuclear programme. Its announcement that it has suspended enrichment activities is welcome, but it is equally worrying that it has been unwilling to agree to the inspections that were requested by the international community. I pay tribute to the Government, who were working in league with France and Germany, for the way in which their diplomatic efforts have made progress in the past few months. I hope that, working in tandem with the United States, we may yet see an early resolution of that issue.

Previous speakers have made contributions about disarmament. I would merely say that we welcome the steps that have been taken. Serious progress has been made since 1997. However, we must hope that there will be further progress under this Government. In particular, we must hope for a recognition that if no further steps are taken by the existing nuclear powers, our credibility with those who have them illegally—in the context of the treaty—or with those who aspire to have them will not be great.

This is a brief debate and many serious issues have yet to be fully discussed, but I hope that the Minister will give a strong signal that the Government remain committed to pressing the non-proliferation agenda and that in the coming review of the treaty they will take a lead in making the world a safe place.

3 pm

Mr. Richard Spring (West Suffolk) (Con): I also congratulate the hon. Member for Islington, North (Jeremy Corbyn) on securing the debate. He and I may not always agree, but with great passion and conviction he brings to the attention of the House important issues on a variety of subjects and, as a Conservative Member of Parliament, I freely acknowledge that.

I also congratulate all the speakers who have contributed to this afternoon's debate. As others have said, it is important that at this time, in the light of recent revelations about proliferation and a month before the final preparatory committee meeting for the 2005 review, we debate the issue, which is crucial for global security and stability. The proliferation of weapons of mass destruction is a vast issue, so I shall concentrate on the narrower subject before us today in a broader context.

The fact is that some countries possess nuclear weapons or other weapons of mass destruction and the apparent inequality of such a situation inevitably generates a desire for others to possess them also, whether to establish their status in a global or regional context or to possess so-called deterrents against other countries already in possession of them. Those are two often-cited factors when considering Iran's nuclear activities.

Recent revelations about the activities of Abdul Qadeer Khan in Pakistan, Libya and North Korea have caused questions to be asked about the suitability of the 1970 non-proliferation treaty for the proliferations challenges of the 21st century. The NPT legitimised the five nuclear powers' arsenals and forbade further proliferation, but does not contain provisions to penalise those who would not sign and who are technically not subject to treaty rules, such as India, Pakistan and Israel. It also allowed any signatory the right to use nuclear materials for peaceful purposes, and that is very grey territory because the development of a nuclear capability for some purposes can be transferred to a more aggressive posture in other circumstances.

The objective of the treaty, which was originally agreed for 25 years but was extended indefinitely in 1995, was full nuclear disarmament. That remains its ultimate objective and was reaffirmed in the 1995 review and extension conference, at the 2000 review conference and in preparatory committee sessions for the 2005 review. The NPT was the essential foundation for the pursuit of nuclear disarmament, and ideas such as nuclear-free or weapons of mass destruction-free regions are being advanced at the moment, particularly in respect of the middle east; they deserve careful consideration.

The NPT has achieved successes and we should not downplay the role that it has played in limiting proliferation. However, while the need to counter the proliferation of weapons of mass destruction has always been great, it has never been more important than it is today. Historically, potentially belligerent states in possession of large nuclear arsenals were the main problem; today it is failed states, rogue states run by unaccountable regimes that do not always act rationally, and terrorist groups that represent the most potent threat to global security. The so-called traditional risk has not gone away—witness the near-nuclear conflict in Kashmir only a few years ago—but the treaty must seek effectively to address the new threats as well.

Recent developments in Libya have been alluded to and the decision to reveal and dismantle its programme is welcome although, as my right hon. and learned Friend the Member for Devizes (Mr. Ancram) stated, experience teaches us to be wary of Colonel Gaddafi's promises until they are delivered. Many unresolved issues remain between the United Kingdom and Libya. Important facts have been brought to light that highlight the complexity of the global proliferation networks, of which we were unaware, and the ways that the NPT has been circumvented.

The activities of Abdul Qadeer Khan have done a lot of damage to non-proliferation efforts. With a web of contacts and middlemen spreading throughout the middle east, parts of Europe, across the Indian subcontinent and into Asia, it is imperative that we now draw together all the available intelligence so that we can identify and pursue every contact in the web and form an accurate picture of what technology and knowledge has been passed on to which countries, regimes or even terrorist groups. The risks posed by the new proliferators, including those from the former Soviet Union, are real.

Iran's nuclear programme remains a concern to us. It is clear that Iran has breached nuclear safeguards and rules; that has been going on for 18 years. It has also refused to disclose important aspects of its nuclear programme. Those breaches are serious, and it is right

that the IAEA passed a resolution reflecting that. However, Iran has now started co-operating with the IAEA, and I hope that that continues and is built upon.

The situation in North Korea has been mentioned. It is arguably the most worrying consequence of proliferation that a totalitarian regime making very bellicose noises should possess nuclear capability. That is beyond the scope of the NPT to remedy. A firm stance coupled with the prospect of talks to remove the problem must be pursued. China's efforts to defuse the situation and tackle North Korea's nuclear status deserve our gratitude and support.

In the light of recent events, many people, including Mr. El Baradei of the IAEA, have begun to raise serious questions about whether the NPT is as effective and well suited to modern needs as it should be. He recently alluded to that in an article in *The Economist*. He stated that many countries that signed the NPT have yet to effect the safeguard agreement with the IAEA; fewer than 20 per cent. of them have finalised the 1997 additional protocol allowing for broader inspections and, seemingly, a culture of a reluctance to move first has developed. As he notes, hardware for nuclear energy production is at present often dual-use, which makes monitoring difficult.

With such proliferation of knowledge, does the Minister agree that the current framework for verification and regulation requires updating? Does he also agree that the processing of weapons-usable material, such as separated plutonium, in civilian nuclear programmes should now be restricted? Does he believe that proliferation-resistant energy system technology has been sufficiently developed to be considered for inclusion in all civilian nuclear programmes? Will he be pressing for the development of such processes to be a priority?

Much of what I have said is about how to prevent future proliferation rather than how to tackle proliferation that has already occurred, as this debate focuses on the treaty review. It is not about tackling new, or near, nuclear states, which are subjects in themselves. I hope that the Minister can assure us that the UK will play a full and active role in the 2005 review, as it did in past ones, and that it will give serious consideration to the views expressed here today.

In many ways today's world is more unpredictable than that of the cold war era in which the NPT was conceived. Proliferation is one of the causes of that unpredictability. We must ensure that the NPT adequately addresses the proliferation challenges of today.

3.9 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): I congratulate my hon. Friend the Member for Islington, North (Jeremy Corbyn) on securing the debate; the hon. Member for West Suffolk (Mr. Spring) stole the words that I was going to use in responding to him. What I have to say is not diplomatic flannel, although that is a necessity from time to time for Foreign Office Ministers; although there are disagreements on issues, there is wide regard and respect for the integrity with which my hon. Friend pursues his views on these matters. I was struck by the comments that he and other hon. Members made about the appalling horrors that could accompany nuclear configuration, and in that context the important debate is about how we ensure that we avoid that situation. Those judgments are not easy, and that is what divides the debate. It is important that we take this opportunity to discuss those issues, particularly within the context of the non-proliferation treaty, its review and British participation.

We believe that the NPT is the corner-stone of the non-proliferation regime, and we are committed to working towards a world safer from global terrorism and weapons of mass destruction. The NPT has been, is and should be in future a crucial tool for helping us to do that. We remain fully committed to the treaty and look forward to participating in the review.

The NPT is already a strong treaty. As the hon. Member for Ceredigion (Mr. Thomas) said, it already has a good track record in thwarting the proliferation of nuclear weapons. It has the widest membership of any arms control treaty and it retains the wholehearted support of the United Kingdom and the vast majority of the international community. We are committed to strengthening it in the face of the challenges posed by the new security environment.

I am somewhat younger than I look. I am a child of the cold war and I grew up with the real and constant fear of nuclear war. Some of the challenges that we face today are even more terrifying than those that we faced during that divide between east and west.

We must look to all international instruments and treaties at our disposal. With that in mind, the UK's main goal for the forthcoming 2004 PrepCom and the 2005 review conference will be to emphasise the need for greater efforts in the non-proliferation and compliance areas of the treaty. The events of the past year have shown that several states continue to seek clandestine nuclear weapons programmes and that individuals are willing to assist them in the proliferation of sensitive materials and technology. The treaty must therefore be strengthened and the political will generated to prevent that.

Before I go any further, it is worth putting on the record the considerable progress that we have made in nuclear disarmament. People involved in the debate do not often acknowledge it, but our record is good. We played a key role in achieving international agreement to the final document that was produced at the previous NPT review conference in 2000.

The UK has made considerable progress on the "13 practical steps towards nuclear disarmament" set out in the document. For example, we have begun a programme to develop UK expertise in verifying the reduction and elimination of nuclear weapons internationally. At the second meeting of the preparatory committee for the 2005 review conference, held in Geneva during April and May last year, we issued a working paper on the authentication of warheads and their components. At the third meeting of the committee in New York this year, we will present the next part of the study, which looks at verification

[Mr. Bill Rammell]

technologies and their potential use in warhead dismantling. Those are some of the critical areas in which we must make progress.

Llew Smith: Could the Minister explain how Trident fits into those steps towards nuclear disarmament?

Mr. Rammell: If my hon. Friend will wait, I will happily address Trident, as I did directly to him in the Chamber last week.

At the 2005 review conference we will summarise the range of technologies and approaches that have been researched over the five-year programme. The work will provide the basis for methodologies that might be used in the verification regime of any future disarmament treaty.

I will address the issues that have been raised by hon. Members before I return to the central thrust of my speech. My hon. Friend the Member for Islington, North rightly raised concerns about those states that do not operate in the auspices of the non-proliferation treaty in which there is a concern about nuclear weapons capability. We continue strongly to urge Israel, India and Pakistan to accede to the NPT as non-nuclear weapon states. There is no equivocation about that. It is a view that we constantly put forward.

Both my hon. Friend and the hon. Member for Ceredigion raised concerns about national missile defence. It is important to make it abundantly clear what we have, and have not, agreed to. In February 2003, after significant public and parliamentary discussion, the United Kingdom agreed to the United States' request to upgrade and use RAF Fylingdales' early warning radar for missile defence. That upgrade keeps open the prospect of our acquiring missile defence capabilities should we desire such protection in future. However, we have not decided to join the US missile defence programme. That is a decision that is still open to us and there should be ample opportunities for it to continue to be discussed.

There has been significant questioning, which was similar to the questioning from my hon. Friend the Member for Blaenau Gwent (Llew Smith), on the issue of the circumstances in which we would be prepared to use the nuclear weapons that we possess. It is important to make it clear that the circumstances in which any use of nuclear weapons might have to be contemplated are extremely remote. That is consistent with what the Secretary of State for Defence said. We would use nuclear weapons only in extreme circumstances of self-defence and in accordance with our obligations under international law. I think that that is a reassurance that should go forward.

Mr. Simon Thomas: Can the hon. Gentleman confirm that those circumstances categorically rule out a pre-emptive use of nuclear weapons?

Mr. Rammell: We need there to be some uncertainty on the part of those states that might seek to attack us about our disposal in defending ourselves. Nevertheless, as I have made clear, we would use nuclear weapons only in extreme circumstances of self-defence and strictly in accordance with our obligations under international law.

A question that has been put forward this afternoon concerns our stance on a comprehensive test ban treaty and whether we are in favour of other countries signing up to it. Emphatically, yes that is the case. My noble Friend Baroness Symons spoke at the CTBT conference held in Vienna in September 2003. She took the opportunity to urge all states that had not yet signed and ratified the treaty to do so. That is the position that we maintain today.

The issue of the proliferation security initiative was also raised by the hon. Member for Ceredigion, who asked how that related to existing non-proliferation treaties and regimes. That is an important area for discussion and clarification. There are a number of tools at our disposal to prevent the spread of weapons of mass destruction. The aim of the proliferation security initiative is to build on and reinforce those existing tools, not—explicitly—to supplant them. The PSI builds on the 1992 UN Security Council declaration on proliferation of WMD, which states that the proliferation of all WMD constitutes a threat to international peace and security and underlines the need for member states of the UN to prevent proliferation.

The hon. Member for Ceredigion also raised the legal basis of the issue. The statement of interdiction principles that was agreed at the Paris PSI meeting on 4 September 2003 makes it clear that all action will be consistent with existing national legal authorities and the international legal framework. There is a large body of authority for undertaking interdiction operations, such as those involving actions in territorial waters, airspace or land or by flag states against vessels operating under their flags.

To those people who have a strong track record of campaigning against nuclear weapons, I say that I respect their integrity and motives but am sometimes puzzled as to why, given that commitment, there are concerns about initiatives such as the PSI, which is a legitimate and justifiable move to stop the proliferation of nuclear capability and its spread, both to states that could use it extremely irresponsibly and to non-state actors and terrorists who could greatly increase the risks that we face.

Jeremy Corbyn: I think, if I may say so, that the concerns that many of us have are about unilateral actions by nuclear powers, such as the US intercepting the vessel travelling from Korea to Yemen. We would much prefer an international inspection agency and interception process, and Muhammed El Baradei would confirm that.

Mr. Rammell: I think that case can be argued. To refer to the comments of the hon. Member for Ceredigion, we are certainly talking about a coalition of the willing who are rightly prepared to move forward on the issue. In time, the matter may well come under the auspices of wider international agreement. However, the fundamental point must be made that the proliferation security initiative is based on the sound principle of trying to stop the spread of nuclear weapons and other WMD capability, and preventing it from getting into the

hands of people who would have absolutely no compunction in using it and causing disaster to the whole world in a genuinely horrifying way.

I return to some of the broad issues and the UK's progress on disarmament under NPT article VI. We remain fully committed to all aspects of the NPT, including global and verifiable nuclear disarmament. We have an excellent record in fulfilling our NPT obligations. In some senses, as my hon. Friend the Member for Luton, North (Mr. Hopkins) acknowledged, we are the most forward-leaning of the nuclear weapon states.

Specifically, we have undertaken a number of actions, particularly in the past six and a half years, that have made significant progress. First, we have withdrawn and dismantled the RAF's freeform nuclear bomb, so that Trident is now our only nuclear weapons system. We dismantled the last Chevaline warhead in 2002, demonstrating our commitment to irreversibility in the reduction of the UK's nuclear weapons. We have reduced our operationally available stockpile to fewer than 200 warheads. That is a reduction of more than 70 per cent. in the potential explosive power of our nuclear forces since the end of the cold war—a significant development, in my view.

We have also rightly reduced the readiness of our nuclear forces. A single Trident submarine is now on deterrent patrol, carrying 48 warheads. The submarine on patrol is normally on several days' "notice to fire", and its missiles are de-targeted. That, too, is a significant de-escalatory move. We have rightly signed and ratified the comprehensive nuclear test ban treaty. As I said, we continue to promote its early entry into force.

The Government's policy on nuclear weapons remains as it was when it was set out in the 1998 strategic defence review and the 2003 defence White Paper. We are committed to working towards a safer world in which there is no requirement for nuclear weapons, and we continue to play a full role in international efforts to strengthen arms control and prevent the proliferation of chemical, biological and nuclear weapons.

However, the continuing risk from the proliferation of nuclear weapons, and the certainty that a number of other countries will retain substantial nuclear arsenals, means that our minimum deterrent capability, currently represented by Trident, is likely to remain a necessary element of our security for the present. Nevertheless, we will continue to support multilateral negotiations towards mutual, balanced and verifiable reductions in nuclear weapons worldwide. When we are satisfied that sufficient progress has been made to allow us to include British nuclear weapons in any negotiations without endangering our security interests, we will certainly do so.

We live in an uncertain world, and the NPT certainly faces challenges from states of concern such as Iran. We believe that the global community needs to strengthen the NPT by ensuring full compliance by such states. The UK is continuing to work in collaboration with the international community to ensure that Iran operates within its obligations under the NPT. We have also worked with the United States to secure a significant and historic agreement with Libya to renounce its clandestine nuclear weapons programme. Both those efforts demonstrate our clear commitment to strengthening the non-proliferation regime.

Let me take up the proposals on strengthening the international non-proliferation regime, which were laid before the House by the Foreign Secretary on 25 February. In addressing these issues I should like to begin by considering the NPT and the IAEA. Non-nuclear weapon states that are party to the NPT are obliged to enter into safeguard agreements with the IAEA to verify that there is no diversion of nuclear activities from peaceful uses to nuclear weapons, or other nuclear explosive devices. States that fail to comply with their safeguard obligations inevitably lose the confidence of the international community—which is a concern for all of us—and the bargain that is at the heart of the treaty is fundamentally called into question. We should consider whether such states should forfeit the right to develop the nuclear fuel cycle, particularly the enrichment and reprocessing capabilities, which are of such proliferation sensitivity. That does not mean that they would be deprived of the possibility of constructing and running civil nuclear power stations, which could still operate with fuel supplied by countries that honoured their safeguard obligations.

Experience in recent years has shown the need for more wide-ranging IAEA inspections of national nuclear industries. The agency's additional protocol provides the basis for carrying out such inspections. It is important that all members of the international community adopt one. Suppliers of nuclear technology should increasingly regard that as a key commitment when they judge export licence applications.

As I said, international security is jeopardised by the risks of the proliferation of nuclear materials and expertise. The recent exposure of the A. Q. Khan network has fundamentally highlighted those serious risks and concerns. We must remain focused on that threat, which is why we are committed to initiatives such as the global partnership, which is an important step forward, and the proliferation security initiative, which was launched in May 2003. That has an important and fundamental role to play in preventing the trafficking in weapons of mass destruction and related technology by state and non-state actors, such as terrorist groups or criminal networks, through increased interdiction efforts.

I said earlier that those who campaign, rightly, against nuclear weapons should take up the cause of the proliferation security initiative. There is also an argument that can be made in respect of some of those regimes, such as North Korea, that may possess nuclear weapons and are not—or claim that they are not—party to the NPT. I agree with a number of the comments that have been made about the serious concerns that exist within North Korea. I am puzzled sometimes by the way in which anti-nuclear campaigners rightly challenge, criticise and scrutinise this and other Governments, yet when there is an example of a country—such as North Korea in the past 18 months—that is seeking completely to disregard its non-proliferation obligations I do not hear the same voices raised in protest.

Jeremy Corbyn: I would like the Minister to be fully aware that those who campaign for nuclear disarmament and nuclear peace do so in every country around the world, including North Korea.

Mr. Rammell: I respect the integrity of my hon. Friend's position, but perhaps he will go back through

[Mr. Rammell]

the record of parliamentary questions, both oral and written, on this issue in the past 18 months. I have not heard the level of concern on proliferation in North Korea that I have heard in other areas of the world. There must be some even-handedness and balance on these issues.

There is a fundamental concern, which is that the UN Security Council has not discussed proliferation since 1992—a period of 12 years, during which these processes have been ongoing. I warmly welcome the debate that is currently taking place about a draft resolution on proliferation, which would seek the adoption of tough national legislation to criminalise the possession, manufacture and trafficking of weapons of mass destruction. Our discussion is very timely. I hope that the Security Council will be in a position to pass that resolution very soon.

This has been an exceedingly good debate. We have had an opportunity to air these issues fully. There are real, genuine concerns that we need to continue to address. We need to go forward multilaterally and seek the nuclear disarmament to which every Member of this House aspires.

Mr. Deputy Speaker: I thank hon. Members for co-operating and enabling every Member who wished to take part in the debate to do so.

UK Citizens (Guantanamo Bay)

3.30 pm

David Winnick (Walsall, North) (Lab): I am pleased to have the opportunity to raise this subject. It is not my argument that the four British citizens held by the United States at Guantanamo bay are necessarily innocent of terrorism—I am in no position to know. We do know, however, that the five who were released, who had been held for some time by the United States, have not been charged for any offence since returning here. I accept that that, in itself, does not mean that the four in question are innocent of any involvement in terrorism. The point is that if the four United Kingdom citizens are to be tried in the United States, the legal process should be in accordance with the recognised law and international standards of democratic countries. Our Foreign Office Ministers and Law Officers should continue to pursue that in talks with the US authorities.

I share the concern that if any or all four of the detainees are charged, they will, as things stand, be tried before a military commission. Apparently, that method of trying people in America applies only to non-US citizens. For instance, members of the US armed services have the right to appeal against a sentence imposed by a court martial to an independent civilian court. Those tried before a military commission, including the British citizens, have no such right of appeal. What happens in such cases is that any guilty verdict is reviewed by a panel of military officers. Once a decision of guilt has been established, such findings go to the Defence Secretary and either he or the President of the United States gives the final confirmation of the decision. There is no right to any kind of independent court.

Moreover, if the four were to be found not guilty, would they automatically be released and allowed to come out of detention? If they are tried before a military commission and found not guilty, will they be released and allowed to leave the United States? It will be interesting to hear the answer to that.

After representations made by the British Government, will the four will be able to choose their own lawyers? That is an important point. The right to choose one's lawyer is a feature of any democratic society. In the United States, for example, those from the armed services who are charged and appear before a court martial have some choice. If the four detainees are to have their own lawyers, what about payment? I understand that it would be necessary for defendants in those circumstances to pay lawyers who, certainly in the United States, do not come cheap. What will happen if they are free to choose their own lawyers, but are not in the position to fund such services?

There is another question about lawyers. Lawyers who appear before the military commission need security clearance and difficulties could arise in such circumstances. If security clearance is very restrictive, would the lawyers acting for the four—if they are allowed to have lawyers of their own choosing—be so restricted that they would not have the information that defence lawyers normally have?

Following the representations made by the British Government, I know that the four are not going to be sentenced to death even if they are found guilty. That is

a useful fact to know, especially for those involved. Nevertheless, if they were to be found guilty by a military commission in the absence of a death sentence, the sentence could be very heavy indeed. That is all the more reason why the defence lawyers should have the necessary information to do the very best for their clients.

Will the proceedings take place in public or in camera, or will they be split between the two? It is important that the whole proceedings are in public. I would have thought that all parties would have similar thoughts on the matter. My hon. Friend the Minister may remember that when he first made a statement on the situation, before anyone had been released, there was a great deal of criticism from all parties on the way in which the United States intended to act. As we know, five have now been released, but there is much sensitivity on the matter, and rightly so.

I hope that I take the acute threat of international terrorism no less seriously than anyone else. My loathing of acts of terror is second to none. Indeed, for 30 years I took every opportunity to condemn the terrorists. In Birmingham, not very far from my constituency, the IRA committed a terrible act of terror in which some 21 people were murdered in November 1974. That is apart from all the other acts of terror that the IRA committed in Northern Ireland and England. While condemning such acts, as well as those carried out by its loyalist counterparts, I sometimes wonder whether those in the United States—what is sometimes described as the Irish lobby—took the same view of the seriousness of terrorism as we did. When it comes to terrorism, my point is clear: we require no lessons from anyone on the subject. We loathe terrorism and we loathe the threat to our people.

We know where the Prime Minister is at the moment. He is rightly paying tribute to the memory of those who were slaughtered in Madrid a fortnight ago. Nevertheless, international opinion, not least in the Arab world, needs to be persuaded that if the four, or any of the other detainees of various nationalities, are found guilty, the legal process will be just and be seen to be so. I am afraid that the proposed way to try those people, whether they are innocent or guilty, is not likely to achieve that aim, or to come anywhere near it. More safeguards are necessary.

If the four were to be charged—they have not been at the moment—it would be far better if they appeared as defendants in a proper court of law in the United States. They should have lawyers of their own choosing and the defence counsel should have all the facilities that defence counsels normally have in the United States and other democracies. If, at the end of it all, they were found guilty, there would be the feeling in this country and probably in the wider world that the due processes of justice had been undertaken. As it stands, what is being proposed is not satisfactory. I hope that Ministers and the Law Officers in this country do their utmost to persuade the United States of the seriousness of the matter.

3.40 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Chris Mullin): I am grateful to my hon. Friend the Member for Walsall, North (David Winnick) for raising this subject and for giving me an opportunity to reiterate the Government's position on the British detainees at Guantanamo bay. In doing so, I want to emphasise two points. First, we have done more than any other Government to look after the interests of our citizens detained at Guantanamo bay and we will continue to do so in respect of the remaining four prisoners.

Secondly, although I accept that many aspects of the treatment of terrorist suspects at Guantanamo bay have been far from satisfactory, we must remain mindful of the unique circumstances in which the detentions arose. I am sure that my hon. Friend is mindful of that. The threat posed by al-Qaeda is unprecedented. In responding to it, Governments have had the difficult task of balancing the demands of civil liberties against the threat posed by an enemy that is extremely cunning, ruthless and utterly without scruple. That has given rise to some difficult dilemmas. I know that my hon. Friend, who, while being a strong upholder of civil liberties, is second to no one, as he says, in his detestation of terrorism, will appreciate those difficulties.

My hon. Friend asked whether the detainees would have access to their own civilian lawyers. We understand that they will, but that those lawyers must come from a list of civilian lawyers approved by the US Department of Defence. He asked who would pay and whether it would be the British Government. My understanding is that the US will not pay for the appointment of a civilian lawyer, but that a military lawyer will be provided in each case. We are considering what advice we can provide on finding qualified civilian lawyers. It would not be appropriate for Her Majesty's Government to provide financial assistance to pay for the lawyers as that is not done in the many other cases in which British nationals are prosecuted abroad. It is not our practice to fund legal assistance for any British nationals facing trial overseas. However, we will be able to provide assistance with finding qualified lawyers.

Let me return to my first point. No Government have done more for their citizens detained at Guantanamo bay than the British Government, both during the detention of the nine men and in seeking to bring about their return. We have been in frequent and regular contact with the United States authorities concerning the British detainees. From the outset we sought to ensure their welfare and actively encouraged the United States Government to resolve their position. British officials have visited Guantanamo bay seven times. We have kept the families and Parliament informed of the detainees' circumstances and of other related developments.

In July 2003, two of the British detainees were designated by the United States authorities as eligible to stand trial by military commission. The commission had been established to prosecute the detainees. The British Government made it clear from the outset that we had concerns about the military commission process and consequently my right hon. Friend the Prime Minister asked the Attorney-General to discuss with the United States authorities how the detainees, if prosecuted, could be assured of fair trials that met international standards. In parallel to that, the Prime Minister talked to President Bush and the Foreign Secretary discussed the matter many times with his opposite number, the US Secretary of State, Colin Powell. Extensive discussions

[Mr. Chris Mullin]

have been held between British and United States Government lawyers and officials. Those discussions have involved many complex issues of law and security, which both Governments have had to consider carefully.

Although the discussions have made significant progress, the view of the Attorney-General was that the military commission, as constituted, would not provide the type of process that we would afford to British nationals. We have been attempting to ensure that the legal process will respect the human rights of the detainees, including the right to a fair and public hearing by a competent, independent and impartial tribunal, established by law. As we know, five of the detainees have been released and have returned home. As for the remaining four detainees, we and the United States authorities are continuing to discuss a range of security matters and other issues. As a result of our talks, US legal procedures against Mr. Abbasi and Mr. Begg were suspended in July and, as my hon. Friend remarks, the United States said that the men would not be subject to the death penalty, and that remains the case.

Our overall position remains that the detainees should either be tried in accordance with international standards or returned to the United Kingdom. That is the basis on which we are working and on which we shall continue to work.

David Winnick: Is it the wish of the British Government that, given the opportunity offered in respect of the United States authorities, the detainees could be returned and that the authorities in Britain would decide, as they did with the five detainees, whether any charges should be made? Would that not be the Government's first preference? The detainees are British citizens and we were involved in Afghanistan, so it is not a separate matter from the United States. If the detainees are to be tried in the United States, will a military commission definitely be involved? Will the United States relent on that? Will my hon. Friend deal with the matter of an appeal if the verdict is guilty? If the detainees are found not guilty and acquitted, will they be released from detention and allowed to leave the country?

Mr. Mullin: On my hon. Friend's first point, our position remains the one that I just enunciated, which is that the detainees should either be tried in accordance with international standards in the United States or returned to the United Kingdom. As for whether they would be prosecuted were they to be returned to the United Kingdom, that is a matter for the police and the Crown Prosecution Service, not the Government. I am sorry, but I have forgotten his third point.

David Winnick: Is it the wish of the Government that the remaining detainees should be returned to the United Kingdom as the other five have been and that the authorities here should decide whether any charges are to be made? If they are returned and charges are made against them, and it was only right and proper that they should be charged, there would be no question about the legal processes involved. We are happy with the legal processes in our country.

Mr. Mullin: I dealt with that. If the detainees are to be tried in the United States, which remains a strong possibility, they should be tried in accordance with international standards. Were they to be returned to the United Kingdom—in the event either of their acquittal or because they were not to be tried in the United States—the matter of whether they would be prosecuted here would be for the police and the CPS to decide. It is not one on which I can comment.

I now recall that my hon. Friend's third point was whether the commission is still the most likely form of trial. At present, the answer is yes, but the precise terms on which the trial would take place under a military commission have yet to be determined. Discussions about that are continuing.

Let me deal with the extraordinary circumstances in which the detentions arose. The attacks on 11 September were the most appalling terrorist atrocity that the world had ever seen. More than 3,000 people, including 67 British citizens, were killed. In response to those attacks, as my hon. Friend knows, a coalition of countries came together to launch a military campaign against al-Qaeda and its Taliban supporters to remove them from their strongholds in Afghanistan.

In those operations, thousands of individuals believed to be al-Qaeda or Taliban fighters, or their supporters, were detained by coalition forces. The vast majority were released, but those who were deemed to pose a substantial risk of returning to conflict—about 800 people so far—were sent by the United States to Guantanamo bay to be detained and questioned about their knowledge of al-Qaeda activities. As a result, valuable information has been gained that has helped to protect the international community from further terrorist attacks.

David Winnick: What happened on 11 September was a terrible tragedy. I was in the United States on a private visit that week, so I know how the American people reacted. I spoke to a gathering on the evening of 11 September in which I made it clear that the United Kingdom would stand by the United States. However, is it not a matter of some interest that the five who were detained were held for a long time—two years—yet when they returned to the UK, no charge was made against them?

Mr. Mullin: I have said that the Government regard many aspects of the Guantanamo bay experience to be unsatisfactory. I outlined the detailed discussions that we have held at all levels with the United States. So far, they have resulted in five of our citizens being returned and then released, and discussions about the remaining four are ongoing.

It is easy to criticise Guantanamo bay, and we are critical of some aspects of it. It is difficult to maintain a balance between a country's security and the protection of its civil liberties in the struggle against the menace of international terrorism, of which the recent horror in Madrid is only the latest example. That is a balance that we must strike. The Home Secretary has been open about that. He published a discussion paper entitled "Counter-Terrorism Powers: Reconciling Security and Liberty in an Open Society". I commend that to hon. Members, because it sets out some of the dilemmas that we are addressing.

I encourage colleagues to consider the issues surrounding Guantanamo bay in that light, and to contribute to the debate on how we should address the various dilemmas that arise from the need to protect the security of our citizens while, at the same time, safeguarding fundamental freedoms that we all rightly cherish.

3.52 pm

Sitting suspended.

EU Constitution

4 pm

Mr. William Cash (Stone) (Con): It is a great pleasure to be here and to deal with an issue covered by the Bill that I presented to the House of Commons the day before yesterday. Curiously, I have just had the pleasure in the European Scrutiny Committee of meeting the Speaker of the Slovakian Parliament, who indicated that, enthusiastic as Slovakia is about becoming a member of the European Union, it is concerned about the parliamentary democracy of nation states in the EU. I mention that because it reflects some of the concerns that I have been pressing for some 18 years, almost from the time that I first came into the House.

I should like to say how sad we are about the recent tragic bereavement suffered by the Minister for Europe. We are sorry that he cannot be here, but more than understand why. I am grateful to the Minister for Trade and Investment for coming instead.

Until very recently, because of the passing of the European Communities Act 1972, a Bill such as mine would have been useful for reaffirming that the United Kingdom Parliament's laws prevailed over European laws, but it would not have been essential. It now is. The sovereignty of Parliament is the guarantee of British voters' democratic freedom. Parliament needs reform to bring it back to its objectives, and it is now in mortal danger. We must remind the courts that they owe allegiance to the Queen in Parliament and to the voters of this country. It is said that judges are appointed quamdiu se bene gesserit—that is, so long as they behave—in the national interest for which they were appointed, and in accordance, of course, with the proper procedures and laws that they are called on to interpret.

What does my Bill do and why is it now essential? It is a very simple, two-clause Bill that provides that European treaties and laws shall be binding in the courts of the UK only to the extent that they do not conflict with any subsequent Act or statutory instrument of the UK Parliament that expressly declares that any such subsequent enactment shall take effect notwithstanding the 1972 Act. That is to say that Parliament prescribes and the courts must back it. That is the crucible.

My Bill is now urgent because the European constitution has been back at the top of the agenda since the new pro-constitution Spanish Government came to power. Ironically, the Poles are alone yet again. The United Kingdom must therefore reassume the leading democratic role in Europe, as it did in the dark days, even if the circumstances have changed from military aggression to European legislative manoeuvre.

The European constitution not only reasserts the primacy of European laws, but also asserts the primacy of the European constitution over the constitutions of the United Kingdom and other member states. It gives the European Court of Justice the role of superior jurisdiction over both, as well as over our newly proposed supreme court, which explains why it is being driven through in the Constitutional Reform Bill, currently in the House of Lords, before the constitution is enacted. The European Court of Justice, with its ever-increasing arrogation of judge-made law, will, in effect, also have power to strike down Acts of the United Kingdom Parliament that are inconsistent with the vast

[Mr. William Cash]

range of the constitution. Indeed, the director general of the European Union legal service and legal counsel to the intergovernmental conference, Mr. Piris, stated:

"The Court of Justice cannot declare that a national law is void because it breaches EU law; it can only declare that the Member State concerned has infringed EU law."

If the constitution goes through, the situation against national laws will be damagingly aggravated.

The practical consequences of the current role of the European Court of Justice are that if it declares an infringement, our courts are bound to give effect to that judgment under section 2 of the 1972 Act. For example, the Merchant Shipping Act 1988 was struck down by our courts. The UK Parliament is, as a result of the 1972 Act, obliged to legislate to achieve conformity with EU legislation and the treaty obligations. My Bill says that if, on behalf of our electorate, we decide not to do so, and therefore decide not to subscribe to those treaty obligations but to insist on our own legislation, our judges must apply and uphold that subsequent and inconsistent Act of Parliament, provided that it is clear and unambiguous. By that I mean inconsistent with the European Communities Act 1972 and the Community instruments, treaties and obligations.

Lord Woolf's insistence that the UK supreme court should not be empowered to strike down UK Acts might be because he wants that to be reserved to the European Court of Justice, as clearly both the Prime Minister and his chum the hapless Charles Falconer—the noble Lord Chancellor—intend. Let us remember that Acts derive their authority from the voters, and it is no wonder that we need a referendum on the constitution. If the Prime Minister continues to refuse one and drives the constitution through Parliament on a three-line Whip, without specific manifesto authority, the Conservative party must promise a referendum if and when the constitution is enacted, and in any event.

I have argued the dangers of all that for years, in particular in the past two years as shadow Attorney-General and shadow Minister for Constitutional Affairs, and in my most recent pamphlet "The European Constitution—A Political Timebomb". That was published last October and I am now publishing a new one, "The Strangulation of Britain and British Business". They both illustrate the need for the reassertion of parliamentary sovereignty over European laws and the acquis communautaire, and the obligation of UK courts to give effect to the latest Acts that are inconsistent with such laws, provided they are clear and unambiguous.

The issue came to a head last September when the Foreign Secretary said on the Floor of the House:

"international treaties take primacy over national laws".—[*Official Report*, 16 September 2003; Vol. 410, c. 794.]

My hon. Friend the Member for Aldridge-Brownhills (Mr. Shepherd) and I refuted that. We tabled a series of questions, which ran into 2004, and forced the Government to back down. Our exchange eventually led to this answer:

"The ultimate guarantee of Parliamentary sovereignty lies in the power of Parliament to repeal all or any of the Acts which give effect to the EU treaties in this country. It is within Parliament's power to legislate contrary to the UK's treaty obligations. This of course includes legislation that might impact on the effective implementation of article I-10(1)"

of the proposed constitution. It continues:

"The result of so doing, however, would be to place the UK in breach of its treaty obligations."—[*Official Report*, 15 December 2003; Vol. 415, c. 732W.]

It is always right to set out the case as fairly as possible and that is the Government's stated position as of January. I am prepared to say emphatically that that was not their view a few months before, but it is now on the record. If there are treaty obligations, which, of course, are made by prerogative, that are out of date or contrary to our national interests—as is so much European legislation, including the proposed European constitution, if it were to be enacted, and the common fisheries policy—they should be amended or repealed if the other member states and the European Commission will not renegotiate them.

I have always argued that if we are to be responsible in dealing with legislation that this Parliament would not want to continue to accept, we must first engage in the process of presenting our arguments to the other side—to those whom we oppose. After that, if they will not listen, we must steer our own course, as I put it in my personal message to my electors in the last general election. After all, every European treaty since 1972 has been a renegotiation, but only in one direction: further integration. European prerogative treaties—treaties that are made—would be swallowed up by the constitution which, when enacted, would prevail greatly to our disadvantage.

Having retreated in the face of our barrage, the Government will no doubt claim that, in view of their now stated position, my Bill is not necessary. That is not so. The reality is that we are facing the 21st century version of the bloodless revolution of the 1690s, except that the substitution of the Stuarts by the Hanoverians—merely one monarchy for another—was far less momentous in retrospect than the usurpation of our democratic Parliament by the European constitution. Democracy depends for its practical effect on delivery through effective accountability and fair and proper democratic procedures, not through waffle about abstract virtues.

Another important analogy is that the judges under the bloodless revolution were no longer appointed, as they had been previously under the Stuarts, at the King's pleasure—durante bene placito Regis. They were appointed so long as they behaved themselves—quamdiu se bene gesserit. Seeking to arrogate to themselves the making of laws at the expense of democratically elected representatives in Parliament would be beyond the pale, especially if that was accompanied by encouraging the judicial activism of the European Court, which is a new form of usurpation.

The forced abdication of James II was strictly unconstitutional and illegal. However, the absurd idea that it would have been possible for the Stuarts to return after they had been airbrushed out of the system was demonstrated by the failure of the Jacobite rebellions of 1715 and 1745. If we do not reassert the obligation of the UK courts to give effect to UK legislation subsequent to and in conflict with European laws, including the European constitution, we will face a similar fait accompli, but it would now be undemocratic.

Our parliamentary laws and the Westminster law-making system will be deemed to have been absorbed in practice, as events move forward, by the constitution and the assertions of the European cause. It will be an abdication by our Parliament if it whips through and enacts the European constitution without a referendum. The claims made by the European court in Costa v. ENEL, and a few other cases that I shall mention, for its own overruling jurisdiction would become reality. Such is the stuff of modern revolution.

Someone may have been listening to that whispering wind because the House of Lords European Union Select Committee report this month called on the Government to state their view on whether the European Court or national courts should be the final arbiter of the dividing line between UK and EU law, especially in the context of parliamentary sovereignty when there is conflict. That is what my Bill is all about, and I want Parliament to dig in its heels. I am not interested in the Government's weasel words because we have heard far too many of those on the subject during the past year or so.

The matter cannot be left to ambiguity. Present case law is clear. The judgment of Lord Denning in Macarthys Ltd. v. Smith and of Lord Justice Laws in the more recent metric martyr's case, Thoburn v. Sunderland city council, is clear. Let me take the opportunity to place on the record the sad tragedy that Mr. Thoburn died only a few days ago, ironically within a few days of the death of Sir William Wade, the great authority on the interaction of European law and the British parliamentary system.

Lord Denning stated in Macarthys Ltd. *v.* Smith:

"it would be the duty of our courts to follow the statute of our Parliament"

if

"the time should come when our Parliament deliberately passes an Act with the intention of repudiating the Treaty"—

that is, the European treaty—

"or any provision in it or intentionally of acting inconsistently with it and says so in express terms".

We must keep the courts to that in the light of the European constitution, and the wording in my Bill follows almost exactly the words of Lord Denning in that judgment.

I have set out what my Bill does. There is no time and no scope for uncertainty or ambiguity, or for allowing the Government or the European elite room to manoeuvre. The Bill is backed by many distinguished Conservative MPs and Privy Councillors, and by hon. Members on both sides of the House—

4.15 pm

Sitting suspended for a Division in the House.

4.29 pm

On resuming—

Mr. Cash: The matter is of vital national interest and I trust that I shall have the support of the Conservative leadership and a commitment to my proposals in the manifesto for the European elections and the next general election. The claims made by the European Court in Costa *v.* ENEL and the Internationale Handelgesellschaft and other cases, and the related line of European Court cases in relation to what is called Kompetenz-Kompetenz, cannot be underestimated, as the Foreign Secretary sought to do, especially in the light of article I-10(1) of the proposed constitution. The constitutional courts of Germany, Denmark and Italy are all in defiance, but look as if they may be about to roll over. The legal adviser to the European Council and others said:

"The EU is not a federal state for lack of demos, lack of Kompetenz-Kompetenz and more simply for lack of will by its constituent parts."

That suggests a lack of will by member states. One has only to look at the outpourings of the European People's party and the Christian Democrats in Germany, not to mention a host of others, to observe that that is not correct. Furthermore, the simple reality is that the ever-pervasive and encroaching—

4.31 pm

Sitting suspended for a Division in the House.

4.45 pm

On resuming—

Mr. Cash: Furthermore, there is a simple reality: the ever-pervasive and encroaching role of the European Court of Justice, now to be enhanced by the European constitution. It is a case of "Now you see it, now you don't". It is a world of magical mirrors, engulfed in smoke. It is disingenuous and naïve—I would say downright dishonest—to suggest that EU constitutional boundaries have been reached.

We only have to consider the 1970 White Paper and the evolution of the EU over the past 35 years to get the point. We need to ensure that our courts, without a written constitution, do not stray in the wrong direction. If the Government were sincere in their declarations that they do not want a superstate, they would commit themselves to the proposals that I have outlined.

4.45 pm

Sir Teddy Taylor (Rochford and Southend, East) (Con): I congratulate my hon. Friend the Member for Stone (Mr. Cash) on a magnificent speech and on his battle to preserve democracy in the European Union. It cheers up the people of Rochford and Southend, East enormously that he still feels positive about democracy, when their own MP has become such an absurd pessimist on the issue.

I ask the Minister one simple question. On 6 November 2002, a Minister of State at the Department for Work and Pensions told me that, following discussions with the European Commission, the Government were told that under regulation 1408/71, Britain would have to pay winter fuel payments to British residents in Martinique, Guadeloupe, French Guiana, Reunion, the Azores, Madeira and the Canary Islands, all of which are overseas territories of Europe. The cost would be £10 million. As a result of the Chancellor's Budget, it will now cost us £15 million.

As those are areas of sunshine with no coldness at all, my constituents want to know that if our Parliament thinks, as I do, that that is nuts, crazy and an abuse of

[Sir Teddy Taylor]

funding, can British MPs vote to stop it? If the 659 MPs say that that is stupid, nuts, wrong and a waste of money, my constituents, especially the pensioners in Southend who suffer from the cold, want to know whether Parliament can stop it? Can we say that the people who live in Guadeloupe, Martinique and the Azores will not get winter fuel payments, and perhaps the people in Iceland or the north of Canada, where it is cold, will? If the Minister can give me an answer—perhaps not today, but by letter—that will reassure my constituents who feel that our democracy is almost dead and wonder why we have MPs at all.

4.47 pm

The Minister for Trade and Investment (Mr. Mike O'Brien): I congratulate the hon. Member for Stone (Mr. Cash) on securing the debate. The hon. Member for Rochford and Southend, East (Sir Teddy Taylor) will be pleased to know that the new European constitution, if adopted, would give greater power to the British Parliament to deal with such issues, so I am sure that he will vote for it.

Sir Teddy Taylor: Would it have the power to stop that payment?

Mr. O'Brien: I had not given way, but I had made my point. I will happily write to the hon. Gentleman on the detail.

As for the main debate, the hon. Member for Stone argues that the draft constitutional treaty for the EU will undermine the sovereignty of this House. He could not be more wrong. Nothing in the new treaty, as drafted, would alter the fundamental relationship between this country and the European Union. The new treaty will strengthen the role of national Parliaments in EU business, which is why I can say what I said to the hon. Member for Rochford and Southend, East. The new treaty will strengthen that role.

The treaty will, for the first time, give this Parliament a power, at the EU level, to monitor and enforce subsidiarity. This House, and other national Parliaments, will be able to force the Commission to reconsider measures that do not meet the fundamental principle that decisions should be taken as close as possible to Europe's citizens.

The suggestion made today by the Leader of the Opposition that the draft treaty is the capstone of a federal state is sheer opportunistic hyperbole and soundbite claptrap. There will be a significant enhancement of the role of this House in European affairs under the provisions, if they are agreed. That reflects the Government's belief in the integral part that Parliament should play in debating and influencing the policies of this Government and of the EU. On 11 February, my right hon. Friend the Foreign Secretary set out to the House various ways in which the Government propose to enhance that role of Parliament. They include the publication of an annual White Paper on the forthcoming plans of the Commission and of the European Council and giving sufficient notice of them to all Members of the Commons and the Lords so that they have an opportunity to influence policy before it is set in stone.

The opportunities for parliamentary involvement in the preparation and scrutiny of the draft treaty have been unprecedented. During the intergovernmental conference alone, Ministers attended eight Committee sittings—including three sittings of the new Standing Committee of the Intergovernmental Conference—that gave parliamentarians the chance to influence the negotiations. If this constitution is so important, it beats me why so few on the Conservative Front Bench—with the honourable exception of the hon. Member for Stone when he was on it—bother to turn up. We participated in more than a dozen debates on the same topic in this House and the other place last year, responded to 16 Committee reports and answered 60 parliamentary questions. That was in addition to the White Paper published in September, which set out the detail of our approach to the negotiations.

In May, 10 new member states will join the European Union, ending the cold war division of Europe and creating an enlarged single market of more than 450 million people: larger than the United States and Japan combined. There are huge advantages in that for Britain. However, if we want to maximise those advantages, we need to modernise the EU's structures to make it work effectively as a union of 25 countries. The new constitutional treaty will make the EU more effective and will give a clear definition of what the EU does and does not do. The constitution will not alter the fundamental constitutional relationship between the member states and the EU.

The hon. Gentleman claims that none the less the treaty will establish the principle of the primacy of European law and so end in some way the sovereignty of this Parliament. He claims that it will make the laws passed by this House and the other place in some way less relevant, or even redundant, as the EU will be able to override them. He believes that we should reject the principle of the primacy of EU law so that member states can effectively pick and choose which EU measures to adopt and implement.

Let us examine those claims. First, the principle of the primacy of EU law is, as the hon. Gentleman knows full well, well established. He should know because my right hon. Friend the Foreign Secretary has been telling him that for a long time. The principle has been accepted since at least 1964, when the European Court of Justice ruled in the case of Costa v. ENEL that the law "stemming from the Treaty" cannot

> "be overridden by domestic legal provisions ... The transfer by the states from their domestic legal systems to the Community legal system of the rights and obligations arising under the Treaty carries with it a permanent limitation of their sovereign rights against which a subsequent unilateral act incompatible with the concept of the Community cannot prevail."

That is what Britain signed up to when the Conservative Government of the day joined the then European Community. This House gave effect to the principle of the primacy of European Community law through the European Communities Act 1972. Is the Conservative party now opposed to that position, which it has supported for the past 30 years? Or is the hon. Gentleman out on his usual anti-euro limb? That remains to be seen.

Ann Winterton (Congleton) (Ind Con): Will the Minister give way?

Mr. O'Brien: The hon. Lady has not been present during the debate and she is aware that I have limited time, but I will be gracious and give way.

Ann Winterton: I am most grateful and I apologise for not having been here earlier. Is the Minister aware that the Minister for Europe in his Government has said in a written reply:

"The United Kingdom will honour its international treaty obligations until such time as Parliament decides to repeal the Acts that give effect to them."—[*Official Report*, 30 October 2003; Vol. 412, c. 360W.]

Is that not the opposite of what the hon. Gentleman has just been saying?

Mr. O'Brien: No, our position has been entirely clear, and we have held it throughout. Parliament already has the power to legislate contrary to our treaty obligations, but we should be in no doubt about what that would mean: withdrawal from the EU, which would be a disaster for the UK.

As far as we are concerned, the draft constitutional treaty explicitly states the principle of primacy, and that makes those on the Opposition Benches nervous. One of the purposes of the treaty is to lay out clearly EU principles and our relationship with the EU. The Conservative party signed up to those principles in 1972; it knew what it had signed up to. That is why we support a declaration proposed by the Italian presidency during the intergovernmental conference negotiations last December that spells out that

"the provisions of Article 10-I (1)on the primacy of EU law reflect existing court of justice case law."

Mr. Cash: Will the Minister give way?

Mr. O'Brien: The hon. Gentleman has had his say; I have not got long, and I would like to make some progress.

We support that proposal for clarity because if EU law did not have primacy, there would be no single market. If member states could pick and choose which European legislation they enforced, they would ignore legislation that threatened the protectionist measures that give special privilege to their industries, and we would not have the level playing field on which thousands of British businesses and hundreds of thousands of British jobs depend.

The reality is that co-operation with our European partners on everything from the single market to stopping pollution to fighting terrorism depends on each member state implementing the measure that it has agreed to. To argue against this part of the treaty, as the hon. Gentleman is doing, is to argue against the very idea of European co-operation. Here, perhaps, we get to his real agenda. His pamphlet of October last year entitled "The European Constitution—A Political Timebomb" advocates a two-tier Europe where the UK has a relationship of trade and association with the EU. It is a scenario in which the UK would be forced to implement EU legislation if it wanted to continue to trade with Europe, but in which the Government and Parliament would have no influence on that legislation. How the hon. Gentleman could see that as a blow for parliamentary sovereignty escapes me.

The primacy of EU law is a well-established principle that has sat alongside the principle of sovereignty of this Parliament for 30 years. Nothing in the proposed treaty will change that. Most lawyers will be familiar—I am sure that the hon. Gentleman is—with Lord Denning's view expressed in his judgment in the Bulmer v. Bollinger case in 1974. He said:

"When we come to matters with a European element, the Treaty is like an incoming tide. It flows into the estuaries and up the rivers. It cannot be held back. Parliament has decreed that the Treaty is henceforward to be part of our law . . . The governing provision is section 2 (1) of the European Communities Act 1972 . . . The statue is expressed in forthright terms which are absolute and all-embracing."

In other words, the Conservatives signed up to this in 1972. Their attempt somehow to disassociate themselves from the principle 30 years later is frankly opportunistic hogwash.

In order to give the provisions of the new treaty effect in UK law, they will have to be passed by Parliament. If Parliament so chooses, it can refuse to pass this legislation. Indeed, it could repeal the European Communities Act 1972. As Lord Denning also said in the case of Macarthys Ltd *v.* Smith, it is always within Parliament's power to legislate contrary to the UK's treaty obligations, but we must be clear that to pursue that course would be to breach our treaty obligations, and we would be signalling our withdrawal from the EU.

It being one minute to Five o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Thursday 25 March 2004

[MR. FRANK COOK *in the Chair*]

China

Motion made, and Question proposed, That the sitting be now adjourned.—*[Paul Clark.]*

2.30 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): I am pleased that we are having a debate on the subject of our relations with China in Government time in this Chamber. I understand that this is the first time in two years that we have had such an opportunity. There is a series of reasons for that, and they will become clear during the debate, which is exceedingly timely.

I pay tribute to the all-party China group led by my hon. Friend the Member for Wirral, South (Mr. Chapman), who, I know, will take part in the debate, as will many other members of that group. It does exceedingly good work in building, at the parliamentary level, important links between the United Kingdom and China.

It goes without saying that China is an important world player and a fellow Security Council member. Bluntly, it is a country that we have to engage with. Whether the issue is climate change, economic prosperity and development or world security, if we are not engaging with China, we are seriously missing out. We have important interests to pursue, including promoting regional security, helping China to reform its economy and reduce poverty and fulfilling our obligations to the people of Hong Kong.

I am pleased to be able to say that the state of our relationship is good. Reflecting China's increasing economic weight and political influence, we are working to step up that engagement across the board. Building a strategic relationship with China is, I believe, key to our international interests. That is reflected in the four main themes of our Whitehall China strategy, which was agreed by Ministers and endorsed by the Prime Minister in June 2002. They are: first, encouraging greater Chinese engagement in international issues; secondly, supporting greater Chinese integration into the world economy—something that is both inevitable and important; thirdly, pushing forward the process of political and economic reform in China; and fourthly, promoting Britain as a partner for China.

This is a good opportunity to reflect on what has changed in China since we last had an opportunity to debate the subject. The new leadership that has been established there, led by President Hu Jintao, who visited the UK before his election, has made it clear that it will continue the policy priorities of economic growth, internal stability and steady opening up to the world. All of those are positive trends and developments.

We have seen the success of that, particularly with the Chinese Government's reaction to the severe acute respiratory syndrome crisis. After initial hesitancy, the Chinese Government rose to the challenge and co-operated with the World Health Organisation. I know that a number of Members agree with that view. Senior officials were sacked for non-co-operation and for covering up cases. The lessons that the Chinese learned during the SARS crisis have been put to good use during the more recent avian flu epidemic. China undoubtedly now has a more open approach to informing the public of public health crises and the measures that are being taken to address them. That is a particularly positive development.

The extent to which a one-party state can meet and embrace the challenges of a free-market economy is a recurring question that I have discussed with a number of Members in the Chamber, and with that in mind I followed the debate at China's recent National People's Congress with great interest. Three of the 13 changes to the constitution strike me as particularly significant. Those are, first, the enhanced recognition of the important role of the private sector, secondly, the strengthening and protection of private property rights and, thirdly—significantly—the amendment to safeguard and respect human rights. We will want to reflect on those changes during the debate.

To me, those seem to be positive examples of the effects of rapid and sustained economic change on both the state and the individual in China. Continuing development will undoubtedly raise many issues for China's leadership, with far-reaching implications for Chinese society and knock-on effects throughout the world. As one of China's friends, we will be looking with interest at whether China is able to manage its economic development evenly across the board. It is worth noting that one of the strong policy directions of the new leadership has been its determination to consider the consequences of economic development and, particularly, the way that an urban-rural split and an east-west split can be dealt with at the macro-economic policy level.

China is playing an increasingly active role in international affairs. Like us, it plays a leading role in the UN Security Council as one of the permanent five and it supports the international war against terrorism.

Mr. Michael Trend (Windsor) (Con): The Minister is going to detail the four priorities that he identified earlier. In the last five minutes, he mentioned human rights briefly, but can he tell me whether the Foreign Office thinks that human rights should be one of the priorities. If it does not think that they are sufficiently important, why not?

Mr. Rammell: Human rights are an important element of our relationship and I will comment in detail on our view of human rights in China.

China is a key player on the international stage. In particular, the decision that it took at the Madrid conference to pledge $24.2 million bilateral aid for Iraq was an exceedingly positive step. In addition, the way in which China has taken the initiative in setting up and promoting the six-party talks about handling the difficult challenge of North Korea's nuclear ambitions, which in many senses may be seen as a new trend and development in the way in which China engages in international affairs, has been extremely positive.

Mr. David Drew (Stroud) (Lab/Co-op): I am pleased to hear my hon. Friend mention North Korea. I accept that China has played an interesting role in trying to change the North Korean regime. At the same time, to link to the previous intervention on human rights, we measure not only what the Chinese say but what they do. It would help if they did not send back North Korean émigrés who have sought refuge in China because of the persecution in North Korea. Will my hon. Friend say what the Government are doing to take that up with the Chinese Government?

Mr. Rammell: There is a significant concern about the human rights situation in North Korea. As I am the Foreign Office Minister responsible for the human rights portfolio, some of the most appalling allegations about human rights come across my desk on a daily basis, and those in the recent BBC documentary on human rights in North Korea were among those that have shocked me the most in the 16 months that I have been a Foreign Office Minister dealing with that brief. There are, therefore, concerns about genuine refugees fleeing North Korea in fear of their lives. We have engaged with the Chinese Government. Indeed, I did so earlier this week, urging them to consider carefully the refugee claims coming from citizens crossing the North Korean border and, particularly, to involve the UN High Commissioner for Refugees in assessing those claims. We have made that case and we will continue to do so.

Relations with China are also developing at the level of the European Union, and in September 2003, both the European Union and China produced policy papers on strategies to enhance that relationship.

Mr. John Wilkinson (Ruislip-Northwood) (Con): What will the attitude of the European Union be to a resolution proposed by the United States of America on human rights in Tibet at the Office of the UN High Commissioner for Human Rights? Many people are concerned that the EU has appeared to be at least ambivalent, if not disinterested, in human rights in Tibet.

Mr. Rammell: I shall comment later in greater detail about specific aspects of human rights policy, particularly, our stance on resolutions that are likely to be forthcoming from the UN High Commissioner for Human Rights. I assure the hon. Gentleman that if I do not specifically address his question at that stage, I will do so in the summing up.

As I am dealing with relations between the European Union and China, it is pertinent to take the opportunity to mention briefly the EU embargo on arms sales to China. The European Council agreed on 12 December to review the policy on the embargo, and the General Affairs and External Relations Council decided in January to remit the issue to a working group for detailed examination. Once that has happened, the matter will revert to the Council.

The subject is complex and needs careful consideration. We support the review and have encouraged our EU partners to conduct it rigorously and to take full account of the impact of lifting the embargo. We are still considering our position within that context, but I assure hon. Members that lifting the embargo would not remove our ability to control arms sales to China. Since the embargo was established, our own arms export criteria and code of conduct, and the EU code of conduct interpreted by the UK through the consolidated criteria, have been incorporated. Come what may, they will remain in place as a significant means of controlling exports to China.

I come now to the bilateral relationship, which has been stepped up vigorously in both directions by senior visits from many Ministers. Nine members of the present British Cabinet have visited China in the past year, and the Prime Minister visited last summer. We look forward to a visit by Premier Wen Jiabao later this year. There is a two-way exchange of ideas, discussion and information.

As an indication of the importance that the Prime Minister attaches to our links with China, after his visit last summer he charged the Deputy Prime Minister with leading a group to discuss with the Chinese authorities how to promote our relationship with China in new and dynamic ways. In preparation for the next meeting with the Chinese at prime ministerial level later this year, the task force is drawing up a list of innovative proposals for deepening the relationship. Initially, the task force is focusing on trade and investment, science and technology, education and the environment. It is an exceedingly important process.

We also have a significant trade relationship with China. UK trade with China has doubled in the past five years, growing faster than that of any of our G8 competitors. That shows that at government and business levels we are focusing on the opportunities that are available. The process is two-way, as approximately 150 companies from mainland China invest in the UK. China's accession to the World Trade Organisation in December 2001 has accelerated the opening up of its economy and improved the competitiveness of its industry. China is a priority market for UK Trade and Investment, and the UK is now the fourth largest EU exporter to China, behind only Germany, Italy and France. We want to build on that strong position. Many British companies are playing an active role in Beijing and in the development of China more generally.

It is worth commenting on the perceptions of the relationship between the two countries, particularly the perceptions that Chinese people have of this country. A recent Gallup poll highlighted the outdated perceptions of Britain among young educated Chinese people. We were concerned about those perceptions and rightly responded by mounting a major campaign to correct them and to project the UK as a partner of choice for China. As a result, the successful Think UK campaign took place throughout China from October 2002 through much of 2003 to promote the real face of Britain today. Its aim was to reach a young educated audience through the mass media and show them the creative and innovative sides of Britain and how they are relevant to China's aspirations and development needs. There has been enormous interest in the campaign, and on my visits I have been able to see some of the good initiatives that have resulted from it.

We also have significant relations with China through education. China is one of seven target countries identified in the Prime Minister's initiative to attract international students to this country. There has been a welcome and significant increase in the number of

Chinese students studying in universities in the United Kingdom—currently about 35,000. It is a significant trend and development in virtually every university in the country.

Any debate about China would not be complete without reference to Hong Kong. It has a dynamic and positive part to play in our relationship with China. It is an integral part of the Pearl River Delta region, which is the fastest growing region of the fastest growing economy in the world. Many British companies continue to enter the Chinese market through Hong Kong. We should, and do, help them as much as we can with that process.

As we look forward politically and economically, we should not and we do not forget our responsibilities towards Hong Kong, emanating from the 1984 Sino-British joint declaration on Hong Kong. Given the importance of that, the Foreign Secretary reports to Parliament twice a year on the situation in Hong Kong. We are pleased that the handover went smoothly—to be blunt, better than many people had expected. It was a good example of Sino-British co-operation.

Some seven years on, our reports continue to assess that "one country, two systems" is generally working well in practice. We welcome the fact that the Chinese Government and the Hong Kong Special Administrative Regional Government have shown a commitment to making a success of "one country, two systems". The rule of law, an independent judiciary, a meritocratic civil service, respect for human rights and fundamental freedoms and the free flow of people and information are all rightly still intact.

It is worth noting that on a few occasions we have had particular concerns about certain developments in Hong Kong that might impact upon the workings of the joint declaration. On such occasions we have raised those concerns with the Special Administrative Regional Government or Beijing, as appropriate.

If necessary, we make those concerns public, and that is right. For example, as the Minister responsible I made five public statements during 2002–03 about the national security legislation that was mandated by article 23 of the Basic Law. I remember discussing that in the Foreign Affairs Committee with some of the Members present in the Chamber, because we shared the concerns of many in Hong Kong that the proposed legislation might undermine the rights and freedoms of the people of Hong Kong and lessen its autonomy from mainland China, as was properly provided for under the joint declaration and the Basic Law. We were very pleased that the Special Administrative Regional Government decided last year to withdraw the draft legislation and to consult the people of Hong Kong further. That has been welcomed within Hong Kong generally.

When examining Hong Kong, the current big political question is over constitutional reform. The Basic Law, Hong Kong's mini-constitution, to which we were not party, lays down the ultimate aims of selection of a Chief Executive and election of all members of the Legislative Council by universal suffrage. However, decisions must be made about the pace at which that happens. Inevitably, there are differences of opinion about it in Hong Kong, and recent press commentary has noted that. We are following the debate closely, and our views on the subject are clear and well known.

We hope that there will be early progress towards the Basic Law's ultimate aim of the selection of a Chief Executive and all members of the Legislative Council by universal suffrage at a pace in line with the wishes of the people of Hong Kong. As the Prime Minister made clear when he visited there last July, it is vital that Hong Kong continues its advance towards universal suffrage but maintains the stability that is the bedrock of its success. Given our historical responsibilities, we will continue to follow events closely.

Several Members have raised the subject of human rights in China. Although bilateral relations are good and we are looking to develop them, we have areas of disagreement with China. It is a sign of a healthy and developing relationship that we can engage in a critical dialogue with China on such issues. Human rights and individual freedoms, particularly on the economic and social side, have undoubtedly increased greatly in the past 10 years, but we are still concerned about the human rights situation.

In 1997, we decided that a policy of critical engagement was the best way to help China to improve its human rights. Our main tool in that engagement has been the bi-annual UK-China human rights dialogue, at which we raise hosts of issues, including individual cases of concern. The fundamental aim of that process is both important and worthwhile: to bring about sustained and long-term improvements in Chinese human rights by engaging the Chinese authorities in direct discussions on issues of concern. Nevertheless, it is not always understood that that dialogue does not stop us from speaking out about abuses in China, or from pressing for improvements, which we do both publicly and privately.

We acknowledge China's progress in improving the economic lot of its people, and it would be churlish not to acknowledge the encouraging progress in areas such as legal reform, but there is no doubt that much more is needed. We want to see progress in the treatment of religious activists, Falun Gong adherents and political dissidents, and regarding the death penalty and North Korean border-crossers. We remain particularly concerned about Xinjiang and Tibet.

There have been calls for the UK to support a resolution on China at the Office of the United Nations High Commissioner for Human Rights in Geneva this year. We are likely to vote in favour of such a resolution, and will certainly vote against a no-action motion. When I spoke at the commission, last week, I clarified our position on the human rights situation in China.

One of the most encouraging developments since we began our human rights dialogue is the increased willingness of the Chinese to engage with international mechanisms, which will ultimately lead to sustained improvements in human rights. That brings to a head the debate about standing on the sidelines and criticising rather than engaging with a country. Examples of progress in China include the ratification of the international covenant on economic, social and cultural rights, and the submission of the first report in May 2003; serious consultations with us and the EU about ratifying the international covenant on civil and political rights; and the creation of a Chinese working group to study ratification. We will certainly help in whatever way we can. Progress is also demonstrated by the good levels of co-operation between China and the

[Mr. Rammell]

Office of the UN High Commissioner for Human Rights. They are all positive developments, which at least demonstrate an increased willingness on the part of the Chinese to engage with those issues.

Some people claim that we have allowed trade considerations to subvert our human rights concerns, but I, as a Minister at the centre of this issue, do not agree. Of course, it is important that we pursue trade links with China, but that does not, should not and will not stop us from speaking out on human rights concerns.

Mr. Drew: The Minister has not mentioned the policy of coercive population control and the fact that China continues to have a one-child policy, which involves forced abortion and sterilisation. Whatever one's view on the size of China's population, one cannot say that that is the behaviour of a developed country. What engagement do the British Government have on that most basic of human rights? Do they involve themselves with the way in which population is controlled?

Mr. Rammell: Any policy of forced abortion is wrong. We have discussed that subject, and I hope to comment further on that issue when I sum up.

I come now to illegal immigration, a subject that is of keen interest to both our countries. There is undoubtedly a growing Chinese community in the United Kingdom. It plays an increasing and welcome part in the life of this country, but we cannot, and should not, shut our eyes to the problem of illegal immigration. Illegal immigration and the associated trafficking are a problem for the UK and China. If anyone needed convincing of that, last month's events at Morecambe bay underlined the importance of ongoing co-operation between our two countries on illegal immigration.

We note with regret that China is a major source of illegal immigration into the UK and is one of the top five countries that produce asylum seekers. We are working with the Chinese Ministry of Public Security to stop would-be over-stayers and asylum seekers travelling to the UK, and to return to China those who succeed in reaching the UK. Our key objective in dealing with unjustified asylum claims is to increase the number of asylum seekers returned to China. We have asked China to post a permanent official to its embassy in London to assist in identifying failed Chinese asylum seekers, and we want to continue to work and co-operate with the Chinese authorities in this regard.

I shall comment briefly on the situation in Taiwan. The UK's position on Taiwan's status has not changed. We have no diplomatic ties with Taiwan, but we enjoy good bilateral relations in several areas such as trade, culture and education. Approximately 13,000 Taiwanese students are enrolled on courses of various lengths in the UK—an increase from only 300 about 10 years ago. Taiwanese investment in the UK has slowed from its peak in the late 1990s, but the UK is still the leading location for Taiwanese investment in Europe, which we welcome. That is significant.

We have also welcomed the continued development of democracy in Taiwan. In March 2000, we witnessed the first democratic transfer of political power in Taiwan. The fact that that transfer was smooth and peaceful shows once again Taiwan's impressive achievements in establishing a fully functioning democracy in recent years. I am sure that all Members will join me in applauding and welcoming that.

It was also good to see that more than 80 per cent. of the electorate voted in last Saturday's elections in Taiwan. Perhaps we could aspire to that in this country if we all got our act together. On Saturday, the central election commission announced provisionally that Chen Shui-bian had won. I understand that it will make a formal announcement tomorrow. I also understand that Opposition candidates have asked for a recount and a judicial review. Whatever happens, I hope that all parties will urge calm, and that the issue can be dealt with through the appropriate legal mechanisms.

I want to make it clear that we believe that Taiwan's future is a matter for people on both sides of the Taiwan straits to settle peacefully among themselves. We would be extremely concerned by any recourse to military action, and we take every suitable opportunity to convey to the Chinese Government and through informal channels to the Taiwanese that we strongly oppose the use of force.

Mr. Trend: I have a factual question for the Minister. Has a date been set for the visit of the Chinese Premier to London? I do not know if he has already mentioned that, as I was dozing.

Mr. Rammell: Plans are under way. I will check whether that visit has been publicly confirmed. If it has, I will let the hon. Gentleman know when I sum up.

In conclusion, this is an important opportunity to discuss our relations with one of the most significant countries in the world. I hope that as many Members as possible can contribute to the debate, and that we can have a really good discussion.

2.59 pm

Mr. Richard Spring (West Suffolk) (Con): I thank the Minister for securing the debate and for giving us such a comprehensive overview of our relationship with China. I also pay tribute to the hon. Member for Wirral, South (Mr. Chapman), who brings to the House a unique understanding of China. He has succeeded in building very strong links between parliamentarians in the United Kingdom and in China. I salute his efforts and all those who are associated with him.

I should like to apologise to the Minister, to you, Mr. Deputy Speaker, and to other hon. Members for the fact that I may have to leave a little early for an unavoidable appointment outside the House, away from London.

It is good to speak on a subject that is highly important, about a country that assumes ever greater economic and geopolitical importance. This debate is also topical, given the recent Taiwanese elections and the apparent breakdown in the talks with North Korea, in which China has played such a constructive role. China enjoys a good relationship with the United Kingdom and that is to be welcomed. Indeed, the Conservative party, perhaps to the surprise of some, enjoys an enduringly strong relationship with China, which dates back to the premiership of Sir Edward Heath.

With its economic and political clout, China has the opportunity to become a major global force, a power that we would ignore at our peril and with which we must remain constructively engaged. Chinese civilisation and culture have of course contributed immeasurably to the world, just as the enterprise, value and work ethic of Chinese communities have enriched national life in the United Kingdom and in other countries throughout the world, with remarkable success. China is enjoying exceptionally high levels of economic growth and is still only beginning to realise its vast economic potential—a potential that is increasingly felt in the global economy. Although China took steps yesterday to cool the pace of loan growth and tighten monetary policy by announcing a series of interest and bank rate reforms, the boom continues.

China's foreign and domestic policies revolve round the key objective of economic growth, focusing on market liberalisation, privatisation and globalisation. China's recent economic growth has been impressive and consistent. She has a huge and growing appetite for raw materials to fuel that economic growth. Coupled with a harnessing of her vast supplies of human resources, the utilisation of communications advances and the undoubted political will to make things work, that should lead to continued advances and growth. Along with the US economy, her economic success has been a driving force for world economic growth.

In 2003, Chinese real GDP growth was estimated at 9.1 per cent. Production levels are rising year on year; for example, car production alone rose by 32.7 per cent. That is only one example, but it is symbolic of a pattern repeated across the Chinese economy. In 2002, China accounted for 4 per cent. of global GDP. She is currently the sixth largest economy in the world and is projected to be fourth largest by 2010. All that presents an impressive picture, which is complemented by China's participation in international trade. China's accession to the World Trade Organisation was welcome. Her membership will open up important new markets and act as an important encouragement to economic liberalisation. China had exports totalling a huge $438 billion in 2003 and imports of a similar range and quantity. China is a huge market, with tremendous potential for British, American and other firms. China's increased participation in the global trading system is to be welcomed, not feared.

Trade and economics are but one facet of China's complex and multifaceted geostrategic position, but they also have a direct impact upon China's domestic political development. One consequence of China's impressive economic growth, which I have seen for myself on a number of occasions, is a widening gap between rich and poor, between urban and rural communities, among regions and between the so-called elite and the mass of the population. Such differences as arise during a period of economic transition are perhaps inevitable, but they give rise to tensions and pressures in society for parallel political reform and social reform. Such pressures are evident in China. The challenge facing China's rulers is how best to address them and to ensure that all Chinese share in and benefit from economic success.

Under the leadership of Hu Jintao, small steps have been made towards greater participation in government at the village council level. It is progress, and is thus to be welcomed, but it is only a small step.

I believe that there can be no doubt that the Chinese Communist party remains determined to preserve its hold on power. Economic growth must be sustained, runs the strategic equation in China, so that continued improvements in living standards can be delivered, thereby reducing social inequality and possible discontent and preserving at the least an acceptance of the continual rule of the Communist party and the current system. Whether such a calculation will be capable of satisfying aspirations for greater participation and empowerment for any length of time remains doubtful. However, it is to be hoped that China will look towards more long-term reforms designed to increase democratic participation and diversity.

We can rightly be proud of our relationship with China, but it is also right that we are honest with our friends. As China's influence and participation in international affairs grows, we would encourage her Government to take seriously the many documented human rights concerns of which she is accused. The latest Foreign and Commonwealth Office human rights report makes our concerns in that respect clear, and the US has spoken out particularly forcefully against China's human rights record, leading China to bring talks with the US on the subject to an end. To simply lecture and hector would serve little purpose, but I hope that the Government will reaffirm their commitment to remain actively engaged with the Chinese Government on the issue and will make clear the tremendous advantages to China, and to their international image and reputation, of taking an increasingly open and transparent approach. I hope that under the outward-looking leadership of Hu Jintao such considerations will increasingly feature in official thought.

A similar approach applies to Tibet. It would be wrong for me to seek to over-simplify that complex issue. However, in essence, China should seek to respect Tibetan culture fully, and I hope that the Chinese leadership will seek to build a successful direct dialogue with the Dalai Lama, given his standing in the world at large.

Hong Kong has also been a cause of some tension of late, with calls for increased democracy for the Special Administrative Region. The handover of Hong Kong in 1997 and the "one country, two systems" compromise that was reached was rightly regarded as a success, preserving much that was economically and politically successful about Hong Kong in the past. The expiry of Chief Executive Tung Chee-hwa's term of office in 2007 has led to calls from men such as Martin Lee for fuller democracy by that time and for the right directly to elect their next leader. However, Beijing appears unwilling to countenance that, although talks have been under way between Hong Kong's Chief Secretary and the Chinese Government in Beijing about the matter.

It is important—the Minister has alluded to this— for China to think seriously about the democratic aspiration that has been constitutionally incorporated in Hong Kong, and to continue the special status and feel of Hong Kong. It is a great tribute to the flexibility of the Chinese system that the handover has happened so successfully. China can be complimented on the way in which it has handled Hong Kong since the handover from the United Kingdom.

[Mr. Richard Spring]

The vexed question of Taiwan remains—one of the longest lasting and seemingly intractable disputes in the world. It is regrettable that the recent election results appear to be somewhat inconclusive and that Taiwan's voters appear split on the question of rapprochement with Beijing. We believe that a process of reconciliation can be carried out at all levels, even the most basic. Further useful and important steps could include the establishment of direct flights between Taipei and mainland China, for example, and improving communication and economic links in general. However, while encouraging such steps, it is right that we always bear in mind that Taiwan is now a functioning democracy. Its leaders must, in their own interest, approach relations with China in a way that minimises friction and maximises the potential for dialogue.

Of late, China has adopted a far more outward-looking approach internationally. She was a strong supporter of the fight against terrorism after 9/11 and has become increasingly engaged internationally through organisations such as the UN Security Council, the WTO and the Association of South East Asian Nations. Her increased participation in international multilateral diplomacy is encouraging.

I do not share the fear expressed by some that China's participation in international affairs is in some way threatening. Terrorism has proved a point of common concern between east and west, and China's overriding priority of economic growth means that she sees a stable international scene as important. China has no interest in raising the international temperature while economic growth remains its top priority. That is not to say that her self-image can be discounted, and she will doubtless react when she feels threatened or affronted. However, much of her current activity revolves round lowering the temperature in some parts of the world, including her relationships on the Indian subcontinent. More importantly, she is attempting to use her regional and global influence to address the threat posed by North Korea's nuclear activities, and Chinese diplomacy has been pivotal in getting talks under way. I look forward to a 21st century marked by increased co-operation and closer friendship with China and by the extension of current economic and political reforms. There can be no doubt that China will be a major global power in the 21st century.

A modern, well educated younger generation, many thousands of whose members are being educated in this country's universities, will undoubtedly want greater political plurality. China continues to debate reform and how to adapt to the changes wrought by economic liberalisation. That is no easy task, but the fact is that political liberalisation must go hand in hand with economic liberalisation. We can be confident that the reform process will grow and will, in time, deliver an increasingly successful, prosperous and internationally engaged China. That prospect is very much to be welcomed.

Mr. Deputy Speaker (Mr. Frank Cook): As hon. Members will know, this is a three-hour debate, but it might be helpful if I point out that we have already exhausted 42 minutes. If I choose to set aside 10 minutes for the winding-up speeches, we will be left with about 125 minutes. I hope that right hon. and hon. Members will take account of that when making their contributions and accepting or making interventions.

3.13 pm

Mr. Ben Chapman (Wirral, South) (Lab): I shall try to be as brief as I can. However, it would be remiss of me not to thank the hon. Member for West Suffolk (Mr. Spring) and the Minister for their kind remarks about the all-party group on China; I am delighted to see so many of its members and officers here today. It would also be remiss of me not to say how much I appreciate the fact that the Foreign Office has set aside time to debate this important issue. Members of the all-party group also appreciate the way in which the Minister has kept us, and parliamentarians generally, informed of Chinese matters.

There is always a juncture at which it is appropriate to debate China; indeed, such an occasion seems to recur regularly. This time, we are celebrating 50 years of our trading relationship with the People's Republic. As the Minister said, we also welcome the visit by the Chinese Premier.

Like the Minister, I wholeheartedly welcome the creation of the China taskforce chaired by the Deputy Prime Minister. That was important in itself, but the decision by the Chinese to reciprocate greatly enhances the initiative's potential as a tool for expanding existing spheres of co-operation. Like other members of the all-party group, I await with considerable interest the outcome of deliberations by both taskforces in the coming weeks.

I want to say a few words about the development of the group. It is a large group—one of the largest, I think, in the Palace of Westminster—and our membership has increased by 35 in the past two months alone. The main group now has 155 members, and its Hong Kong committee has, without duplication, 101 members, so we total 256. That makes us a significant group.

We recently received a delegation from our counterpart organisation in China to discuss ways in which we could deepen and strengthen our relationship with the UK-China friendship group in the Chinese Parliament. We have many things in mind. We want to make more regular visits, not necessarily in formal delegations, but as individuals or in small, specialist groups interested in science, technology and other areas. We want to exchange information on a regular basis, to engage in discussions and to make it possible for our members to take lessons in Mandarin.

We want to invite officials from the National People's Congress to London for training and experience, as we did on a former occasion. We may even want to invite members of the Congress individually for such training and experience. In any event, we need to deepen and widen the relationship between us as parliamentary bodies.

We need to visit China regularly because change is a constant there, and we need to keep up to date—and just to touch on a domestic matter, we need money for the purpose. I greatly appreciate the efforts that went into raising the money that comes to us through the Inter-Parliamentary Union, and I know that the Minister was

instrumental in securing that, but it is important that we examine the funding of such bodies if they are to contribute positively to our bilateral relationship.

The all-party group's role is important. China's long-term aim is to move towards democratisation, and our role in that process and the development of parliamentary processes with the Chinese is surely valuable. Although we, as the mother of Parliaments, may have something to teach China, let us take account of the fact that it will have something to teach us. It is for that purpose that frank, frequent and robust dialogue at parliamentary level must continue and develop.

Times are changing, and the times when countries could maintain a state of isolation are long gone. Politically, China has more than come in from the cold. It has become a positive force in the international community, seized of the necessity of exploring the problems that unite us, rather than dwelling on those that divide. The new leadership has heralded what I hope will be a period of openness, as the Minister commented. The experience of SARS has brought about change.

We have differences on human rights. That is the issue that attracts most attention from members of the parliamentary group and their constituents. We frequently press our case to the Chinese parliamentary delegations and others, in a forceful manner. It is not a softball game. Human rights are a serious and pressing problem. However, we must be careful to acknowledge the staggering social, political and economic change that China has undergone in the past 30 years, and its overwhelming imperative of stability.

China is on a continuum that will, I believe, take it from economic reform through political reform to social and civil reform. Although that progress is not a straight line, it is our job to assist China, in however modest a way, along it. I share the Minister's enthusiasm for the decision of the National People's Congress to amend the constitution to broadcast the state's respect for and guarantee of human rights. What that will mean in practice remains to be seen.

The current state of social and political rights in China still leaves something to be desired. There is real progress to be made on the ground. Much has been said, and I shall not repeat it here, about the detention of democratic activists, the death penalty, Tibet and Xingjiang, and on the ineffectiveness of megaphone diplomacy.

China is an economic leader in its region not only because it is a massive economy with a massive internal market, but also because of its policies and its new internationalism. It was a bedrock during the last Asian financial crisis. It is now the driver of the regional and wider economy. Products from Japan and its neighbours have triggered growth in other areas of the world.

I was talking last night to a Brazilian diplomat who told me that the Brazilian economy had been sustained in recent times by the export of commodities to China. China is now one of the biggest consumers in the world of copper, tin and zinc; it is a big consumer of coal and rubber; and it is the world's largest consumer of cement. It is the world's second largest importer of oil—a growth in demand that has been instrumental in keeping up the price of oil. It is the factory of the world, accounting for half the world's cameras and photocopiers, a third of the world's air conditioners and a quarter of the world's refrigerators.

The Prime Minister spoke earlier of the Chinese speaking economic language with a fluency and comfort equal to that of any first-world nation. I agree with the Prime Minister and with the Chinese ambassador, Zha Peixin, who last week spoke of his expectation that Chinese and English would be the major languages of business in the years to come. Last year the economy grew by 8.5 per cent. in China, despite the SARS outbreak, and it attracted more direct foreign investment than the United States. It has developed a new, young, middle class, and in 2006 China will be obliged by the WTO to open its financial sector to foreign competition, with all the free, rapid contact with the world that that requires.

It has been said that China represents an economic bubble. The Minister said something about that, as did the hon. Member for West Suffolk, and I think others will too, so I will not. The consensus view seems to be that although reform will be increasingly difficult, growth rates above the mid-point will continue for some years to come.

We are, as the Minister said, facing a big trade deficit with China. I learned long ago, when I was involved in trade diplomacy, to argue the benefits of free trade when the trade balance was in our favour, and the benefits of reciprocity when it was in others. I am arguing for reciprocity in this case because we have a lot of expertise, services and goods that match Chinese needs. I compliment the work of the China-Britain Business Council, which has been the principal vehicle in the UK for the development of business in China; its work is to be encouraged, as is the networking and standing of the 48 Group club, which also plays a major part.

I should also mention the Great Britain-China Centre, which has unparalleled expertise in running exchange projects with Chinese partners working with many different UK organisations. It was chosen by the UN High Commissioner for Human Rights to be an implementing partner in human rights training for the Chinese police. The work of the Department for International Development is no less important, but the hon. Member for Banbury (Tony Baldry) may say something about that so I shall leave it to one side. The British Council, as the Minister has said, is to be congratulated, not least in the context of Think UK. The council is instrumental in shaping the image of the UK abroad, and one look at the number of Chinese wishing to study here and experience British culture is testament to the remarkable job that it does in bringing perceptions of the UK up to date.

As China increasingly opens up to the global community, the links and understandings fostered at an early age among students through shared culture and experience can only contribute to a harmonious and empathetic future relationship. A truly successful relationship works both ways, of course, and although it is imperative that we do our utmost to encourage those in China to experience the finest that our education system has to offer, it is important that British students take advantage of the opportunities for study that exist in China. Astronomers at Liverpool John Moores university recently completed the manufacture

[Mr. Ben Chapman]

of the world's largest robotic telescope, ordered by the Chinese Government to develop modern astronomical facilities in China. Nottingham university is to open a campus in Ningbo in partnership with the Chinese education authorities. That will be an exchange of research and expertise between academics and students in China and the UK. Liverpool's universities, which are close to my constituency, are closely engaged with these developments, as are universities across the UK.

I know that you wanted me to be brief, Mr. Deputy Speaker, but I would like to say a bit about Hong Kong. A major aspect of our bilateral relationship is quite properly apportioned to Hong Kong. Economically, the last couple of years have been stormy to say the least. The SARS virus impacted relatively severely and suddenly. However, growth has resumed and property prices have started to rise again.

I want to concentrate on democratisation. It may be thought that that is a matter for China, and not one on which external views should be expressed. However, Britain has a continuing interest in developments in Hong Kong and in the implementation of the joint declaration, so we have an interest in democratisation too.

Colleagues will be aware that the Special Administrative Region of Hong Kong is administered by a Chief Executive with the help of a Legislative Council and an Executive Council: LegCo and ExCo. The members of LegCo are elected on varying bases and by various constituencies. Under the Basic Law that has applied since 1997, provision is made for the gradual and orderly progress towards direct election, by universal suffrage, of the Chief Executive from 2007 and the LegCo members from 2008. Although the Chinese leadership is rightly concerned with protecting the stability of the giant nation with its varied, disparate and semi-autonomous regions, areas and provinces, it is also right that obligations vis-à-vis popular sovereignty in Hong Kong be honoured. That is not just a moral duty; it is a point of political and economic necessity.

To me, "legislative council" and "executive council" are terms that British administrators have traditionally used to describe legislatures in colonial territories. It may be just nomenclature, but to me a legislative council always seems to reflect a colonial concept. In any event, it is surely a form of government that is fundamentally transitory and has built-in obsolescence. It comes with and immediately after the plumed hats regime. Taken as a generic term, legislative councils have a tendency to be conservative bodies, for holding back rather than moving forward.

In Hong Kong, the concept of political appointees as so-called Ministers—the accountability system—seems to me equally transitory. The system seems to be wrongly described and is ultimately doomed to disappear if it has no Government party supporting it. A Government without a Government party lack credibility and strength. An Opposition without a Government party lack focus and cohesion. We need to move on to that sort of concept in Hong Kong.

If the "one nation, two systems" concept for Hong Kong is said to have been based on a template originally produced for Taiwan, how are the Taiwanese to view the matter if there is no progress towards normally understood forms of democratisation in Hong Kong? What the Basic Law does and does not allow may be a matter of debate, but the fact that more than 500,000 people marched in support of a democratic expression of views in Hong Kong suggests that progress on that has something of the imperative about it.

If the Hong Kong economy has improved, I would venture to suggest that that improvement lies in external factors, such as the strength of the Chinese economy and the number of tourists from the mainland coming to Hong Kong. It is not because of the strength of the Government. If, as I believe, Hong Kong will have to plan its strategy as it has not done before, it will require the strength of a Government backed by a Government party. The Chief Executive has announced a review and consultation, and I hope that that, and the work of non-governmental organisations such as the Civic Exchange, will lead to the earliest possible election by universal suffrage of the Chief Executive and the LegCo.

Finally, I want to say a few words about the Chinese community. The hon. Member for West Suffolk beat me to the draw, but it is worth saying that although in this country Chinese has been virtually synonymous with Cantonese, that is changing. What were known as Chinese restaurants in this country were Cantonese restaurants. However, the people who represent the Chinese community are now from all parts of China, as are the restaurants. The 2001 census enumerated 247,000 people of Chinese ethnic origin in the UK.

Large-scale migration of the Chinese to Britain is fairly recent. At the end of the second world war there were a few thousand Chinese in Britain. The majority of today's Chinese came in the 1950s and '60s largely from Hong Kong, attracted by opportunities in the catering industry in the UK. Although that is the general picture, it is not true in Liverpool, which is close to my constituency and has a community going back many years coming substantially from Shanghai. Later waves include Vietnamese and Chinese coming in the '70s and students from mainland China who have remained in Britain after finishing their courses.

The profile of the Chinese in Britain is one of a successful ethnic minority: small in size, young in age and balanced in gender, and its arrival is one of the most recent on the British scene. The Chinese are well educated: the proportion of those educated to college level and above surpasses that of the white population. They have a low unemployment rate and they are disproportionately represented in professional and skilled occupations. In education and occupation they have outperformed the rest of the populace and present a socio-economic profile reminiscent of the Chinese in the United States. In short, historically, they are an integrated and hard-working community.

Yet in 2001 the tabloid media made the Chinese scapegoats for the foot and mouth epidemic. Restaurants suffered a 40 per cent. drop in takings and racial attacks took place on Chinese in rural areas. In Northern Ireland it is estimated that as many as two out of three members of the Chinese community have been subject to racial abuse. That industrious and otherwise unobtrusive group has been the subject of distorted tabloid media presentation, painted sometimes as illegal immigrants, asylum seekers, long-term stayers,

snakeheads, triads and God knows what else. The fact is that they are a highly contributory and a greatly respected part of the community. My friends from the community are currently in the House of Lords, President of the Manchester chamber of commerce, deputy lords lieutenant of their counties and so on. Because of their cultural, economic and family links with the PRC, they are not only a highly valued part of the community, but vital to our bilateral relationship.

China is a colossus of global, political, economic, social and cultural importance. In these times we should do all that we can to help to plot the future course of that great nation. It is our duty to assist it in its navigation and to keep its course smooth in so far as we can. We have much to offer China and it has much to offer us. There is much to hope for in years to come and our bilateral relationship still needs a lot of development, but I look forward to working with hon. Friends, the Minister, his colleagues in the Foreign Office, members of the all-party parliamentary group on China and our friends in the Chinese embassy to maximise the potential of our already strong bilateral relationship.

3.33 pm

Brian Cotter (Weston-super-Mare) (LD): I thank the Minister for initiating the debate, and the hon. Member for Wirral, South (Mr. Chapman), who is the chairman of the all-party parliamentary group. It is a great pleasure for us to discuss China.

The importance of China is increasingly and rightly recognised for economic reasons and for the important role that it is playing in international diplomacy and affairs. It has suffered in the past from economic deprivation and can therefore bring an informed historical view to the world stage, which uniquely means that it has a leading role in representing third-world countries—something that is dear to my heart and to those of others in the Chamber. Although China is seen as a great power with an increasingly modern economy and a growth rate that many envy, it has that other role to play.

As a member of the all-party parliamentary group on China, I am fortunate to have many opportunities to meet members of the Chinese Government and the Chinese ambassador to this country. Through such contacts, we can learn from one another and open up various avenues. I spoke about the way in which China is a major player on the world stage and has the authority to represent an alternative view, such as that of third-world nations. At a recent meeting at the House, the ambassador legitimately spoke of the need for all peoples to be incorporated in the United Nations in a significant way that is based on regions, and the fact that many countries do not have the strength and power of this nation and, increasingly, of China.

The Liberal Democrats welcome the internationalist approach by which we engage with each other, talk to each other, learn from each other and respect each other. I am sure that many leaders in China will agree that there have been times when our relations have had an impenetrability that was based on circumstances and historical events. That is why our regular and open dialogue with our friends in China, between parliamentarians, our Governments, and increasingly our peoples, are so welcome.

There are great problems on the world scene—the growth of terrorist activity is a particular problem—and the fact that the Chinese Government have played a leading role in working with us to find ways of combating terrorism has been very welcome, since all Governments are potentially at risk. Korea is often mentioned whenever the all-party group meets officials. Korea is of great concern to us as well as to China, and I was interested to see that the South Korean Deputy Foreign Minister, Mr. Lee, is currently in China to discuss the nuclear stand-off and other issues in the area. At a recent meeting, the ambassador said how important relations with the EU were. He also pointed out that of all the EU nations, the UK is the leading investor in China.

It is important that we engage with China bilaterally and through the EU. It is therefore encouraging that Javier Solana, the EU foreign policy chief who visited China after the Madrid bombing, agreed with the Chinese Government that international co-operation was key to combating terrorism—a view with which Liberal Democrats, and, I am sure, many others, would also agree.

Before we conclude our debate on international affairs, I should say that we are all very concerned about the recent Taiwanese presidential election, to which the Minister referred in passing, the resulting uncertainty, and the continuing stalemate between China and Taiwan. We hope that the issue will be resolved, as there is clearly uncertainty about the direction in which the Taiwanese want to go. They may have voted for the status quo, but that remains to be seen. We hope that the improved economic relations between China and Taiwan will increasingly provide their own solution.

I spoke earlier about respect. As we in this world get to know one another better, we can listen to one another and learn from one another. I have the highest respect for the Chinese nation, with its long history and fascinating culture, which I have had the wonderful opportunity to experience first hand on my two visits to China, and in this country through the recent visits by Chinese opera and ballet companies.

I also pay tribute to the importance of China's medicine. Seven or eight years ago, I went to a Chinese medical practitioner when I was feeling very unwell. People will judge whether the results were any good. I must report that, as far as I am concerned, the results were reasonably good. We can learn from Chinese medicine and use our knowledge in the health service. Increasingly, the large pharmaceutical companies are looking to the Chinese experience.

On the subject of human rights, the Minister said that he was addressing several issues. The Liberal Democrat approach could be seen as interfering, and it is accepted that we do have a different historical perspective, but we are candid friends and should be able to speak as we find. I note that our Prime Minister recently spoke about our interest in an

"ongoing dialogue with China over human rights issues",

as he frequently has in the past.

On Tibet, the Prime Minister said that he welcomed the recent contact between Chinese authorities and the Dalai Lama. Recently, the Foreign Secretary spoke about EU-Chinese human rights dialogues, which I

[Brian Cotter]

believe take place twice a year. We will always be interested in those issues, and look to the Minister to continue to address them on our behalf.

Let me make some general points on economic matters, in which I have a particular interest because of my portfolio in the House. Clearly, with China's economy growing at a rate of 8 to 9 per cent., there are tremendous opportunities for the UK. One area of growth is consumer products. We spend an enormous amount on consumer goods such as DIY products to beautify or improve our homes. I could go on at length about the economic progress that we could make in China, but I shall highlight only a few areas of growth in the Chinese economy about which we should be aware.

The hon. Member for Wirral, South spoke about learning Chinese. I tried to learn Mandarin but failed abysmally. I know a bit of French, but my pronunciation is not good. I have no doubt that some hon. Members will be able to pronounce the name of the company Carrefour better than I can. I note that that French retailing giant has just opened its 43rd store in China. I hope that our foremost groups—Marks and Spencer is one among many—take note of that. There is a fantastic market in China, and I hope that we do not allow the French to get ahead of us in it.

In China, 10 million new computers are sold every year. I realise that the market is highly competitive, but I hope that our IT companies make gains there. This country can establish a niche market, as we have a great deal of expertise in innovative software. Progress could be made in that area.

In studying the media in China, I note that there is more than one television organisation but that CCTV—China Central Television—has a significant presence. There are two aspects to using the media to get over our message. The Minister can use the news reports of television companies such as that one to explain what Britain stands for—they are a tremendous resource. Some fantastic television programmes are made in this country, many of which could perhaps be sold to China. Publicity is important.

There are many types of businesses—banking, financial services, manufacturing—through which we can co-operate in many ways. Car ownership among the Chinese public is increasing greatly. There are problems in exporting cars, but there are many related products. I hope that the Minister will continue to ensure that British companies become acquainted with the opportunities in China. I know that he will do that, because I have engaged in several conversations with him on the matter.

The all-party group has frequently been told by the ambassador and others about the many Chinese students—currently 60,000—who come to this country. That is an important initiative. The Minister may or may not recall that I have made the point before that we should engage with students who come to this country from China as much as possible and give them opportunities to meet our people. The all-party group cannot do much, but I hope that the Government will support universities—I am not sure about funding—in encouraging local communities to meet the students and vice versa. Education is vital for everything in life, not least in understanding one another's countries. It is encouraging to learn that our universities propose to have campuses in China. When I was last in China I managed to twin three schools from my constituency with three schools in Beijing. That is part of the process of trying to relate to one another more closely.

We could talk endlessly about China, but I shall not. With these few words about our relationship, open dialogue, the economy, education and opening up relations with the Chinese people as well as with the Chinese Government, I end by saying again how welcome this debate is. It is a step in the right direction of building understanding in this country about what China represents for us and for the world. I congratulate the Minister and the chairman of the all-party group on China on promoting this debate.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. By my calculations we have about 93 minutes available and there appear to be seven hon. Members seeking to catch my eye. I offer that as a gentle reminder.

3.46 pm

Mr. John Wilkinson (Ruislip-Northwood) (Con): Thank you, Mr. Deputy Speaker. I reiterate the expressions of appreciation that other hon. Members have made to the Minister and to the hon. Member for Wirral, South (Mr. Chapman). From the point of view of balance, I should like to make it well understood that not only does the all-party group on China do good work, but so do the all-party groups on Tibet, of which I have the honour of being chairman, and on Taiwan. We must keep our debate on China in that wider perspective. That I undertake briefly to do.

We are all pleased about the prospect of a visit to the United Kingdom by the Chinese Premier, Wen Jiabao. I gather that that is likely to take place in early May, although the Minister has promised us clarification. When Wen Jiabao comes, I am sure that he will understand that the British people have warm sentiments towards the People's Republic of China. The Government understandably regard China as a strategic force in the world and a power with which they must engage constructively. British business understands clearly the potential in the Chinese market. At the same time, the British people, who are lovers of democracy and freedom, are profoundly concerned by the lack of progress on human rights in the People's Republic. The failure, as yet, to embrace true multi-party democracy, the suppression of religion, and judicial practices that leave much to be desired all rightly cause anxiety. I hope that Her Majesty's Government can raise those anxieties face to face with the Chinese Premier when he arrives. It is quite appropriate that, as friends, we should be candid and not allow that opportunity to pass us by.

Mr. Drew: I am glad that the hon. Gentleman has raised the issue of religious freedom, because, as a committed Christian, I am interested in the rise of the Christian Church in China. The Chinese Government have done everything that they can to forestall that advance, including putting many people in prison and

restricting the development of the Church. Is that not something that the British Government should take up formally?

Mr. Wilkinson: Indeed. The hon. Gentleman puts the matter eloquently. As people of a democracy, we believe in the right of people to exercise their religious faith, whatever it may be. We are also adamant that the people of Tibet are perfectly entitled to express their religious faith in the Buddhist tradition and that, for example, the Falun Gong movement should be permitted in the PRC. We hold such fundamental freedoms dear, not only in this country but in Europe as a whole.

We also look forward most earnestly to the visit by His Holiness the Dalai Lama from 27 May to 3 June. On a day when the Prime Minister is due to meet Colonel Gaddafi, it is sad to reflect that there seems to be no time in his schedule to meet the Dalai Lama. Colonel Gaddafi's background is one of violence, but he appears to be eschewing a violent path, for which we are all most grateful. The Dalai Lama has resolutely and consistently pursued the path of peace since he had to leave his homeland.

This year sees the 45th anniversary of the brutal suppression of moves by the people of Tibet towards self-determination and freedom from the PRC. It is noteworthy that His Holiness has consistently pursued the path of peace, even despite that atrocity, which caused a mass emigration from Tibet into northern India and elsewhere. We are supposed to have an ethical foreign policy, and we should warmly welcome a leader such as the Dalai Lama at a time when international terrorism and the pursuit of political objectives by violent means are all too prevalent. I hope that Her Majesty's Ministers, if not the Prime Minister, will give him that warm welcome.

I should make another point about the use of peaceful as against violent means. The PRC is now a formidable economic power, which is growing at the rate of 9 per cent. per annum and sucking in vast amounts of overseas capital. It is perhaps keeping the value of its currency artificially low by means of the link to the dollar, and it can therefore flood world markets with cheap goods, building itself an ever stronger position. We would like that determination to pursue growth and prosperity to be focused entirely domestically, on ameliorating living standards, rather than on the acquisition of armaments.

I cannot, therefore, comprehend why the European Union, at the behest of the Federal Republic of Germany and the French Republic, in particular, should be reviewing arms sales to the PRC. In July last year, the annual report to the United States Congress on the PRC's military power made some interesting observations. It claimed that China had more short-range ballistic missiles—about 450—than previously thought and that it was expected to increase the number by more than 75 per year for an unspecified period. The estimated annual rate of accumulation was previously thought to be about 50 missiles per year. The sophistication and accuracy of Chinese missiles has improved, with the People's Liberation Army developing longer range models of the CSS-6 with ranges of up to 3,000 km, and therefore capable of reaching Okinawa.

The PRC is growing and sucking in foreign capital. As a result of its export drive, it is able to claim an ever bigger share of world markets. At the same time, however, it is pursuing a policy of modernising its armed forces. Although it is somewhat reducing manpower, it is also increasing the sophistication of its offensive capabilities. That comes at a time when its relationship with Taiwan is not easy. Taiwan is, as we see from its latest elections, an entirely democratic political entity. It has no aspirations to flex military muscles; it wants only to have a good relationship with its Chinese friends on the mainland and to allow its people to express their view of how their political destiny should be settled.

It is important to have a balanced policy on China and to seek every opportunity to maximise our trade without relinquishing our principled stand on human rights, and without diminishing our commitment to an arms sales policy whereby we sell armaments only to those countries that do not oppress their own people or pursue policies at home that violate human rights.

I ask the Government to use this and any other opportunity that arises to persuade the Government of the PRC to exercise clemency for Tenzin Deleg Rinpoche, who on 7 April 2004 will face the second anniversary of his arrest. You will remember, Mr. Deputy Speaker, that he was sentenced to death, with a two-year suspension, for allegedly plotting to split the country and cause explosions. His case was raised most recently by the European Union on 4 February 2004 when Chinese officials claimed that he was in good health. We were pleased to hear that, but we were anxious because the two-year suspension of his death sentence dates from his conviction in December 2002. I hope that the authorities of the People's Republic will, as evidence of their good will and preparedness to receive representations on human rights and humanitarian issues, exercise clemency and receive any further envoys from His Holiness the Dalai Lama. It has received two delegations from members of the Dalai Lama's Cabinet in north India, which is all to the good, but we want the process of engagement and dialogue to intensify. That is our hope and I am sure that the Government will take every opportunity to intensify that dialogue.

3.57 pm

Mr. Greg Pope (Hyndburn) (Lab): I am grateful to be able to make a brief contribution to what has so far been a wide-ranging and consensual debate. I want to speak on a narrow issue concerning human rights in China. In doing so, I pay tribute to the Minister, who is responsible for human rights more generally. I have served on the Foreign Affairs Committee and seen the Minister talking about human rights before the Committee, and it is refreshing to see a Minister so on top of his brief and taking the matter so seriously.

I associate myself with the comments of the hon. Member for Ruislip-Northwood (Mr. Wilkinson) about the Prime Minister finding time in his busy schedule to meet His Holiness the Dalai Lama at the end of May. That is incredibly important, and I hope that the Minister will convey the fact that hon. Members on both sides of the Chamber feel strongly about it.

The hon. Member for Ruislip-Northwood said that it is important to find a balance, and that is right. I agree with much of what has been said. China is, of course, an

[Mr. Greg Pope]

important partner on the Security Council of the United Nations and is a growing economic partner. I associate myself with the words of my hon. Friend the Member for Wirral, South (Mr. Chapman) about the positive contribution made by the Chinese community in this country. In passing, I pay tribute to my hon. Friend: hon. Members on both sides of the House recognise his fantastic contribution to Britain's relations with China.

I am not sure whether we have the balance right on how we engage with the People's Republic of China on human rights. The country is a serial abuser of human rights; for example, it carries out more judicial executions not only than any other nation, but than all other nations combined—about 6,000 last year. The Government control access to all forms of media. Although we would all welcome the fact that internet access appears to be growing in China, there has been a worrying crackdown on so-called cyber-dissidents. There is widespread concern at the situation in the Xingjiang region, where secessionists have been labelled as terrorists. That is part of a wider concern: countries such as the PRC—Russia springs to mind—are hiding under the cloak of joining the war on terror, using it as an excuse to oppress their own people who do not agree with the views of the Government.

It is reasonable to ask: are we doing enough in Britain to promote political and religious freedom in China? Looking at Tibet as an example, it seems to me that political activists are routinely harassed, arrested and imprisoned. I want to briefly raise the issue of one person—it may seem unfair to single out one person in a country that is so populous, but it is important because this is a symbolic case.

Jampel Changchub, a monk who lived in the Drepung monastery near Lhasa, was arrested 15 years ago and charged with participating in counter-revolutionary organisations, spreading counter-revolutionary propaganda and undermining national security. Along with other monks from that monastery, he was sentenced to 19 years' imprisonment in the notorious Drapchi prison in Lhasa. Some of the time that he has served there was in an isolation unit, where there was not really enough room to lie down and he was kept in total darkness. The fact is that he has committed no crime in the eyes of the international community. He attempted to exercise a basic, fundamental human right to freedom of speech and freedom of association, the kind of rights that we take for granted—not only in this Chamber but in this country—as an everyday matter of fact. I understand that the Minister will be constrained by the diplomatic niceties, but I hope that he will consider joining me in calling for Mr. Changchub's unconditional release. If I write to the Minister, perhaps he will consider raising the case in the next round of the human rights dialogue.

It is against such a backdrop of human rights abuses that the Government of France—who else would think that it was a good idea?—proposed lifting the EU arms embargo in January. It is worth bearing it in mind that the arms embargo was put in place by the EU after the Tiananmen square massacre 15 years ago. The Minister was asked in a parliamentary question on 12 February whether he would oppose the lifting of the arms embargo. Given the catalogue of human rights abuses that we know about, I would not have thought that it was too hard to acquiesce to that request. Amnesty International says that China is engaged in a violent crackdown on cyber-dissidents and on the separatist movement in Xingjiang. It is engaged in the systematic use of torture, including beatings, electric shock torture, sleep and food deprivation, and the fairly routine execution of political prisoners. It is also involved in the repression of political and religious freedoms in Tibet.

Despite that, the Minister's answer to the parliamentary question about the lifting of the arms embargo was:

> "We welcome the review and are currently considering the UK's position."—[*Official Report*, 12 February 2004; Vol. 417, c. 1653W.]

I started off by saying that I admire the Minister and that he is doing a good job, but I have to say that that response—I shall make my wording diplomatic—is disappointing, to say the least. I hope that the Minister will assure the Chamber today that the British Government will oppose the lifting of the EU arms embargo.

I have raised my final question with the Minister before in a different setting. Is the human rights dialogue worth while? I know that he could point out the countries with which we have no dialogue, and that would be fair. North Korea comes to mind; we are not making any impact there, and the situation is terrible and may be getting worse. The Minister could also say in his defence, as he has done before, that non-governmental organisations support the continuation of the dialogue. That is also a fair point, but it is reasonable for me to point out that their support for it is not unconditional. Human Rights Watch has said that it is concerned—and I share that concern—that the dialogue has become a formality; it is not a genuine dialogue at all. Human Rights Watch wants benchmarking, monitoring of progress and, crucially, an exit strategy if the dialogue does not show tangible benefits.

The fact is that we have no benchmarking, we seem to have no monitoring, and we do not even appear to have an exit strategy. The Foreign Office human rights report, which I commend, and consider an extremely worthwhile document, contains a section on the People's Republic of China listing 11 UK Government objectives to encourage human rights improvements there. The truth is that for all our best efforts and warm words, we are not making a great deal of progress on any of them. I shall pick two examples. One of the objectives is a reduction in the use of the death penalty in judicial cases. I have already mentioned that the figure for last year was 6,000. Another British objective is obtaining a full response to cases of concern. The Government of the PRC did not even respond to 28 of the 44 cases of concern that were raised. It was not just that the response was inadequate—there was no response. It may be time for a rethink.

My last plea to the Minister is that if we are to conduct reviews, we should not review the EU arms embargo. Let us keep that. What needs reviewing is whether our human rights dialogue with China is paying dividends. I suggest that it is not paying as many as we would have hoped, and that the Government should think again.

4.7 pm

Tony Baldry (Banbury) (Con): I am sure that there are human rights concerns, but before the hon. Member for Hyndburn (Mr. Pope) turns them into black and white issues, I suggest that he goes to the Library and gets out an excellent book called "Just Law" that has recently been published by Baroness Kennedy of the Shaws. He might like to reflect on the incursions into human rights that are occurring in this country; they are serious matters. For example, we have seen the first occasion of ouster of judicial review, for certain cases, since Magna Carta.

I suggest that matters are not quite as black and white as certain hon. Members would suggest. I commend Helena Kennedy's book to the Minister. It is a good book, and an interesting read. However, that is not really what I wanted to say. I have four brief points to make.

We must do much more, including more to engage positively with China. I am fortunate to be one of the vice-chairmen of the all-party group that is led by the hon. Member for Wirral, South (Mr. Chapman). He does an excellent job. As he said, we recently had a visit from the National People's Congress. It was a constructive visit and enabled Members to discuss just such issues as the hon. Member for Hyndburn has raised—Tibet, human rights and others. It was a considerable effort to get that meeting established.

This week, in the all-party Whip, the opportunity is advertised for hon. Members to go to the United States as part of the all-party group on America. That is an excellent all-party group. Last year I was fortunate to go to Washington as a member of the group. The delegation was led by a Cabinet Minister, supported by the then shadow Chancellor, who is now Leader of the Opposition. We met many members of the Congress and the Senate. That group has been funded by the Foreign Office for decades.

If we are to engage more meaningfully with China and members of the National People's Congress, we in the House must be consistent in that dialogue. We cannot just dip in and dip out, and have a dialogue one year, then pass on it for a couple of years. Given China's increasing importance in the world, I suggest to the Minister that, if we are to be serious about our dialogue with China, the House needs to improve the contact that we have with members of the National People's Congress.

That will require the Foreign Office to make some financial commitment to the all-party China group. Of course we can—and do—get a certain amount of money through sponsorship from the business community. However, I think that it sets an unhappy precedent if all-party groups in the House, particularly all-party country-related groups, have to rely increasingly on sponsorship from the business community to enable us to carry out our work effectively. The funding is not necessarily for Members to go to China, it is so that we can welcome members of the National People's Congress here and return to them the hospitality that they have given to us.

The Minister mentioned that there were concerns in China about the perceptions of the UK that were held there. I think that we can also be concerned about the perceptions in the UK of China. I conducted a survey a while ago. No school in the state system teaches Mandarin. Fifty schools in the private sector teach it up to GCSE. Level. My daughter was fortunate enough to be able to learn Mandarin up to GCSE level and she is now in Beijing teaching English. I was impressed that the first thing that she did was to acquire a Chinese mobile telephone. That generation cannot seem to live without a mobile telephone clasped to their ear. If we are to engage, develop and thicken a relationship with China, we need to examine how to promote and improve—really, to start—the teaching of Mandarin in this country. We cannot expect to understand Chinese people and their culture if we are entirely dependent on them speaking English.

Likewise, I suggest that we need to do much more with trade partners and to support the China-Britain Business Council in helping UK companies prepare for the Chinese markets. Sometimes there is a perception that, simply because the Chinese market is huge, a few of us should go there on a plane and find customers. *The Economist* had an interesting survey on China a couple of weeks ago, where it flagged up the considerable difficulties that can face companies. Foreigners tend to underestimate the eccentric nature of China's business environment. Perhaps it is not so much eccentric as different. I am fortunate enough to be invited to meetings of the 48 Group club, which gives awards for the exporter of the year to China. When I talk to the members, I am very often struck by the fact that it is a matter of luck that they happen to have found an appropriate niche. If we are to take advantage of the Chinese market and build up Chinese trading partnerships, I suspect that an enormous amount more needs to be done to prepare small and medium-sized companies in this country for the opportunities and the difficulties in China.

In other words, we need engage a lot more as parliamentarians, in our schools in learning more about Chinese culture and language and in business and regional business forums, such as the larger chambers of commerce, in trying to understand what makes China tick. I think that we need to up our game in those areas.

Finally, as Chair of the Select Committee on International Development, I would not wish to make a contribution without paying tribute to DFID for the work that it is doing in China. I know that many other Members want to speak in this debate, so I will not spell this out in detail, but it is important to remember that about a quarter of China's rural population live on less than $1 per day. They constitute about 20 per cent. of the world's total poor.

If we are to meet the millennium development goals, we and China must work in partnership to ensure that poverty in China is alleviated, as in other parts of the world. China is actually making significant strides with that, but it is important work and it would be remiss if tribute were not paid to DFID officials for the work that they are doing in poverty reduction and tackling HIV/AIDS. It is estimated that about 12 million Chinese will have HIV/AIDS by 2020, so it is a significant problem.

I say to the Minister: great debate, fantastic that it is in Government time, but where is the chequebook? The treasurer of the all-party parliamentary group on China will be grateful for a cheque. If we have the resources, we as parliamentarians will do a great deal more to deepen and thicken relations with China. Can we please have

[Tony Baldry]

encouragement from the Department for Education and Skills to promote Mandarin in schools and colleges? Can we also have some encouragement from the Department of Trade and Industry and Trade Partners UK to help UK companies understand more about Chinese culture so that we can make much greater and longer-lasting trade relationships with China?

4.16 pm

Mr. Michael Trend (Windsor) (Con): I, too, would like to thank the Minister for providing the opportunity for this important debate. I begin by quoting from a statement made two weeks ago:

"China is undergoing a process of deep change. In order to effect this change smoothly and without chaos and violence I believe it is essential that there be more openness and greater freedom of information and proper awareness among the general public. We should seek truth from facts—facts that are not falsified. Without this China cannot hope to achieve genuine stability. How can there be stability if things must be hidden and people are not able to speak out their true feelings? China's emergence as a regional and global power is also accompanied by concerns, suspicion and fears about her power. Hosting the Olympic Games and World Exposition will not help to dispel these concerns. Unless Beijing addresses the lack of basic civil and political rights and freedoms of its citizens, especially with regard to minorities, China will continue to face difficulties in reassuring the world that she is a peaceful, responsible, constructive and forward-looking power."

That seems to be a commendable and astute analysis of China's current position, and it is very helpful to our debate. The author of those words is the Dalai Lama, speaking in characteristically open and generous terms—especially when one considers how the Chinese have treated him and his long-suffering people for more than half a century.

I welcome the opportunity to debate China's current position. I recognise the current enormous importance of China and the need for constructive dialogue. We have heard good examples of the work done by the all-party group, and its work should be commended. Like many in this House, including my hon. Friend the Member for Ruislip-Northwood (Mr. Wilkinson) and the hon. Member for Hyndburn (Mr. Pope), and many people in the country, however, I see the debate on China really as an opportunity to raise the subject of Tibet. Nobody should be surprised by that, and China in particular should not be surprised. It brings the situation on its own head.

All over the world there are countless people who will never be prepared to treat China on the terms it wishes until there is a proper resolution of the many human rights issues that exist there for its minorities and religious groups, and particularly until the question of Tibet is settled.

The British Government should not be surprised by the strength and depth of feeling about Tibet in this country either. That is partly because our country has had a particular historical relationship with Tibet, which meant, for a while, that we were responsible for that country and its future. However, it is also because of the widespread admiration in our country for the tormented people of Tibet and especially their leader, the Dalai Lama.

China has an unenviable recent history of dealings with Tibet. The invasion of Tibet was met throughout the civilised world with disgust, and a series of resolutions at the United Nations condemned Chinese human rights abuses in Tibet and called on China to respect the fundamental freedoms of the Tibetan people, including their right to self-determination. China has done none of those things.

In preparing for the debate I thought it might be of benefit to the House if I went over the historical material documenting the relations of the British and Chinese Governments with Tibet. I found, however, that the hon. Member for Lewes (Norman Baker) had already done so in an excellent Adjournment debate on 19 March 1999. He showed that Britain has regarded Tibet as a de facto independent state for years. He also asked the question that UK parliamentarians should ask: what is the British Government's current view of Tibet's status as a nation? Sadly, he received the standard answer, which successive Governments have used for many years: the Government regard

"Tibet as autonomous, while recognising the special position of China there."—[*Official Report*, 19 March 1999; Vol. 327, c. 1463.]

What is so special about that "special position"? The word "special" can mean whatever one wants, which is why it is so beloved of the advertising industry. It means anything and nothing, and the Government should not hide beneath such weak and woolly language. Can the Minister explain what that "special position" is? What does it involve? What does it mean?

I will tell the Minister what is so special—in the real sense—about the Dalai Lama and Tibet. The Dalai Lama represents a country that has undergone the kind of suffering that has resulted in the violent uprising of the oppressed in other parts of the world, but does he look to us for weapons? No, he asks only for our good offices. Does he follow a policy of hatred and recrimination? No, he asks only to be allowed to negotiate in a peaceful and purposeful manner. The Dalai Lama is a rare phenomenon on the world stage: a true national leader who practises what other world leaders only preach—that progress should be made through peaceful negotiation rather than violent action. We are always being told that violence should not be rewarded, yet there are countless examples to the contrary.

Like my hon. Friend the Member for Ruislip-Northwood, I was struck by the fact that while we are here debating China, the Prime Minister is in Libya talking to President Gaddafi. I understand why he thinks that progress can best be made through dialogue with the Libyan leader, as opening doors must be better than keeping them closed, but surely there is a problem when the British Prime Minister makes an effort—many would say a commendable effort—to engage with former perpetrators of violence, but is not ready to talk to those who suffer from violence. It is good to reach out a cautious hand to those who have renounced violence, but should not we also stretch out our hands to those who have turned their faces away from violence from the start? That approach would make an important point in the war against terrorism.

I ask the Minister to consider how Tibetans will interpret the Prime Minister's visit to Libya, bearing it in mind that many Members have told us that the Prime

Minister will not open his door to the Dalai Lama on his forthcoming visit to the UK at the end of May. I find it hard to believe that the Prime Minister simply will not have the time. Of course he should see the Dalai Lama, both as a point of principle and, especially, because of the expected visit of the Chinese Premier at around the same time.

Last July, I made a speech in the House in which I politely encouraged the Prime Minister to use his good offices on behalf of Tibet during a trip that he was about to make which included top-level meetings in China. I later wrote to him, asking whether he had been able to raise the subject of Tibet during his meetings in China and, if so, what response he had got. He replied that he had raised human rights with the Chinese Premier, and underlined our interest in an ongoing dialogue with China on human rights issues. He said that he had also discussed Tibet with the Chinese leadership and welcomed recent contact between the Chinese authorities and representatives of the Dalai Lama.

Well, that is something, but not much, although another opportunity will arise with the Chinese Premier's forthcoming visit. As my earlier polite approach did not seem to get very far, I believe that we should all increase the pressure on the Chinese, and on our Government. The Prime Minister should raise a number of matters when he sees the Chinese Premier, such as the talks between the Chinese and the Dalai Lama's representatives, which the Chinese have stalled. Those talks need to go ahead as soon as possible, without ridiculous preconditions on the Chinese side.

The Prime Minister should also—here I echo what my hon. Friend the Member for Ruislip-Northwood said—raise the position of the imprisoned Buddhist leader Tenzin Deleg Rinpoche. Why are the UK Government merely expressing concern about that case, rather than calling for it to be reopened with independent legal representation of Tenzin Deleg's choice, and for that trial to be held in the presence of international observers? That is what we routinely demanded during the show trials in the former Soviet Union, of which this case reminds us so powerfully.

There are many other cases of manifest injustice in Tibet—we heard one from the hon. Member for Hyndburn—that should be raised. Having done that, the Prime Minister should feel able to report to us that he has done so not just in general phrases but with some specific points that he raised and the responses that he received. In short, the Government should turn up the pressure and do so publicly. Surely we can do that without endangering our own national interests?

After all, we have many things that the Chinese are interested in and want. An opportunity was given to us by the review of the EU arms embargo on China which we have heard about. I was encouraged to hear the Minister say that he was considering joining the Americans in their current resolution at the Office of the UN High Commissioner on Human Rights in Geneva criticising Beijing's human rights record. The Chinese have got very upset about this. I can imagine some people at the Foreign Office saying, "No, no, no. That just goes to show that we shouldn't get involved in these things." I take the opposite view. To me it shows that we can get things moving with the Chinese only when we stand up for our principles. I also think, as others have said, that we should press the EU to think again about the appointment of a special representative on Tibetan issues.

The mistake in dealing with China is to believe, as some do, that the best place to be is somewhere just below the parapet. We have tried delicate diplomacy on human rights, but the Chinese interpret that as weakness. We did not deal with the former Soviet Union in this way: we did not go around apologising for bringing difficult matters up. We stuck to our guns and exposed where the real weaknesses lay.

To be frank, British Governments have largely kept their eyes shut on the question of China and human rights for a generation. During that time, the people of Tibet have been murdered, imprisoned and abused, and their religion, customs and culture have been fiercely attacked. Lhasa has been turned into a Chinese city and enormous ecological damage has been done to parts of the Tibetan landscape. Those are the fruits of keeping one's head below the parapet. China always interprets weak words as a cover for weak intentions. We should push our Government harder to be firmer and more precise about what they are doing.

I would like to conclude where I began, with the Dalai Lama's recent statement. He adds:

> "The Tibetan issue represents both a challenge and an opportunity for a maturing China to act as an emerging global player with vision and values of openness, freedom, justice and truth. A constructive and flexible approach to the issue of Tibet will go a long way in creating a political climate of trust, confidence and openness, both domestically and internationally. A peaceful resolution of the Tibetan issue will have wide-ranging positive impacts on China's transition and transformation into a modern, open and free society. There is now a window of opportunity for the Chinese leadership to act with courage and farsightedness in resolving the Tibetan issue once and for all."

I say that we should do more for the Tibetan people and do it openly. Only in that way will progress be made. I look to our Government to follow the calm and measured approach of the Dalai Lama, and to act with greater courage and determination.

4.29 pm

Ian Stewart (Eccles) (Lab): I am pleased to have the opportunity to contribute to this important debate. First, I wish to congratulate the Minister and acknowledge his role. He is genuinely interested in the subject of China. He has worked closely with the all-party group on China and has helped to improve the circumstances that some of my colleagues have addressed today, and I hope that he continues to do that. He has been put under pressure by my colleagues, and perhaps he will act on some of the points that they raised.

It would be remiss of me not to pay tribute to my hon. Friend the Member for Wirral, South (Mr. Chapman). I claim the credit for engineering his election to the chair when we founded the all-party group, because I knew that he had deep experience of China and that, like my colleagues and me, he is a friend of the Chinese people. So I congratulate my hon. Friend, who is a true China hand.

I am one of the vice-chairmen of the all-party group and I have visited China twice under its auspices. My hon. Friend and I represent constituencies in the north-

[Ian Stewart]

west, which has links with China and has seen vibrant Chinese communities develop, particularly in Manchester and Liverpool.

I commend the work of Mr. Lee Kai Hung and the north-west Chinese council, which has taken several significant steps to encourage the active involvement of Chinese communities in civic life in the north-west. I also commend the council for its work in setting up an online welfare network for Chinese students in Britain—a model that could be transferred to students of other nationalities in this country.

This is an omnibus debate, so I want to comment briefly on several issues. My personal interest in China developed not from 20th century politics or economics, but from a lifelong fascination with Chinese history, culture, philosophy, martial arts and traditional Chinese medicine. China is an enormous country that is in transition from a command economy to what it calls a socialist market economy, which resonates with me. Today's debate has been balanced. Concerns have been expressed, but there has also been praise. Most importantly, there has also been some understanding. Key achievements of the all-party group under the chairmanship of my hon. Friend have been to raise awareness and to increase understanding among all hon. Members of the real challenges that China faces.

China is a massive country that is moving into a modern world, and those of us who have been lucky enough to visit it have seen Shanghai and Beijing on the well developed east coast, which without doubt matches anywhere in the developed world. As the group's visits progress, however, the chairman has been increasingly keen to see the group members visit the centre of China and, hopefully, the west, because there is in one country a modern and well developed east coast, a centre that is some 50 years or so behind that, and a western area that is almost mediaeval. Any Government who are trying to develop the interests of the whole country and all its people face many challenges.

There is a downside to China moving to a market economy like ours, not the least being unemployment. Chinese people under the old system had employment, housing and health care that may not have been to western standards but was at least secure. They now face unemployment without a welfare safety net of the sort that we have in the west. This is one of the areas in which the partnership between the UK and China is having really positive effects. My colleagues have highlighted today the fact that this is a two-way process, but I hope that China can embrace some of the benefits of western experience so that it can design systems for its people without making some of the mistakes that were made in the past. We, in turn, will learn from the Chinese experience, and I hope that that will be of benefit.

Chinese medicine is a unique medical system, which has made a significant contribution to health care in China and the UK, and I hope that you will allow me to comment on practice in this country, Mr. Deputy Speaker. Extensive though the Minister's talents are, I realise that he is not responsible for this aspect of Government policy, but it relates to the work that almost all the Departments that have been mentioned are doing on health, education, and trade and industry.

As far as we know, the introduction of traditional Chinese medicine into Europe dates back to about the 17th century. In the UK, interest in traditional Chinese medicine, and in acupuncture in particular, has largely developed since the 1970s. I am sure that Chinese medicine will become even more popular, and as it does, we will need to regulate it to ensure that it is safe and effective for patients.

I have established links with the Association of Traditional Chinese Medicine, which is campaigning for the introduction of a suitable regulatory framework. I had a meeting about the issue with the association and the Under-Secretary of State for Health, the hon. Member for Welwyn Hatfield (Miss Johnson). I should also tell hon. Members that the Shi Zen organisation of Manchester is organising an international conference on traditional Chinese medicine that will take place in Manchester from 9 to 11 June and will be attended by Ministers.

We in the north-west have a proud record of promoting trade and business co-operation with China, as well as cultural, educational and sporting exchanges. That helps to create trust and mutual understanding between the citizens of our two countries. The British Council in Manchester does invaluable work to promote education, science and technology in China, as well as our expertise on crucial issues such as the environment, which is a high priority in the UK and China. We also have strong links with China's consulate general, which is in Manchester.

China's entry into the World Trade Organisation in December 2001 further opened up the market for foreign investment and two-way trade, as well as creating a competitive environment from which British and Chinese companies can benefit. The recent creation of an international trade centre at Chamber Business Enterprises in Manchester is an important step towards raising the profile of the whole north-west. A variety of services is on offer to small and medium-sized businesses at the special China trade unit, which is an integral part of the centre.

In our joint desire to promote economic co-operation, peace and understanding, there is more to unite us and the Chinese people than to divide us. As has been highlighted, however, China is little studied in our schools. I fully appreciate the pressures on school curriculums, but I hope that Ministers and educationists will include China when they update courses to educate our children for their global future.

It is one of the privileges of membership of an all-party group that Members are sometimes asked to serve on expert bodies on associated subjects. My hon. Friend the Member for Wirral, South and I have been pleased to serve for several years now on the executive of the Great Britain-China Centre. I must admit that our attendance record would not merit a single star rating, but that is because of the nature of business in the House. Nevertheless, we try to keep up with the centre's work. It is developing and running high-quality exchanges on a number of issues, including criminal justice, human rights, judicial training, constitutional government and the rule of law.

The centre's work on trade union rights are a particular interest of mine. As you and other colleagues know, Mr. Deputy Speaker, I am a lifelong trade union

activist. My interest in international work through my trade union, the Transport and General Workers Union, started when I was about 18. We have heard today of the awesome growth of the Chinese economy. I believe that it was about 9 per cent. last year and is predicted to be 7 per cent. this year. Such growth will bring the greatest benefit for Chinese workers if they are represented by effective, free and independent trade unions that can deal with the issues that the Chinese workers identify as important, such as excessive working hours, inadequate holidays and the need for better health and safety provision. It is clear that Chinese workers are no different from workers the world over; they have the same concerns.

The Great Britain-China Centre works with the All-China Federation of Trade Unions, which is not an independent body, but is currently the main game in town. The body has positive attributes on which we can build. That is not to say that I do not understand workers seeking independent forms of representation, such as we have in the UK, but as outsiders we must aim to promote reform through all the channels open to us.

Chinese trade unions want training and skills so that they can do the best for their members in terms of collective bargaining and representation, and in seeking legislative reform. We have a wealth of UK expertise on this matter. I am pleased that the ACFTU is expanding its international links. The Great Britain-China Centre has helped the ACFTU to develop training materials and has funding to set up and run the first labour tribunal in China to hear labour disputes. We should encourage the ACFTU to democratise and develop its independence, and we should also work with, and encourage the growth and development of, any new free, independent and democratic trade union.

The centre hopes to expand in another area dear to my heart: the promotion of civil society and citizenship. The assessment is that the centre, with its non-official status, is well placed to engage with Chinese organisations seeking to promote civil society. We all too often forget, because we are a developed democracy and society, about the democratising effect that free, independent and democratic trade unions, working with private employers, can have in a society, and we should applaud that effect.

Within any democratic civil society we expect respect for human rights, religious tolerance and toleration of diversity. I must raise two issues that I hope that the Chinese Government will act on. First, there is the issue of the Falun Gong, an organisation that was declared illegal by Chinese authorities in 1999. A constituent of mine, Mr. Terence Shanahan, is an active member of the Falun Gong UK. He is a powerful advocate for the stated Falun Gong ideals of truthfulness, compassion and forbearance. I take no view on the nature of Falun Gong, but I am concerned about repeated reports of human rights abuses against its followers. In turn, I make no judgment about the obvious concerns that the People's Republic has about the organisation. However, I urge the People's Republic to exercise tolerance in relation to organisations such as Falun Gong. Any organisation should quite properly be established within the rule of law and any abuse by members of an organisation would be punishable within that rule of law.

The second issue that I should like to raise is Tibet, albeit briefly, as other hon. Members have talked about it at length. There has been some formal contact between the Chinese authorities and the representatives of the Dalai Lama. I welcome that and I hope that the time has come for sustained negotiations on Tibet without preconditions. There are hopes that the Prime Minister will be able to meet the Dalai Lama when he visits the UK in a few months. The Dalai Lama is a political and spiritual leader who seeks to resolve conflict through dialogue. That is something on which we can all reflect in these turbulent times. I urge the Prime Minister to raise the issue of Tibet with the Chinese Premier, when he, too, visits the UK this year. I hope that the Prime Minister will offer the Chinese Premier any assistance that the UK can give to help to resolve the issue.

When the Chinese Premier is here, I am sure that the Prime Minister will want to congratulate China on the important role that it has played in significantly easing tensions between Pakistan and India. For many years China has been seen to have close ties with Pakistan. However, in recent times it has sought co-operation with India in establishing joint infrastructure projects and focusing on energy and water resources and co-operation in science, technology and other areas. China is well placed to assist dialogue when relationships are strained and to point out the benefits of mutual co-operation, while acknowledging that differences need to be resolved, and it should be congratulated on its work towards world peace.

China is a major world player and has taken its place at the world table. It has exercised a mature and responsible attitude in its financial policies, which are designed to maintain economic stability in the south-east Asian region. When the south-east Asian crisis was abroad, China could have devalued its currency, but that would have had a destabilising effect in the regional and world economy. China chose not to do that and acted responsibly, and we should acknowledge that.

China is clearly developing a more open and transparent approach in its relations with other countries. That approach may not yet meet the standards that we expect in the west, but we should acknowledge that China is developing and improving. We should hold hands with our Chinese friends, work through our respective concerns and develop a positive partnership for the benefit of both the Chinese and the British people.

4.48 pm

Mr. Rammell: It is a common occurrence to start a ministerial summing up by saying that we have had a well informed debate, which is sometimes the case and sometimes not. I genuinely believe that this debate has been well informed. The level of knowledge of, commitment to and interest in Chinese affairs has been apparent during this short debate, which, as a number of hon. Members said, the Government initiated. We were pleased to do that.

The hon. Member for Windsor (Mr. Trend) started by asking for the date of the Chinese Premier's visit to this country. No announcement has been made, but one will be made in due course. I hope that that is the least full answer that I shall give to the various points that have been raised.

[Mr. Rammell]

My hon. Friend the Member for Stroud (Mr. Drew) had to leave, but not before raising his concern about the one-child policy in China. The Government condemn coercive family planning programmes, wherever they occur. Through the Department for International Development, we have funded the UN family development programme, which works closely on the ground with the Chinese authorities to help turn coercive policies into policies of real choice. There has been significant cross-party concern about the issue. In 2002, a cross-party group of three Members undertook a visit to China to see at first hand the work that was being done. According to their reports, they came back much reassured by what they had seen. The then Secretary of State for International Development raised the issue with her counterpart in 2002, and the Chinese authorities gave assurances that China was working towards relaxing the one-child policy. We welcome that.

Tibet was discussed by several hon. Members, including the hon. Member for Ruislip-Northwood (Mr. Wilkinson). I pay tribute to the work that he and the all-party group on Tibet do on the issue. There are still particular concerns about the situation in Tibet, and the British Government are deeply worried about reports of arbitrary detention, torture and the re-education of monks and nuns. It is certainly not the case that we have ignored Tibet. Indeed, a few months ago I had a detailed discussion with the hon. Gentleman and his all-party group about it. We raise the matter, including specific individual cases, at every suitable opportunity right up to the highest level, and have urged, and will continue urge, the Chinese authorities to continue negotiations with representatives of the Dalai Lama to find a lasting solution that is acceptable to the people of Tibet.

The hon. Member for Windsor asked about the Government's view of the status of Tibet. He asked the question and gave the answer, but for the record I shall repeat it. He said that successive British Governments have regarded Tibet as autonomous, while recognising the special position of the Chinese authorities. That continues to be the Government's view. We believe that the Tibetans should have a greater say in the running of affairs in Tibet and that the best way to achieve that is through dialogue without preconditions between the Chinese Government and the Dalai Lama. That is what we have urged and will continue to urge publicly and privately.

My hon. Friend the Member for Wirral, South (Mr. Chapman) began his contribution by referring to the all-party group. I was aware of its considerable work and influence, but I did not appreciate that 256 MPs were members of it. That underlines the significant depth of interest in the issue throughout parties in the House.

My hon. Friend also obliquely raised an issue that other hon. Members followed up more succinctly and assertively about funding for all-party visits. It is a matter of real concern, and not easy to resolve. The Treasury certainly has a view about funding all-party visits from departmental programmes. Political considerations must also be taken into account. I ask gently whether it is really appropriate and whether we really want to advocate that the Government of the day should have an influential say on which all-party groups will be funded for which purposes in which particular countries.

Ian Stewart *rose—*

Mr. Wilkinson *rose—*

Mr. Rammell: Clearly, I have started something that I may regret. I shall take some interventions.

Mr. Wilkinson: I thank the Minister for his approachability and willingness to listen on many issues relating to his area of responsibility, including Tibet. I personally welcome his view about the proposed funding by the Executive branch of the activities of particular all-party country groups. I treasure very much the independence of parliamentary groups per se as representatives of the legislative branch.

Mr. Rammell: I welcome that comment and understand what the hon. Gentleman is saying. In a sense, that was my point, but a concern has been expressed and all of us in the Government and across parties in the House need to think about how we respond to it.

Ian Stewart: I, too, would defend the independence of the groups, but we also want the dosh. On a more serious note, the Minister alluded to political considerations—not least, perhaps, the views expressed by the media about Members enjoying junkets. How could anybody, listening to the depth and importance of the subjects raised in the debate and hearing how UK politicians interface with their counterparts in a country such as China, fail to see that it is genuine and necessary work?

Mr. Rammell: My hon. Friend makes an exceedingly good point. The media's characterisation of the work of Members in that regard and in many others is so wide of the mark that it is not true. We have all contributed to the current state of apathy—I can put it no stronger than that—over the conduct of government and politics in this country. However, media misrepresentation of the work and the role of Members does not help at all. The point about funding has been made and we will undoubtedly return to it.

The hon. Member for Weston-super-Mare (Brian Cotter) stated that he was pleased to have benefited from Chinese medicine. The matter was raised by my hon. Friend the Member for Eccles (Ian Stewart). I am not medically qualified but my hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey) is—or at least I think she is. She is no longer present, however, so I will leave my remarks at that, although I am glad that the hon. Member for Weston-super-Mare benefited.

My hon. Friend the Member for Eccles raised the issue of student numbers. The latest figures from the Department for Education and Skills show that there are currently 35,000 students from mainland China in Britain; there are other Chinese students in further education and in schools, about 13,000 university students from Taiwan, and about 10,000 students from Hong Kong. The figures have increased significantly in

recent years, which is partly because of the Chinese population's growing interest in this country, and partly because we have driven those numbers as a result of the Prime Minister's initiative.

My hon. Friend the Member for Stroud raised justifiably significant concerns about freedom of religion. Our serious concerns continue about the treatment of Christians and other religious practitioners in China who are not members of state-sanctioned religious organisations and about the Chinese Government's failure to allow full freedom of religious belief. We continue to take it up in human rights dialogue and at all other appropriate ministerial and official levels.

I have already paid tribute to the work done in the all-party group by the hon. Member for Ruislip-Northwood. He raised several significant human rights concerns, and I reiterate what I said at the start of the debate: we continually raise such issues publicly and privately, and we will continue to do so.

In parliamentary terms, the hon. Gentleman then took a sideswipe at the Prime Minister's visit to Libya today. I genuinely believe that the most serious threat we face is international terrorism and the proliferation of weapons of mass destruction. When a country such as Libya has committed itself to remove those weapons, it should be welcomed, and the Prime Minister's visit is part of that approach. The visit is widely understood and supported in all parts of the House, and I hope that that will be true of the media.

The hon. Gentleman also raised an issue about the Dalai Lama's visit this summer. I will be clear: the point is not one of principle; the Prime Minister has met the Dalai Lama before, but he cannot this time because of diary constraints. The Dalai Lama will, however, be met by the Foreign Secretary and other Government figures.

Along with other hon. Members, the hon. Gentleman also raised the case of Tenzin Deleg Rinpoche. We have regularly and persistently raised that case with the Chinese Government, and I have personally raised it in Beijing. We supported the three European Union démarches in February, and in their response to the most recent démarche in February, the Chinese said that the sentence is likely to be commuted to life imprisonment.

My hon. Friend the Member for Hyndburn (Mr. Pope) is no longer present, but I am grateful for his comments. He raised a number of exceedingly important points. He referred to the case of Jampel Changchub, which we have raised regularly through our own dialogue and while working for clemency. We believe that his sentence has recently been reduced slightly, but I shall continue to liaise on that in correspondence with my hon. Friend.

My hon. Friend referred to the EU arms embargo, which is a complicated issue. It is important that we return to the context in which the embargo was first established and the immediate aftermath of the events of Tiananmen square. I repeat what I said at the start of my contribution: the House should be reassured that even if the embargo were lifted, that would emphatically not remove our ability to control arms sales to China. The EU code of conduct, interpreted by the UK Government through the consolidated criteria, will remain in place as the means of controlling arms exports to China. That is important.

My hon. Friend raised significant concerns about the use of the judicial death penalty in China. We are deeply concerned about that and it is one of the main themes of the human rights dialogue. I had been a Minister for only a couple of weeks when I first attended the human rights dialogue, and I spent about 50 minutes discussing the specific issue of the death penalty with my interlocutor. Hon. Members will understand that some of the dialogue takes place through formal processes.

After a long discussion of 50 minutes, my opposite number responded by saying that we must understand that China is at a different stage of development. We oppose the death penalty, but I felt that through that process of engagement it was possible to put our views forward. We received that eventual response, which was not the Chinese Government's initial formal response. That indicates that we can make progress on such issues. I welcome the fact that China has said that abolition of the death penalty is a long-term goal. There is undoubtedly a long way to go—that was reinforced by the figures quoted by my hon. Friend—but we welcome the recent greater openness on statistics and we will continue to press the issue with the Chinese Government, just as we press for abolition of the death penalty throughout the world wherever it occurs.

My hon. Friend also referred to the importance of continuing to review the progress and merits of the human rights dialogue. We most definitely do that. He said specifically that many of the cases that we raise with the Chinese authorities individually are not taken seriously. I believe that the evidence of the progress that we are making points in the opposite direction. In November 2002, we raised 44 individual cases with the Chinese authorities and received a response on 16. In November 2003, we received a response on almost 100 per cent. of cases. That does not mean that we get everything that we ask for, or the response that we want in every case, but it suggests that there is a greater willingness on the part of the Chinese authorities to open up and to discuss the issues.

My hon. Friend rightly, acknowledged that, by and large, non-governmental human rights organisations, whatever criticism they may make of our progress, support and welcome the bi-annual human rights dialogue. They are right, and while we keep the matter under review we shall continue to proceed on that basis.

The hon. Member for Banbury (Tony Baldry) started by referring to the judicial ouster in the context of the Asylum and Immigration (Treatment of Claimants, etc.) Bill. I may have misunderstood—I apologise if I did—but I thought that he was trying to compare our human rights record with that of China. If that was his intention, I ask him to reflect on what he said and whether he seriously intended to put that point of view forward. I do not believe that that is sustainable.

Tony Baldry: Hon. Members should be careful not to see everything in black and white and seek to cast other countries as totally black and us as totally white. I commend Helena Kennedy's book to the hon. Gentleman. It shows that there are many grey areas and difficulties that we all face. What might look like a human rights abuse in one country may not be so. I think that we must be careful not to be totally sanctimonious on such matters.

Mr. Rammell: Sanctimoniousness is something that I try to avoid. The reasonable manner in which the hon. Gentleman has now made his point is far more comprehensible. We do not take the view that we have a perfect human rights record. I do not think that any country has such a record. However, I think that the particular concerns with the Chinese Government are ones that we are right to continue to pursue.

The hon. Gentleman also raised the issue of the teaching of Chinese in British schools. Clearly that is a matter for the Department for Education and Skills. I know that the DFES is interested in encouraging links between Chinese and UK schools. That is important. The fact that it is now possible to study Mandarin at GCSE level is welcome. I know that there have been some concerns, which we have considered in Government, about the development and expansion of the teaching of Chinese studies in higher education. In all probability, that is a matter to which we shall return.

The hon. Member for Windsor cut to the quick of the debate by asking the fundamental question: do we get anywhere with the issues that we raise with the Chinese authorities? I will not give a glib answer to that. Engaging with a huge superpower that has the largest population in the world and that will be the second biggest economy in the world in a relatively short period is complicated. I hope that it is reasonable to say that an ongoing judgment must be made about the rhetoric that we use and how that might either help or hinder us in terms of leverage with the Chinese Government. That is the judgment that we constantly have to make throughout the world, and we certainly have to make that judgment with China.

The hon. Gentleman also raised the issue of urging the appointment of a European Union special representative on Tibet. That is something that we have discussed with European Union partners. We honestly do not feel that such an appointment would help at the moment. Part of the rationale is that the US equivalent does not seem to have made any significant difference in that regard. The issue is something that we will continue to consider.

I also thank my hon. Friend the Member for Eccles for his kind remarks. I think that his contribution was genuinely well informed—as were many contributions—particularly from a constituency perspective and because of his links with the Chinese community. He also hit on the head one of the key issues in terms of the internal development of China, which is the split between the east, the centre and the west of China. There is a world of difference between those regions, as people who have travelled in the country will know. It is not only east and west, but urban and rural. One of the difficult issues that the Chinese authorities have to handle is the migration that takes place from rural to urban centres. I am reassured to know that the position of the new Chinese leadership marks one of the key changes of orientation and emphasis from that of the previous leadership. That is welcome.

My hon. Friend also raised the issues of his role in the Great Britain-China Centre and of trade unions. I think that the work that the Great Britain-China Centre does in employment law is very positive, particularly the good project that was run on collective bargaining two years ago. It is also a fact that the issue of labour rights and trade union rights featured strongly in the human rights dialogue that we held in November 2002, in which we involved the TUC, ACAS, Unison and others. We will continue to press the Chinese to lift their reservation to article 8.1a of the international covenant on economic, social and cultural rights, which concerns the right to join a trade union. We have long campaigned and argued for that in this country. I do not think that we should move away from that view in terms of what we advocate anywhere in the world. My hon. Friend He also raised the issue of adherence to Falun Gong. Like him, I do not take a view on the nature of Falun Gong and nor do the Government; nevertheless we urge that the rights of Falun Gong adherents be respected.

I genuinely believe that we have had a productive, well informed and constructive debate. China is a huge, developing global superpower with which, for the series of reasons that I listed at the beginning—climate change, economic opportunity and world security—we must continue to engage. That does not mean that there are not differences that we will air both publicly and privately. We need to keep working at the relationship. The contributions this afternoon, like the work of the all-party group, will continue to help us in that regard.

Question put and agreed to.

Adjourned accordingly at eleven minutes past Five o'clock.

Westminster Hall

Tuesday 30 March 2004

[MR. EDWARD O'HARA *in the Chair*]

Sustainable Energy Act

Motion made, and Question proposed, That the sitting be now adjourned.—*[Margaret Moran.]*

9.30 am

Mr. Andrew Stunell (Hazel Grove) (LD): I am delighted to have been successful in the ballot for this debate on an extremely important topic. I hope that the Minister will be able to give us some firm, practical and robust answers.

The background to the debate is the success of the Sustainable Energy Act 2003, which was a private Member's Bill promoted by the hon. Member for Milton Keynes, North-East (Brian White), who hopes to join us later. An important provision in that Act is section 2(1), which states:

"The Secretary of State must within one week beginning with the coming into force of this section designate under this subsection at least one energy efficiency aim."

The designation of that energy efficiency aim is at the core of what I want to say today, although it is part of the bigger topics of promoting sustainability and eradicating fuel poverty in housing, and—this is not incidental—building up a viable energy efficiency industry in the United Kingdom, with the accompanying employment and economic prospects.

The Minister has a good idea of what I am going to say, not least because he has already heard it in stereo from just about every part of the spectrum. For a start, 332 hon. Members signed early-day motion 96, which sets out the core of the subject. Overall, 420 hon. Members have signed early-day motions or voted or spoken in debates in support of the sustainable energy aim set out in the 2003 Act. We are still waiting for that aim. If that is not enough, the Secretary of State has received a joint letter from every environmental non-governmental organisation asking when the aim will be published and what it is.

A similar letter was received by the Secretary of State from every fuel poverty NGO and other relevant organisations. In addition, just about every trade association and group of manufacturers and installers of energy efficiency equipment has also written in the same terms. The Minister has heard about the matter not just in stereo but quadrophonically. His Department knows the script, but I want to ask, on the record, some pertinent questions and I hope that he, in turn, will put some robust and positive answers on the record.

To go back a little, we need to emphasise the importance of developing a sustainable environmental policy and to remind ourselves that 27 per cent. of the carbon dioxide emissions produced in the United Kingdom come from homes and houses. We are living a lifestyle that needs three planets to be sustainable, not the one that we have. I am hoping that, apart from any assurances that the Minister can give on this subject, he will say that there is a determination throughout the Government to ensure that our homes and housing stock are far more sustainable in future than they have been in the past and that the Government intend to play an active part in promoting that. I particularly hope that he will explain to his ministerial colleagues the need to designate a requirement on the Thames gateway site for perhaps 2,000 zero-energy homes, which could kick-start the whole sustainable housing market.

Bob Spink (Castle Point) (Con): I congratulate the hon. Gentleman on securing this Adjournment debate. The subject is important. He referred to the Thames gateway, and he will be aware that my constituency is in that area. Many of the 40,000 people on Canvey Island live 6 ft below sea level. The argument is not just academic, because within 40, 50 or perhaps 80 years, the flood defences will again be threatened. If we are to build another 2,000 houses in the Thames gateway—it is said that some will be on the flood plain—it is very important that we tackle global warming and CO_2 emissions, which increased by 1.5 per cent. last year and have increased in three years out of the past four. Clearly, the Government must do something.

Mr. Stunell: I agree. The hon. Gentleman has the fortune, or possibly the misfortune, to represent a constituency that will be directly affected if global warming proceeds unchecked, and he makes a valuable point.

When the hon. Member for Milton Keynes, North-East introduced his Bill, as it then was, the relevant clause stated that the Government should set "targets". I served on the Committee that considered the Bill, as did other hon. Members here, and there was a considerable tussle between the Government and the Bill's supporters about the precise wording. Eventually, the Government prevailed and the word "aims" was substituted for "targets". That represented a serious watering down. Revisiting the Committee transactions, I see that there was a great deal of concern, not to say bitterness, on both sides of the Committee when the change was made. I am not sure whether this is a parliamentary term, but I slagged off the promoter of the Bill somewhat for his faint-heartedness. However, as I am now steering my own private Member's Bill through the system, I can see how such things happen and I am somewhat more forgiving of the fact that he felt the need to buckle under Government pressure.

The Minister for Energy, E-Commerce and Postal Services said in Committee that we need have no fear that the word "targets" was being replaced by "aims". He said that that had to do with chapter 3 of the White Paper, which set out the Government's aims. He said that they were still the Government's aims and that the Bill's proposals would be "helpful in achieving them" He also said that

"to deliver our commitments, in particular in chapter 3, we will work with the energy efficiency industry, and others who have an interest".—[*Official Report, Standing Committee C*, 24 June 2003; c. 56–58]

Given that assurance, does it matter that, nine months later, interdepartmental shilly-shallying is blocking all progress, scaring away investors in the energy efficiency industry and undermining the achievement of the United Kingdom's CO_2 targets? As

[Mr. Stunell]

the hon. Member for Castle Point (Bob Spink) said, it certainly does matter, because UK CO_2 emissions are increasing. They increased in three of the past four years, most recently by 1.5 per cent. A Minister from the Department for Environment, Food and Rural Affairs dismissed that as simply "a blip", but if, in three years out of four, instead of working towards our target, we are going in the opposite direction, that is more than a blip.

We are moving away from the Kyoto targets to which the Government signed up, and we all know that energy efficiency is the most cost-effective way to cut CO_2 emissions and get back on track. It not only helps us to achieve the Kyoto targets but enables households to save on their fuel bills and improves their comfort and health. It can also make a major impact on fuel poverty reduction. Furthermore, if there was steady and sustained investment in energy efficiency, driven by clear public policy, we would see growth in jobs and economic progress in the industry and throughout the economy.

However, when we consider the record since June, we see that there has instead been a tremendous amount of weaselling by Ministers and Departments. At the time, the Minister for Energy, E-Commerce and Postal Services said that we need not worry, because there were 135 targets in the White Paper and the aims in the Bill would be a way of harnessing the fulfilment of at least some of them. However, he was a little elusive in Committee about precisely which ones, and closer inspection shows why. Although there are 135 targets in the White Paper, amazingly, none is about energy efficiency. It says only that there is an expectation that there will be a carbon reduction—there is not a target.

In the absence of any definition of the aims set out in section 2, which was supposed to be given within one week of its coming into force, no one knows what they are supposed to do to implement Government policy on energy efficiency. That means that everyone in the energy efficiency industry is pretty much stalled. They cannot go to the bank manager to raise money to invest on expanding their business to fulfil an undefined expectation and an absent aim. They need a bankable commitment. They need a target. At the very least they need a published aim. They need that even more having been led up the aisle and dumped more than once before by the Government, such as on cavity wall insulation in 1999.

The energy efficiency industry needs something that is published and bankable all the more because after the Minister made his announcement in June 2003, the Government promptly cut their expectation in half. Instead of talking about a saving of 5 million tonnes of carbon by 2010, they started to talk about a 4 million to 6 million tonnes saving by 2020. From the industry point of view, that is simply unacceptable. Perhaps not surprisingly, there has been no development and no expansion, and no effort yet to move in the direction set out in the Sustainable Energy Act.

After downgrading the expectation by 50 per cent., the Government sent a memo to the Environmental Audit Committee last May in which the then Energy Minister, the hon. Member for Cunninghame, North (Mr. Wilson), confirmed the smaller figure. It was repeated on 16 September 2003 by Lord Evans, the Government spokesman in the House of Lords.

The level of confusion at that time was such that director of the Association for the Conservation of Energy, Andrew Warren, took up the matter with the permanent secretary at the Department of Trade and Industry, Sir Robin Young. He pointed out the problems caused by not having a published aim and the expectation being halved. In a letter dated 22 August, Sir Robin replied:

"I can certainly confirm that the Government remains committed"

to the White Paper figures

"of around 5 MtC by 2010."

In addition, it was agreed by the Department that Lord Evans's words in the House of Lords were an error, and in another letter to Mr. Warren, dated 19 September, Sir Robin wrote:

"I am happy to confirm that the 4 to 6 MtC saving quoted by Lord Evans was intended as a reference to additional annual savings by 2020, over and above the 5 MtC by 2010".

Quite remarkably he continued:

"the Hansard Editor of Debates has offered to include a clarification in the Bound Volume and we will be writing to her to confirm this."

The bound volume for that period has not yet been published, so I cannot confirm that that has happened.

By this time, there was much concern and confusion. Baroness Maddock asked a parliamentary question last October and received a further assurance that we were talking about 5 million tonnes by 2010 and a further 4 million to 6 million tonnes by 2010. Lord Whitty, speaking to the all-party group for intelligent energy on 10 December said:

"We must reach the ambitious targets for energy efficiency in the Energy White Paper. Without this all the other objectives will not be achieved".

That is perhaps the first time the Government have used the word "targets". The figures in the White Paper are now officially referred to as "targets", despite all the Government's efforts to replace that word with "aims" in the Sustainable Energy Bill.

In his consultation document, "Economic instruments to improve household energy efficiency", the Chancellor of the Exchequer said that the Government are still working towards their aim of saving 5 million tonnes of carbon from domestic energy efficiency by 2010. That suggests that, despite a minor wobble, things are back on course. We must consider the process by which the Government will publish that aim. That takes us back to what the Minister offered in the debate last June when he said:

"In order to deliver our commitments, we will work with the energy efficiency industry, and others who have an interest." — [*Official Report, Standing Committee C*, 24 June 2003; c. 56.]

Mr. David Drew (Stroud) (Lab/Co-op): The hon. Gentleman is making a strong case, but would he, like me, accept that one of the underlying problems has been the fact that the Government have some form in cutting the warm front programme, which is crucial to eradicating fuel poverty? The only way in which that can

be done in a sustainable way is by introducing energy efficiency, and the Government must get that programme back on track. Does he agree?

Mr. Stunell: Yes, I very much agree. If we have more time, I should like to explore that issue more fully. Unfortunately, there is not just uncertainty about how the Sustainable Energy Act will be implemented, and when the aims will be published, but all the energy efficiency industry's experience of Government action is negative. Warm words were said in 1999 about cavity wall insulation and now about the warm front programme. The situation has built up and just when things might be starting to happen, a great deal has been knocked down. It makes it all the more difficult for somebody running a company, thinking that they might take advantage of new market opportunities, to visit the bank manager and say, "I have this real opportunity," without being laughed at. The climate for business investment that the Government set is very important. I understood that one of the badges of new Labour was to be finely tuned to the needs of business, compared with their previous incarnations. On this issue, they seem to have gone completely off track.

In June last year, the Minister for Energy, E-Commerce and Postal Services offered to

"work with the energy efficiency industry, and others who have an interest". —[*Official Report, Standing Committee C*, 24 June 2003; c. 56.]

The Secretary of State is well briefed on what the industry and those other interests want: they all want to see the 5 million tonnes of carbon that will be saved by energy efficiency set out as a clear aim in legislation, which will then underpin their own programmes for investment and targeting the problem.

Every energy efficiency company and trade association signed a joint letter sent to the Minister and to every hon. Member, saying that it was imperative to set those targets. It said:

"If we are to secure the necessary funding, then absolute and unambiguous quantified carbon saving commitments will be needed from the Government."

The Government face a completely unanimous view from every outside body and interest, as well as from the 332 hon. Members who signed the early-day motion, yet they still have not set those targets. The reason for applying for this debate has been enhanced by the letter now being circulated by the Economic Secretary, which was sent to a number of hon. Members. I quote from the version sent to the hon. Member for Conwy (Mrs. Williams), which is dated 12 March 2004. It says that:

"rather than setting specific targets it is more important to put in place the right incentives for individuals to take up energy efficiency."

In other words, we will not have targets or aims, but simply incentives. We know that incentives do not work. They have not worked for 25 years and there is not the slightest evidence that they will work in the next 25 years, so the letter completely tears up the script that Ministers laid out when they were amending the Sustainable Energy Bill in June 2003. It tears up the script, carefully repairing the damage done by mis-speaking in the House of Lords to say, "No, the target of 5 million tonnes of carbon is a target based on the White Paper, so everybody except the Government is out of step." Actually, everybody, including half the Government, is in step, but half the Government are not.

Last week, 15 of the United Kingdom's leading companies involved in the manufacture, distribution and supply of energy wrote to the Chancellor of the Exchequer to say that they were

"extremely concerned to have had sight of letters currently being sent to MPs by the Economic Secretary . . . about Energy Efficiency".

They went on to say:

"We know all too well from bitter past experience that 'incentives' without targets simply will not ensure the creation of sufficient business confidence to enable us to invest in plant, personnel and delivery structures. We should therefore be most grateful for your assurance that the Treasury does not intend to resile from the commitments given by Lord Whitty."

I hope that I have outlined some of the flip-flops that the Government have made on the issue. I ask the Minister whether he is willing to rescue the Act and his Government's reputation by flipping, or perhaps flopping, once more. Will he tell hon. Members whether the words of the Energy Minister in Committee in June 2003 still stand, or should we believe what their Lordships were told on 12 September 2003, that instead of reducing by 5 million tonnes by 2010, the aim is 5 million tonnes by 2020—an effective halving of the aim? Or is it what Lord Whitty said to the all-party group on 10 December 2003, reinstating the target of 5 million tonnes by 2010, plus another target of 4 million to 6 million tonnes by 2020? Or is it what the Economic Secretary wrote in his letter of 12 March 2004, that we will not have any aims or targets at all and that everything will be done by incentives? Which of those multiple versions of the truth is the one that the Minister wants to give hon. Members today? Will he please make it the most positive and robust that he can? Otherwise his sustainability policy will not go anywhere.

There has been a lot of confusion, not among those who supported the legislation or the 332 hon. Members who want to see the list of aims and targets produced, but in Government. I do not know whether that is the result of careful and deliberate debate or whether it is because, as is often the case on energy policy, every Department is at sixes and sevens with every other Department. Whatever the process has been, the consequences are the same. The confusion and uncertainty mean that there has been no investment or planning and that we are nowhere near fulfilling the needs of the Government and the policy that the Minister professes to support.

I ask the Minister, who has the uncomfortable job of speaking for the Government and for DEFRA this morning, to give the reassurance sought by the manufacturing companies in the letter sent to the Chancellor of the Exchequer on 26 March that the Government will set a specific target. Specifically, will he put it on the record that they support the higher target of 5 million tonnes by 2010 and the extended 4 million to 6 million extra by 2020? We need a clear sense of purpose and direction. Will he publish at least one aim as soon as possible, so that the industry can get to work on the job? Will he give an assurance that he will relay to other Departments the strong and firm view that an excellent way to start on the objective of developing sustainable housing would be to set a target of 2,000 zero-energy homes at Thames gateway?

[Mr. Stunell]

At one level, this is a technical and impenetrable debate about the implementation of one aspect of a private Member's Bill, which 99 per cent. of the public have probably not heard of. At another level, the debate can be used as a bit of partisan fun and knockabout because the Government have, yet again, not got their act together. However, I hope that we will view the debate in a third way: if we want the UK to be a world leader in providing for a sustainable planet, we must get right these decisions, which the Government perhaps consider as being at the micro-level—trivial or below the radar. Such decisions can mount up, as one brick after another in the wall, to provide a proper sustainability policy. I hope that I have illustrated the problem, and I look forward to the Government telling me what the answer is.

9.57 am

Dr. Brian Iddon (Bolton, South-East) (Lab): It is a pleasure to take part in the debate, and I congratulate the hon. Member for Hazel Grove (Mr. Stunell) on winning the ballot, thus allowing us to air our views this morning. Energy efficiency is extremely important for saving people from fuel poverty. I shall tackle the debate from that angle and stress fuel poverty more than energy efficiency.

We have had a mild winter, so we have not seen the alarming headlines of previous winters. Whether climate change will continue to save us from those headlines, none of us can say, but we were lucky this winter and fewer people than usual died from hypothermia. We have been lucky this year, but we need to make more progress in energy efficiency.

According to the Fuel Poverty Advisory Group's second annual report of 2003–04, between 1.4 million and 2 million people were in fuel poverty in 2001. Those figures represent a substantial reduction—a halving—of the 1996 figure. Therein lies one of the problems: the definition of fuel poverty. The usual definition revolves around the 10 per cent. or more of income that people have to spend on fuel to maintain the heating of their home as well as the cooking and lighting. According to the charity National Energy Action, the figures change depending on the definition of income. The Government take into account full income, including receipt of benefits, and on that basis, 1.8 million people were in fuel poverty in 2001. However, on the basis of basic income, the figure would increase to 2.4 million. The ideal would be to consider disposable income after housing costs have been paid, whether that is a mortgage or rent to a social or private landlord, in which case the figures increase substantially. When we look at figures that show people left in housing poverty, we must take those facts into consideration.

Rising incomes and benefit levels and falling fuel prices contributed significantly to the reduction that I have just mentioned. The incoming Labour Government reduced VAT on fuel to 5 per cent. in 1997, which helped tremendously, and later introduced the winter fuel allowance, which also helped considerably and which was increased recently for some pensioners. An added benefit is that the Government have targeted benefits at the poorest pensioners to keep people out of fuel poverty. Other vulnerable groups have been similarly targeted with benefits. The average SAP—standard assessment procedure—rating for homes rose from 41.5 to 50.5 between 1991 and 2001, and from 39 to 49.4 in the same period for the 30 per cent. of households with the lowest incomes, so energy efficiency measures have obviously also contributed.

However, I have a worry about fuel prices, which have started to rise again. The biggest rises have been in Northern Ireland, where it has just been announced that, on top of an 11 per cent. increase in gas prices announced in October 2003, there is to be a further 20 per cent. increase. That is a staggering increase in one fuel price, never mind the knock-on effect on the price of electricity. It will be difficult to combat fuel poverty in the future if those trends continue. Increases in fuel prices are already beginning to dominate the headlines in the rest of the United Kingdom.

There are still about 4,000 communities throughout the United Kingdom with a cluster of more than 50 households that are as little as 2 km from a gas main. The Department of Trade and Industry has estimated that 120,000 households in such communities could be removed from fuel poverty merely by connecting them to the main. The Government are vigorously pursuing the pathfinder policy to connect 65,000 of those vulnerable households, along with 60,000 others.

Shortly, however, the United Kingdom will be importing up to 70 per cent. of its gas from the continent. That is one of my concerns. We will have virtually no control over the prices that the countries that supply the gas will charge the United Kingdom, not only for supplying the gas but for transporting it across the continent and under the channel. With the cost comes the added fear of a lack of security. I am pleased that energy is being discussed in the House of Lords in relation to the Energy Bill. I hope that the Bill will come before the House of Commons shortly. It has attracted much criticism, and I am sure that we can have that debate when it comes through. I want to see diversification in relation to the supply of energy, and not total reliance on importing 70 per cent. of gas from the continent, which could have a severe effect on fuel poverty in the future if we are not careful.

A 10 per cent. increase in electricity and gas prices increases the numbers in fuel poverty by half a million in the UK. As we have seen, there has been an increase of much more than 10 per cent. already in Northern Ireland. Consequently, at least half a million people pro rata have been rammed back into fuel poverty in that part of the United Kingdom alone.

The warm front, which is an excellent scheme and is much better today than it was in previous years, the energy efficiency commitment—the EEC—and schemes such as the network gas extension, to which I have just referred, are estimated to need £2.5 billion in resources over the period from 2005 to 2010. That is if we are to meet the Government's commitment to remove people from fuel poverty. If expenditure on the EEC is doubled, other programmes need to be increased by at least 50 per cent. to meet the Government's commitment. That is quite a staggering increase. We should bear it in mind that in the current year the resources committed to the warm front have decreased. I plead with the Minister to

look at the excellent warm front scheme very carefully and allocate many more resources to it over the next five or 10 years.

If a broader definition of fuel poverty were taken, to which I referred obliquely at the beginning of my speech, the Government would have to commit not £2.5 billion but £3 billion extra in resources to meet their commitments. They have set a target to eliminate fuel poverty entirely by 2016, and by 2010 for the most vulnerable groups. From what I have already said, that cannot be achieved through business as usual. We have to accelerate our efforts to get people out of fuel poverty and to increase energy efficiency.

While I am on the subject of the warm front scheme, I want to flag up some people in my constituency who are in extreme fuel poverty but unable to do anything about it. Mrs. N receives disability living allowance for her son, who is aged four. Because the benefit is not paid directly to the householder—Mrs. N—or her spouse, the family are not eligible for a warm homes grant. That means that her son does not have the opportunity to grow up in a warm, safe environment. The benefit has to be paid to the householder in order to trigger the grant, which I do not think is right.

Another case in my constituency flags up a slightly different problem. Mrs. R was awarded a top-up grant of only £170 for her loft insulation. She did not really call for the insulation. People knocked on her door, persuaded her that it was a good thing, and because it did not cost her any money she let them go ahead and do it. Now, however, her central heating system is on the verge of breakdown and she is extremely anxious. She is only 53 years old, but she is disabled and in receipt of disability living allowance, income support and incapacity benefit. However, she cannot get the grant because of a small amount of money that was spent on a small amount of loft insulation in the past. She now has to consider remortgaging her property, but feels that the building society will not let her do so.

I notice that the Fuel Poverty Advisory Group's annual report for 2003–04 recommends to the Government that

> "Work should be carried out to understand the circumstances of those not in receipt of a 'gateway' benefit but clearly in fuel poverty."

It also recommends that

> "The Warm Front Scheme Managers should have a small discretionary 'pot' of funds for those in urgent need of help, but not for a variety of reasons eligible for the schemes."

I completely endorse those recommendations, and hope that the Minister will take them seriously. The warm front scheme is an excellent one, but it needs to be examined again so that some extreme cases of fuel poverty, which are currently excluded for "rules are rules" reasons, are brought within its scope.

The warm front scheme deals with many people who are not in extreme fuel poverty, and people have flagged that up as a worry, but we should deal with whole areas where we know there is poverty. We know which are the most deprived wards in the country. Regrettably, several are in my constituency. I could take the Minister to some areas of my constituency and we could set a boundary in that deprived ward and work through it dealing with every household, instead of trying to pick out the ones that just qualify under the rules. Some people would have had energy efficiency measures carried out in their properties, but I bet most of the people in those deprived areas would have qualified anyhow if they had been called on, or if they had called on the managers of the scheme. Energy action areas are an excellent idea, and rather than mess about with a scattergun approach, it might be better to identify the most deprived areas of Britain and treat them wholesale.

In the Housing Bill debate, I said that the new build standards of energy efficiency are very high, in both the private and the social housing sectors. I said, too, that although the decent homes standard is good, and I applaud the Government for their target of bringing all social sector housing to a decent standard by 2010, it is sad that according to the Government's figures people are still being left behind in fuel poverty. That cannot be right; it must mean that the decent homes standard is not addressing the energy efficiency measures under which homes in the private and social housing sectors should be brought up to the standard for new build in the building regulations.

The Government have some excellent schemes: for example, the decent homes standard, and the housing health and safety rating system, which is introduced in the Housing Bill and is a great improvement on the present system for the refurbishment of homes. The Housing Bill takes into account houses in multiple occupation, although there are difficulties with the definition of those, which we shall no doubt debate again on Report. The different programmes are operating in silos; the Government schemes appear to have no consistent approach to energy efficiency and reducing fuel poverty.

The hon. Member for Hazel Grove hit on one of the difficulties when he said that there are too many Departments dealing with too many schemes, which leads to complications. That is not the Government's view. It may not be Labour party policy, but it is the Iddon policy that there should be an Energy Department and an Energy Minister, perhaps in the Cabinet, to bring schemes together, whether they come from the Department of Health, DEFRA, the DTI or the Office of the Deputy Prime Minister. The schemes should be given to one Minister with the political drive to get on with it, co-ordinate them and remove Britain from the embarrassing position of being low in the league when it comes to preventing hypothermia and deaths from fuel poverty. I am ashamed that in a bad winter in this new century so many people are still dying from hypothermia.

10.13 am

Mr. David Amess (Southend, West) (Con): I support the hon. Member for Hazel Grove (Mr. Stunell) and congratulate him on his good fortune in the ballot and on his eloquence.

I wholeheartedly support everything that the hon. Member for Bolton, South-East (Dr. Iddon) said; to summarise his closing remarks, he wanted joined-up government. As the promoter of the Warm Homes and Energy Conservation Act 2000, I am delighted that the Sustainable Energy Bill was enacted, but I am not entirely at ease with what has happened since.

I am delighted that the hon. Member for Milton Keynes, North-East (Brian White) is here today. I was a sponsor of his private Member's Bill and I can

[Mr. David Amess]

empathise with him, and with other hon. Members who have promoted private Member's Bills, about the trials, tribulations and challenges of trying to put a Bill on to the statute book. I therefore congratulate the hon. Gentleman on promoting the Sustainable Energy Act 2003 and, following the wonderful briefing from the Association for the Conservation of Energy, everyone should support the hon. Member for Hazel Grove.

The Secretary of State is charged with setting an energy efficiency aim and taking reasonable steps to achieve it. I understand that Lord Whitty, with whom I dealt during the passage of my Bill, has given an assurance that the aim will be set after the Easter recess. The hon. Member for Milton Keynes, North-East and I know that we cannot rest on our laurels once we have been given ministerial reassurances, because Ministers come and go. However, it is the role of the civil service to advise Ministers, and hon. Members should be concerned about the Treasury's role in the matter.

I am delighted that the energy efficiency industry has sent an open letter to the relevant Secretaries of State. I hope that the Government will be impressed by, and will take notice of, the wonderful array of important people who have far more expertise than I pretend to have and who support the measure. I was intrigued to learn that the chief executive of Scottish Power, Ian Russell, was concerned about the Chancellor's failure to introduce in his recent Budget sufficient new measures to encourage consumers to be more energy efficient. He said that politicians need to work harder to drum the green agenda into consumers' hearts and minds. I do not believe that anything is more important than the environment and saving the planet, but the issue is not considered sexy at present. Perhaps we need people such as Britney Spears, Beyoncé, Jordan or my hon. Friend the Member for Vale of York (Miss McIntosh), who speaks for the official Opposition today, to be associated with it. It is a great shame that young people do not consider this fundamental matter sexy. Members of Parliament know that the issue is not a huge vote winner at present. As soon as we start talking about the environment and energy-saving matters, everyone shrugs their shoulders and thinks, "Another boring technical speech", which is a shame. I hope that in his reply the Minister will say something to inspire our young people and the general population so that they regard the issue as sexy.

The then Environment Minister described increasing carbon emissions between 2002 and 2003 as "a blip". I very much agree with the plea of the chief executive of Scottish Power to Government Ministers. He believes that the Chancellor should have included major incentives for energy efficiency in his Budget and that the Government should be much more proactive in convincing consumers that energy efficiency is a good thing. He rightly said that people must be shown how to conserve energy and be given some fiscal incentive. He suggested, for example, that the Chancellor could introduce a lower rate of stamp duty for energy-efficient homes—I certainly support that—and that a penalty for persistent misusers of energy could be added later.

More than half the emission reductions needed to achieve the UK's carbon emission targets are expected to come from energy efficiency. I am a member of the Health Committee, and have absolutely no doubt that many health problems are associated with environmental pollution. The incidence of brain tumours and asthma, for example, is increasing. There are many such illnesses, and I hope that the general public will become aware of their causes.

I am delighted that the Energy Saving Trust has revealed the huge potential for UK homes to become energy independent and self-sufficient by investing in renewable energy alternatives.

Brian White (Milton Keynes, North-East) (Lab): Does not the investment climate dictate whether companies invest, and is that climate not affected by uncertainty about Government expectations and requirements? Industry has heard it all before, and is concerned that there has not been effective action. Does the hon. Gentleman agree that the key to the matter is ensuring that the investment climate results in the introduction of measures that he identifies as necessary?

Mr. Amess: I absolutely agree with the hon. Gentleman, and I hope that the Minister will find time to respond to that point.

I note that Powergen intends to target 500,000 homes in an energy efficiency drive. It will spend a great deal of money on that work and will contribute to the Government's energy efficiency commitment. In response to the remarks of the hon. Member for Bolton, South-East about fuel poverty, there has been a great debate about how it should be defined, but we all know that it exists. Although Warm Front has been more successful than the home energy efficiency scheme that it replaced, the fact that more grants are being provided does not mean that fuel poverty is being eliminated. Many people remain unaware of the Warm Front scheme. As the hon. Gentleman said, there is no link between eligibility and energy efficiency in people's homes. I am disappointed by the take-up of the scheme; we need to be more proactive in promoting it to the general public.

The hon. Member for Milton Keynes, North-East did us a huge service in introducing the Sustainable Energy Bill in Parliament. However, hon. Members cannot sit back and expect this Government, or any Government, to meet the aims of that measure. I hope that the Minister will give us a clear statement on the matter, in advance of what Lord Whitty might say after Easter.

10.22 am

Dr. Desmond Turner (Brighton, Kemptown) (Lab): Let us put the debate in context: the central driver in all energy policy should be the 60 per cent. saving of CO_2 by 2050. So far, progress towards achieving that aim has not been impressive. We are in danger of fiddling while the planet burns.

There is a developing school of thought in the scientific community that the 60 per cent. target is insufficient, and that we should be looking at savings of at least 80 per cent. It behoves us, for the sake of future generations, to take effective action now, in addition to some of the more detailed considerations that we have discussed this morning. Otherwise our grandchildren or great grandchildren, if they are still alive, will not have

a good word to say for us, and they will be quite right because we will have abdicated our responsibility to future generations.

The Government have an important role to play. Britain is in a position—perhaps a unique one—to set an example to the world in energy policy. However, although I hate to have to say it about my own Government, we are not doing that effectively at present. The Minister may be able to offer suggestions as to why those difficulties are occurring, even under a Labour Government. I believe that part of the problem stems from the fact that four major Departments of State are involved in energy policy, and they do not co-operate as well as they should. There is a departmental silo over there and one down the road, and some of the people in those Departments, not necessarily the Ministers, look enviously at each other and guard their turf rather than putting their heads together and making coherent policy.

We are discussing provisions that are a continuation of some of those in my Home Energy Conservation Bill, which Members may remember ran into trials and tribulations similar to those referred to by the hon. Member for Hazel Grove (Mr. Stunell). I do not care whether we call something a target, an aim or an aspiration; that is dancing on a head of a pin. What matters is that we act, and we need to see the setting out of clear aims, targets or aspirations, whatever we call them, and clear mechanisms for achieving them. It is that combination that will appease the energy conservation industry, which has stimulated this debate, and ultimately produce results.

We are still not doing anything that does not cost anything, which is strange. For instance, the Housing Bill will license houses in multiple occupation, which provide some of the worst housing and domestic energy conditions in the country. My constituency is full of old terrace houses with a SAP rating in single figures, let alone one of 40 or 50. Impoverished tenants are still sitting over single-bar electric fires, keeping an anxious eye on the meter and hoping that their money does not run out. We have the magnificent target of not only getting a quick fix on energy conservation, but helping immediately those in the worst fuel poverty. My Bill would have required minimum energy performance as a condition of registering HMOs. The Housing Bill does not include that provision, although I shall table an amendment on Report, and I hope that the Government will accept it. It was one of the most important motivations in wanting to license HMOs in the first place.

There are many other things that we are not doing. For example, 50 per cent. of our housing stock has solid walls, and we have no economic way of providing wall insulation. Do we invest any money in research and development into appropriate, affordable energy conservation measures for those walls? Not to the best of my knowledge—that was certainly true a year ago, when a director of the Building Research Establishment informed us that there was no investment in such research, even although it could yield an enormous dividend.

In the broader context of energy policy, the 20 per cent. saving of domestic energy by 2010, or of 5 million tonnes of carbon, is of the same order that we aspire to achieve by deploying renewable energy to 10 per cent. of our output by 2010. If we consider the situation in terms of bangs per buck, we will find that we would get a far quicker return from effective domestic energy provision than from deploying renewable energy. However, in reality, we need to do both and we need to do them effectively.

That is why I am saddened that the provision in my Bill enabling the Secretary of State for Environment, Food and Rural Affairs to require local authorities to deliver domestic energy conservation targets, which was carried into the Sustainable Energy Bill, has not been implemented. It may seem trivial, but some of the people most effective in promoting energy conservation—in advertising the Warm Front scheme and ensuring that it works—are our local authority home energy conservation officers, or however they are described locally. We happen to have an excellent officer in Brighton. I know the work that those people do, and with minimal investment they can produce good results. We are not using that power, which was inserted as an adjunct and as an extra delivery mechanism to ensure that things happen.

Our problem is partly cultural. It is endemic in government, irrespective of party. We have a "can't do" administration culture, for reasons that always seem important to the person saying that they cannot do something but, if considered in the broader context, are trivial and easily overcome. If we can convert our current culture of "can't do" or "It will wait; it doesn't really matter that much" into one of "can do" and "It can't afford to wait", we can make an impact. We can then get on with the business of saving the planet, preventing fuel poverty and leaving an inheritance to our grandchildren.

10.31 am

Norman Baker (Lewes) (LD): I congratulate my hon. Friend the Member for Hazel Grove (Mr. Stunell) on his sharply observed comments and his forensic analysis of the situation. I concur with everything he said.

There are clear reasons why we should do more in Parliament and as a country to promote energy efficiency. Most of those reasons have been touched on. The hon. Member for Bolton, South-East (Dr. Iddon) quite properly referred to fuel poverty and the hon. Member for Brighton, Kemptown (Dr. Turner) referred to constituents huddled round one-bar fires. I have also seen such constituents, who have wind blowing in through inefficiently insulated windows, huddling round a fire unable to keep warm—and they have some of the higher fuel bills in my constituency. We must end that situation, which is unsatisfactory and unacceptable in the 21st century.

As my party's environment spokesman, I am predominantly concerned with climate change. As my hon. Friend mentioned, carbon dioxide emissions have increased in three years out of four. I am worried by what seems to be an underlying trend. With the switch from coal-fired to gas-fired generation, there was a one-off gain in the 1990s that led to significant reductions in carbon emissions. That has been banked and we are not seeing the further action necessary to reduce carbon emissions.

The Government have plans for renewable energy and they pay lip service to energy efficiency, but measures are not in place to meet the Government's

[Norman Baker]

reduction target of 20 per cent. by 2010, let alone the 60 per cent. target, which, as the hon. Member for Brighton, Kemptown said, may be insufficient in itself.

On fuel security, the Government quite rightly say that we must be certain of our fuel sources in years to come. We are at the end of gas pipelines that supply us from a very long way away. Many people want their bite out of the gas supply before it reaches us, and that will increasingly be the case in the future. The best way to enhance our fuel security in a very uncertain future is to minimise our demand for fuel in the first place by encouraging energy conservation and efficiency. That would be a very efficient way of ensuring security and it would of course benefit the energy efficiency industry, as my hon. Friend said.

Why is it such an uphill struggle to push energy efficiency? There seems to be cross-party, local council and public support for it, yet we must continually push and push to get measures implemented. There are two main reasons for that. First, there is a psychological reason: people, whether they are Ministers, MPs, officials, council leaders or whoever, like to build things. That is how they measure their achievement. They want to see a power station or a wind farm for which they have been responsible, so that they can point to it and say, "I did that." It is much less satisfying, psychologically, to say, "I cut energy use." One cannot really point to that. It is the same in the case of road transport: people like to build things. They are not so keen on road traffic reduction, which is far more important in some ways. We have to get over that mindset.

The second reason was referred to by several speakers this morning: the chronic failure of Government to deal with energy in a cohesive and comprehensive way in one Department. That issue is not confined to energy. It was also the case with animal welfare during the last Parliament. I drew attention to that regularly, and the Government, to be fair, have now largely sorted out that problem. All animal welfare issues are now dealt with by DEFRA, and policy is much more coherent as a consequence. We want the same sort of response on energy.

My party has proposed a change to the departmental structure that would bring together energy, transport and environment matters in a comprehensive way. That would lead to the sorts of changes and benefits that all of us in this Chamber want. At the moment, there is a split between DEFRA, the DTI, the Treasury, the ODPM and No. 10, which no doubt has a finger in there somewhere. As a consequence, we do not have joined-up government, and we get the sort of contradictory statements that my hon. Friend read out earlier.

Brian White: Is the hon. Gentleman aware that one of the reasons we were able to pass the Act was that we could play Departments off against each other? If the matter was dealt with by one Department, it would probably not be on the statue book.

Norman Baker: That is an interesting historical perspective, but I hope that it is not being advocated as a way to deal with energy policy. I would rather have one Department to nail down than a number of different Departments—with which such games can indeed be played.

As someone who shadows DEFRA, I say with absolutely no disrespect to the Minister or his DEFRA colleagues that it is deeply frustrating to be continually in debates where we have a real problem in Government with someone from DEFRA who is not actually responsible for creating the problem in the first place, and is unable to give a solution. The responsibility lies elsewhere, in the DTI, the Treasury or somewhere else in Government. It is a bit like complaining to the booking clerk at my local station that the train has been cancelled. He or she cannot do anything about it, and one should not complain to the clerk, but they are the only person one can complain to. The Minister is the only person we can complain to today.

One of the things that we have to do is give DEFRA a bit more clout. Poor old DEFRA: the DTI has the energy White Paper and the macho bit, with all the wind farms, and comments on nuclear power. Energy efficiency does not matter much, so it is given to DEFRA, which is one of the fundamental problems. With no disrespect to DEFRA and its Ministers, for whom I have a great deal of time, it would have been better to have a DTI or Treasury Minister here this morning. We could really get our teeth into them. I hope that the Minister will do his best to respond, and more importantly, take back the comments that have come from all three parties today to the DTI and the Treasury to ensure that they get the message. We want more Government action on this front.

I agree with the hon. Member for Brighton, Kemptown in the sense that whether we talk about a target or an aim is not terribly important in itself, but the Government tend to differentiate the meaning of such words, so it becomes important because of the way in which they respond to those words. When battles are lost, targets become aims, and when they are lost comprehensively, they become aspirations. We have found that in many aspects of Government activity.

There is a target to cut carbon emissions by 5 million tonnes by 2010. Will the Minister put it on the record, once and for all, with no equivocation, that that is the Government's target? Secondly, will he confirm that they have mechanisms to achieve that target, and spell out what those mechanisms are, so we can be confident that it will be achieved? That is what we want to hear from him today, and I hope that he will give those assurances.

Hon. Members have quite rightly referred to comments from industry. I want to refer to the comments from a number of pressure groups which, as the Minister will know, have written to the Government on the matter. The Campaign to Protect Rural England, Forum for the Future, Friends of the Earth, the Green Alliance, Greenpeace, the Royal Society for the Protection of Birds and the WWF have sent a common statement to the Government. I would like to read out one paragraph:

"We express our view that it is of the utmost importance that the aim is, or includes, the achievement of 5MtC savings p.a. by 2010 from domestic energy efficiency. We say this because: unless this is set as a firm target the necessary measures to achieve it will not follow; this level of carbon savings is vital in order to ensure the achievement of the government's overall CO_2 reduction

targets; if the aim does not include 5MtC savings p.a. by 2010 from domestic energy efficiency, the whole credibility of the recent Energy White Paper will be thrown into doubt."

There is a united front from pressure groups, from hon. Members of all parties in this Chamber, and from the public. We want to know what the problem is and when and how the Government will commit themselves unequivocally to achieving the target.

10.40 am

Miss Anne McIntosh (Vale of York) (Con): I congratulate the hon. Member for Hazel Grove (Mr. Stunell) on securing this timely and important debate. I also recognise the contributions made by hon. Members from all parts of the Chamber. May I make a number of declarations? Clearly, I am not Britney Spears. In the short time available, my party was unable to secure her services, so the Chamber will have to make do with me this morning. I have modest interests in BP and Shell, and lived in a house with solar panels. Although time prevents me from commenting on the full scale of that disaster, I can say that I am not in a position to recommend their use without reservation. Perhaps we could explore that in a future debate.

I confess that I have sympathy with the Iddon policy of joined-up government, which I hope the Minister will also consider. The hon. Member for Bolton, South-East (Dr. Iddon) mentioned a number of the Departments involved: housing is in the remit of the Office of the Deputy Prime Minister; the Department of Trade and Industry is responsible for energy and played a major role in the Sustainable Energy Act 2003; and today, the DEFRA Minister, who is responsible for fisheries, is responding—more of that anon. It would be welcome if, as proposed by the Iddon policy, one lead Department in both Houses was responsible for energy policy.

It is fair to say that we would all subscribe to and be in favour of energy conservation measures, particularly in the home, just as we would favour motherhood and apple pie. The Government must address the question of how to achieve those aims: who will pay the price and what will the cost be? The average cost of a home in the Vale of York is £200,000. It is incumbent on the Government to set realistic targets, and it is clear from the debate that Government targets are elusive if not unrealistic.

In the early-day motion on greenhouse gas emissions, which several hon. Members present have signed, we recognised

"that the industry and the environment and fuel poverty sectors have all stressed the importance of the aim being the achievement of five megatonnes of carbon savings per annum by 2010 from household energy efficiency as specified in the Energy White Paper".

I know that the Minister has a bad back, but he should not be allowed to wriggle out of answering the question: do the Government still subscribe to that aim or have they dropped it?

On behalf of the official Opposition, I record our bitter disappointment that the Government's environmental record is failing and that greenhouse gas emissions have consistently increased. The Government have done precious little: they set targets but either fail to meet them or remove them entirely. The Government's obsession with wind farms has entirely clouded their vision and precluded any other form of renewable energy. The Government have failed to support combined heat and power—only one serious operator remains, and they have not stated whether they will support that operator's plans to generate further combined heat and power. They are no nearer to reaching their target of more than doubling the amount of combined heat and power generation by 2010. That was set out as recently as 18 December 2003 in a written statement by the Minister for the Environment, and I record my disappointment at the situation.

Moreover, the Government have failed to eradicate fuel poverty, and energy suppliers have pushed up their prices. The Public Accounts Committee stated that the £500 million in grant spent on warm front—the Government's main initiative to eliminate fuel poverty among the most vulnerable—had failed to help those most in need. It said that only a third of grants had helped the fuel poor with low energy efficiency in their homes. We have heard a great deal about such situations in hon. Members' constituencies. A third of grants goes to households not living in fuel poverty, and a third of poorer households, which should benefit, have not been eligible for warm front grants.

Brian White: Is the hon. Lady seriously advocating that the grants should be removed from disabled people?

Miss McIntosh: Unfortunately, time does not allow me to elaborate on these points as I would like, but I shall pursue the point that the Government must accept that the grants have failed to reach the most vulnerable.

The Sustainable Energy Bill set the initial target of a 20 per cent. reduction in energy inefficiency by 2010. Can the Minister confirm that he will progress towards the main provisions of the Sustainable Energy Act 2003? If so, why have the Government delayed announcing their report under the Act and the White Paper until after Easter?

I shall dwell for a moment on a little book that was launched last week, which I am told will shortly reach the No. 1 spot on the bestsellers list—or at least it would if it were available for sale. It is the Liberal Democrats' little yellow book. In it, the Liberal Democrats come out as being even-handed: on the one hand they say one thing, and on the other they say another, both things being perfectly contradictory. The hon. Member for Hazel Grove used to be in favour of an energy tax, and page 21 of the little yellow book says that, in the alternative Budget of 8 March 2002, the Liberal Democrats called for the climate change levy to be replaced with

"a carbon tax, which falls on energy use according to its carbon content".

In effect, that would be a tax on all energy users, and everyone's gas, coal and electricity bills would increase, which would hit the most vulnerable and those on fixed incomes particularly hard. The tax would be European Union-wide and might even be set by the European Commission.

The Liberal Democrats also advocate VAT on new house building. VAT would be levied at between 5 and 7 per cent. on new homes. I shudder to think of the impact on average house prices in my constituency. In the vale of York, the average home costs £200,000 and

[Miss McIntosh]

rising. I recommend the little yellow book, to which we shall return. I note that there has been no mention today of a carbon tax, so we shall wait to hear in future debates whether the Liberal Democrats have ditched that policy or will return to it.

Mr. Stunell: I am anxious to give the Minister time to respond to the debate and I do not want to enter a side argument, but I would be happy to give the hon. Lady a copy of the Liberal Democrats' energy policy paper passed at our conference last year. She will find it a complete answer to the questions that she has raised.

Miss McIntosh: Regrettably, time did not permit me to quote from the Liberal Democrat policies adopted last year, but we shall return to that.

We have had a very good, positive debate, and we now need commitments from the Government. What is their commitment to energy efficiency? Why has the announcement of the report under the Sustainable Energy Act 2003 and the White Paper been postponed until after Easter? Does the Minister still subscribe to producing 5 million tonnes of carbon savings per annum by 2010 by way of household efficiency savings, as set out in the energy White Paper? Has his or any other Department performed an audit to show how much carbon would be saved by the policy that we have discussed this morning?

I conclude with one positive point and a plea to the Minister. I hope that he will have more success with conserving energy than he has so far had with conserving fish.

10.50 am

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): I congratulate the hon. Member for Hazel Grove (Mr. Stunell) on securing the debate and welcome the contributions made by him and other hon. Members. I apologise for the absence of my hon. Friend the Minister for the Environment, who leads on energy in the House of Commons—as Lord Whitty does in the other place—as he is attending the United Nations global ministerial environment forum in South Korea.

The energy White Paper last year was a turning point for UK energy policy. For the first time, sustainability was put at the heart of this country's energy strategy. By announcing the goal of a 60 per cent. reduction in carbon dioxide emissions by about 2050, with real progress by 2020, the Government showed that they were serious about making a long-term transition to a low-carbon economy. Those goals built on what was already an ambitious goal to reduce carbon emissions by 20 per cent. by 2010.

Hon. Members have expressed disappointment about the figures released last week showing a rise in emissions last year. That was caused by a higher than expected coal burn by the power generators. The Government take that very seriously and will use the review of the climate change programme later this year to look at how their climate change policies are delivering across all sectors and where they need to be strengthened. However, it is worth reminding ourselves that this country, in contrast to most other countries that signed up to Kyoto, is on course to achieving its Kyoto commitments and is moving towards its national goals.

It is well known that there is the potential to improve energy efficiency by at least 30 per cent. across the economy. In the energy White Paper, the Government therefore identified energy efficiency as the major way in which we will meet our climate change goals in the short to medium term. Energy efficiency is expected to contribute more than half the total carbon savings to 2010 and in the following decade. We are talking about some 10 million tonnes of carbon savings by 2010 and a further 10 million by 2020. We expect about half of that to come from households.

The figure in the White Paper of 5 million tonnes, which has been cited today, was the Government's best estimate at that time of the savings that might be delivered by the policies and programmes set out in the climate change programme and further elaborated on in the energy White Paper. The figure was not presented as a target. The White Paper made it clear that the actual mix of measures needed in the future will be shaped by economic and technological developments.

Brian White: When we discussed the 2003 Act, one of the reasons why we talked about that figure was that it was equivalent to 20 per cent. That was specifically checked with officials at the time. That is why that figure was cited.

Mr. Bradshaw: I accept that, but the Government did not make a firm commitment to achieve specific levels of savings in any one sector. Hon. Members should also note that the figure of 5 million tonnes applies to the UK as a whole, whereas the aim required under the 2003 Act applies to England only. The equivalent figure for England would of course be lower.

Household energy efficiency has been improving steadily in recent years through the installation of central heating and improved insulation. Heat loss in the average dwelling was reduced by 31 per cent. between 1970 and 2001. During the 1990s, the average rate of efficiency improvement was around 1.4 per cent. a year, and that has increased further since then. However, I accept that we need to do better and we have a wide range of policies designed to achieve further substantial improvements.

The hon. Member for Hazel Grove suggested that the energy efficiency industry in this country was stalled. I simply do not accept that. The building regulations, for example, are steadily driving up the standards of new and refurbished homes. A house built to 2002 standards uses about half the energy consumed in the average existing house.

Miss McIntosh: Will the Minister give way?

Mr. Bradshaw: No, I will not. The hon. Lady has made many diversions in this debate and has left me very little time to reply.

In the last amendment to the regulations, the provisions covering existing buildings were extended to include the replacement of windows and boilers in

dwellings. I welcome the efforts of the hon. Member for Hazel Grove to widen the scope of the regulations further still through his Sustainable and Secure Buildings Bill, which the Government support.

In the White Paper, the Government said that they aim to bring the next major revision of the building regulations into effect in 2005—some three years earlier than previously signalled—and that will improve standards yet more. Of particular importance will be the provisions requiring the use of only the most efficient A and B-rated boilers, which will come into effect in April 2005. We have also started a major new training programme designed to equip 70,000 installers with the skills needed to install those boilers and to advise consumers on high-efficiency heating systems.

In response to the points made by the hon. Member for Southend, West (Mr. Amess), the sustainable buildings task group set up after the better buildings summit last year will make recommendations after Easter.

Through the energy efficiency commitment, energy suppliers are carrying out improvements to their customers' homes worth around £150 million a year. We will shortly be consulting on our proposal for the next phase of the energy efficiency commitment after 2005, and we expect those levels of activity roughly to double. Once high-efficiency boilers become mandatory under the building regulations next year, the main role of the commitment will be to promote the installation of insulation and high-efficiency appliances, and the EEC target will therefore provide a very firm signal to the industries concerned.

Our fuel poverty programmes, including the warm front grant scheme, will continue to support the installation of heating systems and insulation in the homes of the fuel poor. I hear the comments made by my hon. Friend the Member for Bolton, South-East (Dr. Iddon) and I will reflect on his detailed and positive suggestions about how we might improve the warm front scheme. I will ask my noble Friend Lord Whitty to respond to him on the details.

My hon. Friend and other hon. Members also expressed concern about so-called silos in Government. Hon. Members constantly raise an issue about which they care deeply and wish that a single Minister was responsible. If we took on every single request, there would be hundreds of Ministers and hon. Members would not receive a better service. They fail to recognise that the Government are working through the new sustainable energy policy network, delivering joined-up government, and that all key Departments at ministerial and official level are involved.

The network is chaired by my right hon. Friend the Secretary of State for the Environment, Food and Rural Affairs, and the Secretaries of State for all other Departments concerned are involved. As my hon. Friend the Member for Milton Keynes, North-East (Brian White) said, there can be some advantages—I will not repeat the exact language that he used—in having different Departments with different priorities. One actually obtains a better deal than under the one that the Liberal Democrats are apparently advocating, in which we would have a single Minister responsible. That person would not be able to deliver what they were supposed to.

Several other programmes are furthering our energy efficiency aims: the decent homes programme, run by the Office of the Deputy Prime Minister; the Energy Saving Trust, which is funded by my Department; we have recently announced a major new energy services pilot; and several fiscal instruments were added to in the recent Budget.

As hon. Members have acknowledged, the Government will shortly be publishing their energy efficiency implementation plan, which will set out comprehensive measures to deliver the energy efficiency strategy contained in the White Paper. My Department has been developing it through the sustainable energy policy network. We will be setting such an aim to fulfil the requirements of the Sustainable Energy Act and the White Paper. It is our current intention to include an aim for the household sector within the energy efficiency implementation plan, and for that aim to be consistent with the measures that the plan contains.

Heavy Goods Vehicles

11 am

Mr. Andrew Mackay (Bracknell) (Con): May I first through you, Mr. Deputy Speaker, thank the Speaker for allowing me to initiate this debate? I welcome the attendance of my old friend the Under-Secretary of State for Transport, the hon. Member for Plymouth, Devonport (Mr. Jamieson), and I am pleased that he will respond to this short debate.

In a conciliatory spirit, I put it to the Minister that there are many matters on which we agree, including the importance of improving safety on our roads. An analysis of the events in Madrid only a couple of weeks ago showed that as horrific, wrong and dreadful as that terrorist act was, the number of people who perished and the larger number who were maimed were not nearly as high as the number of people who die on roads in Spain or, for that matter, in this country. That is not to diminish that appalling terrorist atrocity, but it puts in perspective how much more we all have to do to ensure that our roads are safe and that casualty figures continue to fall.

Heavy goods vehicles represent about 1.4 per cent. of the traffic on our roads, yet they are involved in 15.5 per cent. of accidents that result in fatal casualties. I expect that, like me, hon. Members find those figures startling, but they get worse. Occupants of heavy goods vehicles represent 8 per cent. of the total casualties, whereas the occupants of vehicles that collide with a heavy goods vehicle account for 26 per cent. of casualties on our roads. It is therefore fair to say that anything that realistically can be done to improve the safety of heavy goods vehicles, such as my proposal to ensure that they are more conspicuous, would hugely benefit road safety and save lives.

I recall the days when there were no reflective number plates, and I am sure that the Minister does so too. In the days when we were both involved in Solihull politics, number plates were black and white. It was startling when reflective number plates were introduced in the late 1960s, largely by the 3M corporation, which has its UK headquarters in my Bracknell constituency. Hon. Members may recall a time when there was no reflective tape on the back of heavy goods vehicles, but now we all benefit from that at night. If we drive up behind a heavy goods vehicle that has broken down on a quiet road, our headlights pick it up much earlier than would otherwise be the case.

United Nations Economic Commission for Europe regulation 104 suggests that reflective tape should be put on the sides of heavy goods vehicles. A significant number of accidents occur at night or in bad weather conditions, when drivers simply fail to spot the heavy goods vehicles sideways on, with the consequent accident and casualties that I mentioned earlier. For reasons that are not entirely apparent from my correspondence with the Minister, the Government have chosen not to implement regulation 104, although it has been implemented in Italy. A similar regulation has been implemented in Russia and America, where it has led to a 17 per cent. reduction in casualties and accidents involving heavy goods vehicles. The prize is therefore huge, and many far-sighted companies, such as Marks and Spencer, Sainsbury's and the John Lewis Partnership, have voluntarily added reflective tape to their vehicles. That is marvellous, but we cannot rely on community-spirited companies. We should move towards all heavy goods vehicles having retro-reflective tape on the sides of their vehicles.

I have corresponded with the Minister in an attempt to persuade him of the need for such a provision. In his reply of 28 November 2003 last year, he was good enough to say:

"We are aware of the conspicuity benefits of retro-reflective tape, which can be used to outline the shape of large vehicles, using red to the rear and yellow to the side."

I am pleased that he recognises the strength of the case, but he went on to say that as regulation 104

"does not mandate the fitment of that tape to vehicles"

the Government have decided that at this stage they do not want to implement it in our country, which is a great pity. The Minister referred to a Loughborough university research and cost benefit study which states that

"mandating retro-reflective side and rear markings on new heavy goods vehicles in the UK would"

cost

"£12 million, while the expected benefits would amount to £6 million."

That was worrying, and sent a shiver down my spine. I am not sure how the Minister can place a value on dead and maimed people, but I should have thought that the price of saving so many lives was well worth paying.

I am by nature a deregulator rather than a regulator, so there must be special circumstances for me to call for additional regulation. I need, for example, to be satisfied that the cost is not disproportionate. The cost of putting tape along the sides of an average heavy goods vehicle is £100, which might be a lot of money to you and me, Mr. Deputy Speaker, if we were fitting tape on our own cars, but as the cost of a heavy goods vehicle costs is approximately £100,000 it is hardly a major financial burden on hauliers and companies with such vehicles. There is no reason whatever for not implementing the regulation.

In his letter, the Minister said:

"We are aware that the Italian government have proposed to mandate the fitment of ECE R104 retro-reflective tape to heavy goods vehicles registered in Italy. At the moment there is some doubt as to whether they have the legal powers to do this. Vehicle lighting and signalling equipment on new vehicles is harmonised throughout Europe and currently R104 tape is 'optional' under type approval: thus it is at the vehicle manufacturer's discretion whether or not to fit it. National governments cannot impose extra requirements on a vehicle which has been correctly type approved."

The Minister is nodding, but I am not sure that the rest of us buy that argument. The implication is that vehicle manufacturers alone can fit retro-reflective tape, and that if regulation 104 were made mandatory here it would be their responsibility to ensure that compliant materials were fitted before delivery. That is incorrect. Retro-reflective tape is easy to fit and can normally be done by end users themselves, as is the case with the companies that fit it voluntarily.

The Minister went on to say:

"Vehicle lighting and signalling equipment on new vehicles is harmonised throughout Europe".

Consequently, neither Italy nor the UK could act unilaterally. That is questionable, to say the least, as there are already instances where the UK imposes stricter provisions on safety markings for domestically registered vehicles while still complying with EU and UN type approval legislation. It is the responsibility of the end user, rather than the manufacturer, to ensure that additional provisions are met, because there is a distinction between type approval and domestic vehicle requirements. The Minister will be well aware of that distinction.

A pertinent example is "Long Vehicle" marker boards, as described in UNECE regulation 70. The boards are mandatory for vehicles registered in the UK, but not in other EU countries such as Germany. The vehicle type, for example, a particular type of Volvo truck, is approved under the appropriate regulations, but the UK imposes an additional requirement before an end user can register the vehicle in the UK. That seems perfectly reasonable, and a similar arrangement could apply to retro-reflective tape. I put it to the Minister that, happily, a precedent has already been set.

If regulation 104 were made mandatory in the UK the vehicle type would be approved in the same way, but to register such a vehicle the end user would have to ensure that it was fitted with the appropriate retro-reflective material. As I have already mentioned, that would cost no more than £100 a vehicle. Such an initiative would not prevent vehicles from other countries from being allowed on UK roads, and would not contravene any EU trade legislation, so there is no good reason why we should not proceed.

Occasionally, the Minister and I gently clash about the issue of speed cameras in parliamentary questions. Far more lives would be saved by introducing a measure on retro-reflective tape than by siting speed cameras in the wrong place, such as, I strongly believe, the Heathrow airport exit. I would be out of order if I pursued that argument very much further so, as the Minister firmly believes in road safety, I urge him to implement regulation 104 as soon as possible. That is in everybody's best interests, and people who own and operate heavy goods vehicles have nothing to fear from the regulation.

11.13 am

Peter Bottomley (Worthing, West) (Con): With the approval of my right hon. Friend the Member for Bracknell (Mr. Mackay) and the Minister, I should like to make a brief contribution. I am at fault for not tackling the problem, because 18 years ago, I proposed a regulation to fit sidelights on vehicles. That regulation could have dealt with the problem of the visibility of long heavy goods vehicle when crossing the path of approaching traffic.

My right hon. Friend has made the case for fitting reflective tape to the sides of vehicles. I expect that the Minister will say that to make that mandatory straight away would not be the best way to make progress. If the initiative is to be of value, it should be taken up with the United Nations Economic Commission for Europe and made a Europe-wide proposal. I hope that today's debate will stimulate every operator of new and old vehicles to put yellow reflective tape on the sides of their vehicles and red tape on the back. That would represent progress, and I wish the Minister well in trying to get international agreement on introducing the measure as a mandatory Europe-wide provision.

11.15 am

The Parliamentary Under-Secretary of State for Transport (Mr. David Jamieson): First, I congratulate the right hon. Member for Bracknell (Mr. Mackay) on securing this important debate, and I agree with the general thrust of what he and the hon. Member for Worthing, West (Peter Bottomley) said. The right hon. Gentleman referred to the fact that we are old friends who go back a long time; I first debated with him nearly 40 years ago. I always used to win those debates and I shall be equally convincing today, so I hope that he will not be too disappointed.

The right hon. Gentleman said that he is a keen deregulator, but I will avoid making the obvious joke—this is an example of him trying to increase the use of red tape. However, I am grateful to him for raising some important points on the use of retro-reflective tape on heavy goods vehicles to make them more conspicuous. I listened carefully to his arguments and I have re-examined our correspondence on the matter. We are in agreement on heavy vehicle safety. The Government take that matter seriously—it is an important part of our road safety strategy.

The right hon. Gentleman knows that road safety is extremely important to me and to my Department, as it has been to many other Ministers over a great number of years. We are making good progress on our road safety strategy, as set out first in "Tomorrow's roads—safer for everyone", which contains casualty reduction targets to be achieved by 2010.

Total deaths and serious injuries were down 17 per cent. in 2002, which is nearly halfway to our 40 per cent. target. Child deaths and serious injuries were down 33 per cent. in 2002, which is two thirds of the 50 per cent. target for 2010. However, that is no reason for complacency, even though those figures probably rank with the best in the world. The right hon. Gentleman mentioned several other countries, including Italy, Spain and Russia, which have substantially worse road safety records than we do.

The number of accidents involving heavy goods vehicles is high, but that too is falling. In 2002, 13,480 heavy goods vehicles were involved in injury accidents compared with 14,417 in 1993. That is a 6 per cent. fall in injury accidents over 10 years during which heavy goods vehicle traffic increased by 16 per cent. The rate of casualties related to heavy goods vehicles is falling dramatically, as it is in other areas of road transport. In the five years from 1997 to 2002, the numbers killed and seriously injured in accidents at night involving heavy goods vehicles also fell by 15 per cent. However, that is no reason for complacency, although things are clearly going in the right direction.

We have taken a number of other measures, such as extending the requirement for anti-lock braking systems to all vehicles and trailers over 3.5 tonnes. We have also introduced regulations making front under-run guards for new heavy goods vehicles compulsory, in addition to the safety guards already fitted to the sides and rear of heavy vehicles and trailers.

[Mr. David Jamieson]

We have also been putting considerable effort and money into helping the road haulage industry to train the people that it needs to meet its requirements. About £8 million from the road haulage modernisation fund has been invested in training to help the industry to meet its future labour and skills needs.

Turning to the specific issues, the right hon. Gentleman raised some good points. I hope to be able to put my response in a context that may bring some comfort to him in the long term, although perhaps not in the short to medium term. I share the concerns that he raised about the conspicuity of large vehicles. He will know that, since 1973, retro-reflective long vehicle marker plates have been required on all new vehicles over 7,500 kg and trailers over 3,500 kg.

From 1991, vehicles more than 6 m long have had to have side marker lamps and side retro reflectors to make them more conspicuous from the side, and end outline marker lamps to show the height and width of the vehicle from behind. The right hon. Gentleman mentioned measures taken in the United States, where there has been a 17 per cent. reduction in casualties and accidents involving heavy goods vehicles. Some measures taken by the UK did not prevail in the United States; our vehicles were more conspicuous because of measures other than the use of tape.

When the new standard for retro-reflective tape was developed, we recognised that its use might offer further road safety benefits. In 1997, the Department commissioned research to establish how best to use retro- reflective and fluorescent materials on large vehicles. In particular, the research considered tape conforming to regulation 104, a specification for reflective tape agreed in the United Nations Economic Commission for Europe, which regulates the technical requirements of vehicles. The regulation controls the physical properties of the tape—qualities such as its colour, how much light it reflects, dimensions, resistance to external agents and so on. It also contains guidelines on how the tape should be mounted on the vehicle, outlining its shape.

The Department's research on retro-reflective tape was one element of a larger project involving motor vehicle and pedal cycle conspicuity, which was carried out by the Ergonomics and Safety Research Institute at Loughborough university. The research showed that some accidents are due to the low conspicuity of vehicles or the poor perception of drivers as they approach a large vehicle, which retro-reflective tapes can improve by increasing the luminance contrast at night. However, fluorescent materials are more appropriate during the day.

The cost-benefit analysis prepared as part of the overall assessment showed that the estimated annual cost to the haulage industry of marking new heavy goods vehicles would be about £12 million, which was set against estimated savings of about £6 million. All deaths and injuries are important and we must concentrate our energy and resources on the best means of reducing casualties, focusing our finite resources where they will have the most impact. The report is available in the Library.

Our research was completed in 1998, so there are good arguments for re-doing the cost-benefit analysis and I agree that there is scope to do so. However, improving the visibility of heavy duty vehicles is included the European road safety action programme. The European Commission is carrying out research on the effectiveness of retro-reflective material, which will take about a year. Its research includes an assessment of costs and benefits, so it makes more sense to wait for the results before deciding whether we need to do anything more.

The right hon. Gentleman mentioned the Italian proposal to require vehicles and trailers over 3.5 tonnes registered in Italy to be fitted with tape on the rear and the sides. It is part of a package of measures that the Italian Government are considering to tackle Italy's road casualty problems. That country already has requirements for heavy vehicles similar to those in the UK, but Italy has a much higher accident rate and I can understand why its Ministers want to take action.

To illustrate the scale of the problem, there were 11.1 road deaths per 100,000 of the population in Italy in 2000 whereas in the United Kingdom the figure was 6.1 per 100,000. That is a substantial number less. Total road deaths in Italy in 2000 were 6,410 and in the UK the figure was 3,598, so road casualty levels in this country are much lower than in Italy, probably even for heavier vehicle usage. While Italy has strong reasons for wishing to take this action, there is some doubt as to whether it can do so unilaterally.

Since I wrote my letter to the right hon. Gentleman in June 2003, the UNECE position has changed. It did so as recently as 28 February and it is now an optional provision for type approval. A member state cannot refuse to register a vehicle that has type approval in another EU state. Member states cannot unilaterally mandate that, as it could constitute a barrier to trade. There has been some confusion about that, but it has been cleared up by the European Commission. If the right hon. Gentleman wants more information on that and some detail, I am happy to correspond with him.

I have been asked how we can have mandated for so many years that marker boards be fitted on the rear of trucks but cannot now unilaterally mandate on retro-reflective tape. It might help the House's understanding if I explain that the rules are different. This is a complicated topic, but I will do my best to give an outline of why we can include one requirement in our national law but not the other.

The situation hinges on Economic Commission for Europe regulation 48, which concerns the installation of lights and signalling devices. That has been changed in the last month or so to include an optional provision for reflective tape. It makes no mention of the marker boards. They are covered by ECE regulation 70. The subtle difference in those regulations permits national Governments to set their own requirements. That is what we do in the United Kingdom. I believe that most other member states take the same position.

Germany recently made a proposal to the UNECE working group on vehicle lighting to allow countries to make the fitting of regulation 104 tape mandatory for type approval of new heavy goods vehicles weighing more than 12 tonnes. That would mean manufacturers having to fit the vehicles with a tape to be allowed to sell them in those countries. It makes sense for Germany to

make that proposal, as it does not apply the regulation for rear marker boards. Clearly it has much to gain from requiring conspicuity markings to the rear of heavy vehicles, but it starts from a lower baseline than we do, so the safety case is easier for it to justify.

We will consider the new UNECE proposals carefully and examine how they will affect our vehicle manufacture and haulage industries. As well as questions on the safety benefit, there are practical concerns, such as the difficulty with mounting the tape on unusually shaped vehicles without flat surfaces—for example, petrol tankers, cement mixers, cranes and car transporters.

So, as I am sure the House appreciates, we need to discuss the German proposal with United Kingdom stakeholders before we decide whether to support it. However, I assure to the right hon. Gentleman that, if we feel that that could bring genuine road safety benefits, of course it will have our full support.

The right hon. Gentleman asked about the cost of fitting the retro-reflective tape. My Department's research shows that the cost is about £150 for materials, but there is a further cost for fitting. We have had representations from the industry—for example, the Freight Transport Association and the Road Haulage Association; he probably knows the latter. Returning again to Solihull, his old pal Roger King may have a different view from the right hon. Gentleman. He may want to catch up with an old pal and have a discussion, perhaps over a little noggin somewhere, to see whether he can come to an accommodation with him as well.

This has been a useful debate on an important subject. If there is any matter that I have not covered in full, I shall, as always, be most pleased to correspond with the right hon. Gentleman.

11.29 am

Sitting suspended until Two o'clock.

UK Olympic Bid (2012)

2 pm

Mr. Eric Joyce (Falkirk, West) (Lab): I want to speak about the bid to bring the 2012 Olympics to the United Kingdom. A lot has been said in this place and in the main Chamber about the bid, and that is quite right, because it is of great significance in itself. If successful, it will have implications that will keep this place and the main Chamber busy for many hours from now until 2012 and, no doubt, beyond. I have read previous speeches on the subject and will endeavour to avoid repeating points that have already been raised.

I believe that if the state is to commit itself to hosting an event such as the Olympic games, it must do so on the basis that all parts of the UK must benefit, directly or indirectly. The games must, of course, be held substantially in one place, although some events can be dispersed. Rowing, for example, will be held at the world-class Eton Dorney facility, and football will be held across the UK, including in Glasgow and Cardiff. Much of the benefit will, of course, come to the London area, but it is important to note that there will be significant spin-offs across the UK for tourism, building contracts, extensions to building contracts and the whole chain that relates to the games.

I want mainly to talk today about the sports communities—not just in competitive sport, but those existing in all communities—that would benefit considerably from a successful bid, providing that those responsible for managing it proceed with sensitivity to the need to spread the benefits as widely as possible. I am glad to hear from London 2012 Ltd., the company responsible for putting the bid together, that such sensitivity to the reliance of the bid on taxpayers across the whole UK is to the fore in its mind.

Mr. Graham Stringer (Manchester, Blackley) (Lab): Does my hon. Friend accept, in the nicest possible way, that the title for this debate is technically a misnomer, because the bid is in the name of London and the British Olympic Association and not the United Kingdom? Does he agree that, in order to obtain the support of the whole UK, the British Olympic Association and the Government should had followed the practice of other countries of opening the nominations for the British competitor city to the whole UK? Not having done that has divided the country in many ways, because people think that something given to London, without allowing other cities to compete, is unfair.

Mr. Joyce: I recognise entirely what my hon. Friend says: he is extremely knowledgeable on the subject. My understanding—I shall say more about this later— is that the criteria drawn up by the International Olympic Committee are such that London is the only city in the UK that is likely to succeed. Although I recognise that other hon. Members whose constituencies are in large cities would naturally want to argue for their cities, I must recognise that Falkirk is unlikely to be a successful bidder for the 2012 Olympics. That is a harsh fact of life, and I must resign myself to it.

Mr. Tony Banks (West Ham) (Lab): May I confirm what my hon. Friend has just said? The IOC made it clear that the only bid city from this country that it would entertain was London. Manchester and Birmingham have tried unsuccessfully before, and the BOA made it clear it would only put forward a London bid. It is not a bias towards the metropolis; it is a fact of life that the IOC would only entertain a London bid, and we must accept that.

Mr. Joyce: I agree: it is simply a fact of life and we must proceed from that position. That is where we find ourselves now; sadly, the Falkirk Olympics remain on the theoretical books—

Chris Bryant (Rhondda) (Lab): On hold.

Mr. Joyce: On hold, for a little longer, until we expand the town.

The bid team is establishing a nations and regions support group, which will meet for the first time this May. That is an important development.

Mr. Stringer: As ever, I have been listening carefully to my hon. Friend and following the logic of his argument. However, he should consider the cities that have hosted the Olympic games since the second world war, the slight majority of which have not been capital cities. Furthermore, I have never found an official statement from the International Olympic Committee saying that it will accept a bid only from London. He said that there will be many debates on the subject, so will he bring us that categorical statement of IOC policy either today or in another debate?

Mr. Joyce: I cannot bring that categorical statement. I proceed from the assumption that the bid is being made in the name of London, and that is just the way it is. The evidence may be given in future debates, and I strongly suspect that that will happen, but it is not something that I can do today.

Each nation and region will nominate someone from the business world and another from the sporting world to represent it on the support group. The group will be chaired by Charles Allen, who is the vice-chair of London 2012 Ltd. and one of this country's leading business people. The group will advise on how best to link the bid to regional businesses and sports networks, and it will create a new platform to develop the ways in which the UK as a whole can benefit from bringing the games to London. That will include exploring opportunities for commercial contracts, for locations such as universities to benefit by providing bases for pre-Olympic training camps and for venues to attract major sporting events in the run-up to the games.

As far as I can see from its remit, the nations and regions support group will not consider the knock-on effects of the games, but some benefits will accrue. A successful bid will lead to world-class facilities, which we could reasonably expect many sports to take advantage of for years to come. In addition, a successful bid may assist Glasgow's chances of staging the 2014 Commonwealth games, in which the city has declared its interest. Its councillors are meeting today with a view to developing the bid. Not that anyone would want it, but even an unsuccessful Olympics bid could bring advantages. Manchester's unsuccessful bid for the Olympics led to an enormously successful Manchester Commonwealth games, and similarly, if the council decides to go ahead, a Glasgow bid for the 2014 Commonwealth games could benefit.

I understand the comments of my hon. Friend the Member for Manchester, Blackley (Mr. Stringer), but if not in name, the bid is effectively by the UK as a whole—it is a Great Britain and Northern Ireland bid.

Chris Bryant: One difficulty with the legacy is that it will all be in London, although there may be earlier benefits elsewhere. Another point is that the IOC has a habit of making exaggerated demands on countries that hold the Olympics. For instance, Athens has been told that it must have a legacy stadium of 10,000 seats for baseball and basketball, two games that are hardly played in Greece.

Mr. Joyce: That is interesting, as I was not aware of that. However, I cannot quibble with the criteria laid down by the IOC because I do not know enough about the detail. It is inevitable that a substantial proportion—if not the majority—of the economic, developmental and regenerational benefit will accrue to the largest conurbation in the country. That is a fact of life. If we want to bring the Olympics to the UK, there are some things that go without saying, and that is why it is important that we spread whatever benefits as widely as we can. I suspect that there will be upgrades to sporting facilities such as football stadiums, and we must consider that they will be of significant benefit to the communities affected.

Mr. Andy Reed (Loughborough) (Lab/Co-op): Places such as Loughborough university will benefit from the location of one of the major sporting teams because of the facilities that we already have and the extra income that will be generated. Some of the facilities will need upgrading by then, and the legacy will not be coincidental: it will flow from ensuring that places outside London play their part. Many of my constituents will be very interested in volunteering, and I hope that my hon. Friend will address that as well.

Mr. Joyce: Indeed. I will come to that in due course. My hon. Friend is taking most of my speech away, so I will not reply to him immediately or I will run out of words and deliver it in the wrong order. He is right: there are many ways in which the rest of the country can benefit. Those of us who represent constituencies outside London must consider ways in which we will benefit, rather than concentrate too much on the fact that the largest conurbation will be a significant beneficiary.

The Government and the British Olympic Association made it clear that the criteria set by the IOC mean that London is the only city that could be a successful British bidder. Even then, we know from coverage of the subject in the press and elsewhere that competition will be very fierce.

Political, business and sporting leaders from across the UK have been vocal in their support of the London bid. Scotland's First Minister, Jack McConnell, has

confirmed his support for the 2012 bid. In doing so, he noted that Scotland would benefit in many ways from a successful bid.

The bid may attract additional tourists who would be likely to attend part of the Olympics and take in some other part of the UK while they are here. They could do no better than to visit the Falkirk wheel, one of Scotland's most visited and excellent tourist attractions. It is increasingly the reason why many people visit Scotland, and by remarkably good fortune, it happens to be in the middle of my constituency. It has been suggested that the high diving could take place from the top, which is 130 ft high, but I suspect that the canal at the bottom is too shallow for that.

In confirming his support for the Olympic bid, the First Minister also drew attention to the first-rate facilities that already exist in Scotland, to which my hon. Friend the Member for West Ham (Mr. Banks) has already alluded. Those facilities include the swimming centre of excellence at Stirling university. It is not in my constituency, but it is only 20 minutes away and a place of work and study for many of my constituents. Other facilities include the national rowing academy recently opened at Strathclyde Park. They could readily be used as pre-Olympic training camps.

Scotland would of course host Olympic football events. I realise that Members may wish to challenge this point, but it would seem odd if Scotland were to host an Olympic football event and there was no UK team involved. It is a contentious issue, and the Scottish Football Association, the Football Association and the British Olympic Association have proposed various ways round it: one would be that the winners of a home international represent Britain. I am not sure about that. Another would be a select UK team. There are several ways of dealing with it, but it would be peculiar not to have a UK team. That is not to force the idea on the FA and the SFA, however, because I believe that the last time it happened was 1960.

Chris Bryant: As a Welshman representing a Welsh seat, I wholly concur with the view that there should be a UK football team. I am sure that there will be a football match in the millennium stadium, which is a fine stadium—probably the best in the land. I hope that my hon. Friend agrees that we should go in that direction rather than in the direction that some wild, woolly nationalists have argued, namely that we should have separate Welsh, Scottish and English teams for athletics, cycling, swimming and everything else.

Mr. Banks: The IOC would never accept that.

Mr. Joyce: I agree entirely. There are separate football associations and identities for international football, but that would not be acceptable to the IOC.

Scotland, much like other parts of the United Kingdom, has a proud history of welcoming visitors from around the world with warmth and friendliness and I am confident that athletes and spectators from participating Olympic countries would find Scotland an excellent place for preparation and tourism. Politicians in Westminster and in Scotland have expressed Scotland's desire to welcome athletes, although we recognise that it would be a matter of competing with locations not simply in England but in sunny places such as the south of France where African athletes might find it more pleasant to be in the run-up to the games. Nevertheless, we have the facilities and we must ensure that that is on the record.

I want to mention the effect of a successful Olympic bid on sport in and around my constituency, which is in Scotland's central belt. I am aware that many issues concerning sport are devolved to the Scottish Executive and that anything concerning the national lottery is, theoretically, reserved. There is a danger of getting into a mire if I go into too much technical detail about particular sports, but sport is as much a part of Scottish national life as it is a part of Welsh national life and, I am sure, of English and Irish national life. It is fair to flag up the importance that sport plays in Scotland as well as the rest of the UK.

In many respects, the important impact of sport in our constituencies comes from the community effect, not from the high-level competing. Many people in our constituencies take part in sport daily and look to the highest level of performance for their inspiration. Many Olympic sports are essentially community sports.

Pete Wishart (North Tayside) (SNP): I hope that the hon. Gentleman will start to discuss how the Olympics will be financed, which will be from lotteries. Does he share Scotland's concern that its slice of £41.8 million to pay for the London Olympics will set back the regeneration of sport in Scotland by 20 years?

Mr. Joyce: I shall come to funding presently, although I realise that time is ticking on. The hon. Gentleman will not be surprised to hear that I do not agree with him, but I do not necessarily disagree with all that Sport Scotland says, and I recognise that there will be a burden on taxpayers. I shall try to respond to his comment in context, if I may.

Community sports that are also Olympic sports include gymnastics, judo, hockey and basketball, and one can find people taking part in those sports in sports halls in our constituencies on any night of the week.

I shall speak about judo, which has a noble history in the Olympics. In Scotland, it is run under the auspices of Sport Scotland, but it is a BOA sport and ties in with the British Judo Association. In fact, it delivered one third of all the medals that Scotland won in the last Commonwealth games. Scotland and the UK are becoming very successful in that sport, and its main base is its many community clubs throughout the UK.

In Scotland, there are 110 judo clubs, and the 10,000 members, the majority of whom are children, and their parents, keep the sport alive. Volunteers usually work for nothing, and the officials who run judo organisations usually do so for very modest reimbursement. As young people grow older, there is a trend for them to be attracted away from their particular sport, and from sport in general, by more sedentary activities. That is a pity for national life, and one of the benefits of holding the Olympic games in the UK is that the exciting, flashy side of sports, which may rarely be seen, is brought into their own backyard. That will encourage people to stay in sport, particularly in my sport, in which there is a serious drop-off rate before people reach early adulthood.

[Mr. Joyce]

More countries are members of the International Judo Federation than of the United Nations. That should remind us of the effect that sport has in connecting people from different countries and communities. It makes people in our constituencies, who might not normally think about international issues, more aware of what is going on around the world. That is another reason why community sports should be at the forefront of our minds.

Sport Scotland, in common with its regional counterparts in the UK, has said, as the hon. Member for North Tayside (Pete Wishart) said, that an Olympic bid could draw resources away from other areas of sport in Scotland—the Minister may wish to respond to that. I think that, in return for the benefits to the UK and to Scotland of holding the Olympics in Britain, we should all take an element of the risk and cost. All sports would benefit, to the extent that it justifies their taking an element of the risk that will be largely borne south of the border.

Pete Wishart: I am listening carefully to the hon. Gentleman. Surely, with an ever dwindling pot, the money should fund community resources, proper sporting tuition and a community infrastructure so that young people participate in sports, especially given the lifestyle and obesity problems in Scotland. That money should not go into infrastructure projects in London. The Olympics may make people interested in sport, but would the money not be better spent on community resources?

Mr. Joyce: I think that the hon. Gentleman has a particular agenda—his raison d'être is to stress the importance of independence and separation and he thinks that decisions on funding should be made on that basis. I think he finds it difficult to swallow not that the Olympics might be staged south of the border—he probably views that in the same way as if they were staged in Paris or elsewhere—but that many athletes will compete with enormous pride wearing a Great Britain and Northern Ireland vest, shirt or swimsuit, and that millions of people, north and south of the border, will proudly support them. I think that it sticks in the craw of Scottish and Welsh nationalists that people are enormously proud to be British on these occasions. That is a fact of life, and all is can say to him is that he might be happier if he switched political parties.

Mr. Don Foster (Bath) (LD): Is not the answer to the concern of the hon. Member for North Tayside that however much additional funding we would all welcome for community sport, it is largely run by volunteers? As a result of holding the Olympics in this country, the enthusiasm, interest and participation of young people in those community sports activities will be massively boosted. That will help to tackle the obesity problem that he referred to.

Mr. Joyce: I could not agree more with the hon. Gentleman's wise words.

The UK is undoubtedly the spiritual home of the Paralympics, which are a wondrous display of physical and mental determination in sport, and we probably say too little about them in debates such as this. Although the UK is a leader in the development and promotion of sport for the differently abled and in the medals haul, holding the games will lead to UK Paralympic athletes garnering a larger than usual haul of medals—there is evidence that holding the Olympics leads to winning more medals. It will also provide additional inspiration to those of differing abilities, who sometimes feel that participating in sport is beyond them. In short, I believe that the UK and its Paralympic athletes deserve the opportunity to showcase the advancement of Paralympic sport in 2012.

I shall conclude by repeating my key points for my right hon. Friend the Minister, and I hope that she can respond to them in her winding-up speech. I want to be confident that the bid team and the Government are making a major effort to ensure that the benefits are, wherever possible—we must recognise that there are limits—spread throughout the UK and our community sports. I would also like the Minister to comment on university sport, which I have not mentioned, but which feeds into the mainstream and is sometimes a little underfunded. We have heard of marvellous facilities at Loughborough, Stirling, Bath and Sheffield, but in other parts of the country, university sport is not always as well funded as it might be. I also stress the role of the Paralympics, which are sometimes a bit of a Cinderella issue in these debates.

2.26 pm

Pete Wishart (North Tayside) (SNP): I congratulate the hon. Member for Falkirk, West (Mr. Joyce) on securing what I think is the third debate in as many months on what I will refer to as the London Olympic bid, which is a much more appropriate description. I have managed to speak in most of the debates, although I concede that my contribution has not been the most popular or well received one. That is probably because I have been prepared to challenge the cosy consensus that suggests that a London Olympics will be good for London and for the rest of the United Kingdom. That contention is at least challengeable. The Olympic bid will be good for London because—

Mr. Nick Hawkins (Surrey Heath) (Con): As the hon. Gentleman says, those of us who are fans of sport are used to his relentlessly negative comments on behalf of his party. May I put a challenge to him? If another Olympic country suddenly announced that it wanted to use his constituency of North Tayside as its training base, would he suddenly appear in all his local newspapers saying that he had always been in favour of the 2012 Olympic bid?

Pete Wishart: If any Olympic country were prepared to come to Pitlochry, Dunkeld or Forfar, I would be delighted to answer the hon. Gentleman's question, but that is not the point that I have been consistently trying to make in these debates, as he will appreciate.

I have been prepared to challenge the cosy assumption that a London Olympics will be good for London and for the rest of the UK. We know that the Olympics will be good for London, because the Government commissioned the engineering consultants Arup to consider the issue. The benefits for London will be substantial and significant. I do not know what the

impact will be on the rest of the UK but, when I assess the losses and gains on the balance sheet, I see more losses than gains.

It would take more than the first round of an unlamented football competition and the possible use of some of our facilities by international teams to convince me otherwise, because the loss is quite significant and quite tangible. It is all about the way in which it is proposed to pay for a London Olympic games. They will be paid for with £1.5 billion of lottery funding, but lottery funding is for the good causes, charities and grass-roots sports in each and every one of our constituencies. That is an unacceptable way to pay for a London Olympics.

I feel vindicated in questioning that approach, because I have read the interesting report by the Select Committee on Culture, Media and Sport that comes to the same conclusion. In fact, it goes further than I have ever gone in a speech about a London Olympics. It states:

"We regard the £1.5 billion earmarked by the Government as the Lottery's overall contribution to the Olympics as a straightforward raid."

Chris Bryant: As a member of the Select Committee, I should perhaps explain exactly what we meant by that statement. We are earnest supporters of the Olympic bid, but many of us would like the country to pay through taxation rather than the lottery. That does not mean, however, that we believe that Britain should not be saying yes to a London bid.

Pete Wishart: I appreciate that that is the sentiment of the Select Committee, but a straightforward raid is a straightforward raid. I hope that the Minister listened to the hon. Gentleman's intervention, because what he mentioned would be a much more appropriate way to pay for the Olympics. It is unacceptable that the good causes, charities and grass-roots sports in my constituency should pay for infrastructure projects in central London.

The Select Committee's report is very interesting, balanced and rounded, and I congratulate the hon. Member for Rhondda (Chris Bryant) on being a member of it. It is worth telling the hon. Member for Falkirk, West—this applies to his constituency as well as to mine—that the report states that

"funding the 2012 Games, should the bid be successful, constitutes a potentially huge drain on the total funds available for the existing good causes, including grassroots sport (especially outside London where expected legacies will presumably be less)."

The games will have a greater impact on the far-flung nations, regions and constituencies than on constituencies closer to London.

The Select Committee is entirely right. Paying for the London Olympics out of the money that would ordinarily go to grass-roots sports, charities and other good causes is wrong in principle and contrary to what the lottery is supposed to be about. It is wrong for the nations and regions of the UK, which the Select Committee rightly identified as the biggest losers in this grand lottery raid.

For what reason will the lottery fund be raided? The odd football game in Glasgow. We are told that holding the Olympic games in London will create a massive incentive for people to become interested in sport, that all of a sudden they will get off their couches and get involved in sporting activities. How does that square with the speech of the hon. Member for Falkirk, West, who mentioned Sport Scotland's comment that, because of the way in which the Olympic games will be funded, the regeneration of sport in Scotland will be set back by 20 years? It is worth pointing out exactly what Sport Scotland said:

"If we lose over £40 million from lottery funds because of the London Olympics we'll need to end whole programmes which provide support to grass root and elite sport in Scotland ... There is a terrible irony in the fact that bringing the greatest sporting show on earth to the UK could devastate the regeneration of sport in Scotland and set us back 20 years."

We must take such comments seriously.

Mr. Reed: I have not been too disparaging of the hon. Gentleman's comments in the past. I have listened to the same speech on each of the three occasions that he has given it.

I support some of what the hon. Gentleman is saying, in that my support for the Olympics has always been on the basis of the least impact on grass-roots sport. However, does he accept that the games are not just about a two or three-week event? If we win in 2005, there will be a seven-year build-up to the games. If we were able to utilise all that energy and excitement, perhaps the lottery would generate even more money rather than less. There is a great deal of work to be done, but we should get behind the games and make them work in such a way that grass-roots sport across the United Kingdom, including in Scotland, is not affected.

Pete Wishart: I am grateful to the hon. Gentleman for that useful intervention, because we must get this right. We cannot allow good causes such as charities and grass-roots sport to suffer, which Sport Scotland envisages will happen. Taking £41.8 million, as it currently stands, from good causes in Scotland is unacceptable. We must try to find alternatives and a means of dealing with the situation.

Chris Bryant: The hon. Gentleman is making a mountain out of this issue. In fact, much of the money that will, as he puts it, go from good causes to the Olympics will be spent before 2012 by the bid committee and the good causes on things that good causes might well have done anyway. Their projects will be realigned to work with the Olympics. Resources will not be directly taken away from them. In many cases, there will be an effort to bind everything in the sports strategy for the UK into the single bid for the Olympics.

Pete Wishart: I thank the hon. Gentleman for that intervention. I hope that that is the case, but he should speak to the volunteer organisations in his own constituency or the national organisations in Wales, as I have. They have real fears and concerns about the impact on their lottery funding. They are looking for reassurances, which I hope the Minister will be able to provide.

The simple and obvious fact, regardless of what the hon. Gentleman says, is that it is inevitable that grass-roots projects will suffer if money is diverted from them to large infrastructure projects in London—we all

[Pete Wishart]

accept that. We have heard the Government say that they accept that grass-roots projects will suffer, and our constituents are aware of that.

There are massive health and lifestyle problems in Scotland. Unfortunately, for much of the population, including children, obesity is increasing. Most of the people do not participate in any sporting activity. I do not believe that that will be addressed by a London Olympic games. It will be addressed only by facilities and proper sporting tuition, and by investing properly in our communities and by building the sporting infrastructure. We need investment in grass-roots sports projects, not in massive infrastructure projects in London.

Our team sports are in decline. We have nothing in the way of a youth academy with facilities. It will not have passed hon. Members by, but Scotland secured the wooden spoon in the Six Nations rugby on Saturday, such is the condition of team sports in Scotland. If a pot of money is available to be diverted, it should go to youth academies and grass-roots team sports to try to reverse that worrying trend.

I have a sensible solution to the matter, which will satisfy London Members and those from the more far-flung regions: as the wealthiest and most prosperous city in Europe, if London wants the Olympic Games it should pay for them. London will get all the benefits and legacies if its bid is successful. It will secure 3,000 jobs, the regeneration of east London, the £70 million benefit of the fiscal impact of growth in the local economy and the extra income generated by the growth in tourism, which it is estimated will be between £280 million and £507 million. London has wealth way beyond what those in the regions and the other nations in the United Kingdom can imagine, and good on London for that. But it must pay for the Olympics.

It is estimated that Scotland will lose £41.8 million from the national lottery's good causes if London succeeds in its bid to host the 2012 Olympics. That will inevitably lead to long-term damage to Scotland's charity work. A small amount of money in a small community makes a huge difference and a lot of good work can be done with £41 million in small grants. I do not know how much of a feel-good factor there will be if London gets the Olympic Games, but that amount would certainly help charity work in Scotland.

I hope that London will be successful in securing the games, but I do not want the good causes, charities and grass-roots sports in Scotland and the other nations and regions of the UK to pay for them. If London wants the Olympic Games, London should pay.

2.37 pm

Mr. Tony Banks (West Ham) (Lab): I congratulate my hon. Friend the Member for Falkirk, West (Mr. Joyce) on securing not only this short debate but others, too. I trust that he does the lottery, as he is clearly a lucky sort of fellow.

The insular, negative approach of the hon. Member for North Tayside (Pete Wishart) was very depressing. When the curling team, which was effectively from Scotland, won the gold medal, the whole nation rejoiced; I did not complain about the lack of curling facilities in London or anywhere else, because that victory unified the whole country. It might be at the centre of his complaints that the Olympic games are such a unifying force, because that is not something that the Scottish National party welcomes. It is not just about London.

When the Minister winds up, she will no doubt tell us more about the costs. A successful Olympic games will make a profit, which will benefit sport throughout the country. The mere impetus to people who participate in sport will generate income down the line. Thanks to the Mayor's levy, Londoners will pay for the project for about seven years, so it is not the case that they will make no contribution.

An Olympic games, whether it succeeds or fails, will reflect on the whole country; there will be tangible benefits, not just for London. There will be sports events and training camps for Olympic teams from other nations around the country and an enormous amount will be spent on them. Athletes in the different disciplines from the four home countries will participate in the games; it will be an enormous boost for the country as a whole. London has to be the location, because a city has to be nominated. We must check whether an official statement has been made on the matter, which was raised by my hon. Friend the Member for Manchester, Blackley (Mr. Stringer). When I was Minister for Sport, it was made clear to me by the then president of the IOC, Juan Antonio Samaranch, that in no circumstances would a bid other than London's be acceptable to the IOC; the BOA has consistently said so, too. A proper statement on the issue would clear the air, because it is being used as a diversion. Manchester and Birmingham made brave efforts and failed quite badly in terms of the number of votes that they got from the IOC. I think that the entire country should close ranks behind the London bid.

I declare a constituency interest. The heart of the bid centres on my constituency. In the east end, we are delighted. I say to the hon. Member for North Tayside that London may be a wealthy city in its totality, but if he comes to the east end, I will show him levels of poverty, unemployment and deprivation that rival anything in Scotland or elsewhere. That is not the only reason to hold the Olympic games there, but it is an important spin-off. The regeneration of the east end of London in Stratford and the lower Lee valley would be of enormous benefit. I hear many Scots accents in my area, so it is not as though the jobs will go only to the English. Unfortunately, decrepitude alone will rule me out from being at the opening ceremony in 2012 as the Member of Parliament for West Ham, but in the meantime I will give the bid all my support.

I enter a small personal note. I realise that I am personally tainted by the failure of the 2006 World cup bid. We did our best. We had a great bid that was well organised. However, external factors determined that we were not to be successful. One of those, of course, was the gentlemen's agreement, of which we knew nothing when we set out on the bid or when the Tories launched it in 1996. The crowd violence at Charleroi and Brussels in Euro 2000 was the final nail in the coffin.

I say to Ministers that if we had been successful in that World cup football bid it would have been put down to the charisma and inspired leadership of Bobby Charlton, but because we failed we blame the

politicians. That is the way it goes, and I hope that Ministers in the Department will take that as an object lesson. There is no fear of crowd violence at beach volleyball spoiling our bid for the 2012 Olympic games.

The trouble is that we live in a country where the blame culture reigns supreme. According to the press, when we attempt anything we are either the best in the known cosmos or we are the pits. There is no in between. This is a competition, and we must accept that, in a competition where there are so many cities going for it and giving it their best shot, we could lose. That does not mean to say that we are contemplating losing. We must give it our best shot, but of course there is a risk. The competition is fierce and there are a lot of obstacles to overcome. There will be setbacks during the process.

All bids go through those setbacks. Sydney did so last time and Athens is now going through the problems of putting in place the infrastructure and getting it all together. There are the added problems of terrorism and security needs. I do not suppose that Beijing will have many problems with construction. Anyone who can run tanks over their own people in Tiananmen square is not likely to be held up by a bunch of construction workers. However, we will run into difficulties, and one must always be aware that, at the time that we announced that we were going to go for anything, we found large numbers of fair-weather friends. We must ensure that we maintain the political will to overcome the obstacles and problems that we will, no doubt, encounter along the way.

We mentioned the question of legacy. We must ensure that there are legacies to the bid. I mentioned some of them, including how the country will be united and extra money will come into sport following a successful Olympic bid. In my own area, Stratford and the lower Lee valley, we need to know what will happen to that Olympic stadium. It can be put only to a football use. West Ham is a possibility, Tottenham Hotspur another and, judging by the ambitions of Mr. Abramovich, perhaps Chelsea might like to transfer to the east end. I am not sure how my constituents would view that proposal. I, of course, would be delighted.

My last point is about my early-day motion 786, which is about a British Olympic football team. That is a principle supported by the IOC and the BOA. Indeed, FIFA has made it clear that, were we to enter a Great Britain football team, that would not jeopardise our position with respect to the four home nations at FIFA. We can believe that if we want to—it is certainly the public statement.

I have been pushing the idea of a Great Britain team for many years—as a Minister, and before I was a Minister. The existence of four nations in the World Cup is not only a remnant of imperial arrogance—it is self-defeating. No other country would be mad enough to divide itself into four bits to make it easier for other countries to defeat it. I know that people will say that only English players would be in the team, but that is nonsense—it is a snapshot. I can think of a Great Britain team that would have had Greaves, Law and Best in it. We were never given the opportunity to see that.

I believe that the Olympic games would give us a chance to see how the country reacts to a Great Britain football team. It would introduce some of the Olympic spirit into our professional game, which would not be a bad thing. I hope that the Minister will give her support today to the principle of a British Olympic football team, although if she does I suggest she first buy a tin helmet.

2.46 pm

Chris Bryant (Rhondda) (Lab): I was not sure whether that was an intervention or a peroration; clearly the peroration defeated the intervention. I had not intended to speak this afternoon, but I was inspired when the hon. Member for North Tayside (Pete Wishart) intervened with his nationalist urge for us to dismember the United Kingdom yet again and to encourage an element of resentment against the bid on behalf of the capital city of the United Kingdom.

I have always been a supporter of the Olympic concept, ever since 1972 when, on holiday with my family in Spain, I was ill. I was not allowed to go out in the sun and I sat and watched every moment of the Olympic games and noted in a notebook every outcome—every runner's speed and each element of the results. That shows that I have an obsessive personality. I am obsessively supportive of the London bid, despite the fact that my constituency will not receive many direct benefits from it. I believe, nevertheless, that the indirect benefits will be substantial. For a start, it will provide to a significant extent the inspiration that we need in this country, encouraging more young people to see sport not just as something happening in a distant country, or something that other people do, but as something that people here pursue with phenomenal ability.

I should like every young person in the Rhondda to watch the television and see the Olympics in the UK, perhaps after a run-up to the games in which some of the athletes will have trained in south, west or north Wales. I should like those young people to have an opportunity to come into contact with them and to come to believe in the possibility that they could achieve as well as anyone else if they became involved in sport.

The Manchester Commonwealth games provided, to an extent, just such inspiration for sportspeople in the United Kingdom. There was a resurgence in certain sports. Rowing, cycling and swimming, in particular, have undergone a resurgence in the past few years that has fluctuated with the success of United Kingdom sportspeople in major international tournaments.

There will also, I believe, be significant tourism potential to be gained for the whole of the United Kingdom from holding the Olympics in London. It is a simple fact that London will fill up pretty quickly with tourists, even at that time of year. An important role for the London tourist board is as a gateway for the rest of the United Kingdom.

The National Assembly for Wales and the Scottish Parliament have spent quite a lot of money trying to market Scotland and Wales on the west coast of America and elsewhere. I think that that is a mistake. We should do better to market Britain, because it is only by flying to London airport that people will go to Cardiff, Ceredigion or other places in the United Kingdom.

I am reminded of the fact that when Charlotte Church sang before the recently elected George W. Bush he asked her where she was from; she said she was from

[Chris Bryant]

Wales and he said, "What state is that in?" She said, "Terrible." The likelihood of many people in the United States of America going to Wales is relatively minor, unless they understand that they are coming to the United Kingdom. That is why I believe passionately that this is a key opportunity for the British tourist organisations to ensure that they get the Olympic tourism issue right. People coming into London will see only a tiny part of Britain if they visit only London, Oxford and Stratford-upon-Avon. We need them to travel throughout the UK.

I am in favour of the Olympics coming to London for the simple reason that London will stage them phenomenally well. The opening and closing ceremonies in nearly all such events around the world are run by British people. We will probably do it better on our own home territory than anywhere else. I believe in the Olympic spirit. It is good for sport around the world and for international relations. That spirit was formed in the original Olympics in ancient Greece as an attempt to bind people together. I hope that Britain, through running the Olympics in 2012, will provide a similar stimulus, because we will do it better than any of the other countries.

One of the indirect benefits, which might become a direct benefit for every part of the country, will be the number of volunteers that it will take to run the Olympics in London. London alone will not be able to provide all the volunteers. What better opportunity could there be for a young person, whether they are from Edinburgh, Swansea, Newport or Stratford-upon-Avon, than to come to London and spend three weeks helping in a major international sporting event? They will be able to see major sporting heroes and heroines at close quarters. The experience of recent Olympics—we are already seeing this happening in Athens—is that those volunteers are often the next generation of sporting heroes and heroines. I hope that we shall see that happen in the event of a successful London bid.

Pete Wishart: I agree with most of what the hon. Gentleman says, but I hope that he will deal with the key issue of funding. Given that he has spent so much time on the Select Committee taking evidence, will he join me in encouraging the Minister to think again about how the London Olympic bid will be financed by the London Olympic lottery game?

Chris Bryant: I will say something about the financing. I believe that it is right that London is paying a significant proportion of the money. I would prefer the Exchequer to pay the rest of the money rather than the lottery, but one of the best reasons why London should have the Olympics is the fact that the whole of the UK supports it. The hon. Gentleman is way out of step with the people of Scotland and Wales, or the majority of the people in the UK. The Welsh support the bid coming to London more than the people of London do—*[Interruption.]* The hon. Gentleman is waving the Select Committee report at me, but I believe that everyone in the country wants it to happen.

As the lottery binds together the different elements that comprise the £750 million that will go towards the bid, it needs to ensure that it is not chucking the baby out with the bathwater by making it more difficult for elite athletes to do well and for grass-roots athletes to get started. I will be encouraging the rugby clubs in the Rhondda to send volunteers to the millennium stadium and to London. That will be just as good an impetus and support for those clubs as any money they have had in recent years from the lottery. For that matter, they have not had much money from the lottery. If the Minister wants to respond on that point as well, I will be grateful.

Another reason why I have supported the bid for a long time relates to one of the reasons why we will do it better than anyone else: we have the British Broadcasting Corporation. The BBC as a broadcaster of sport is sans pareil. No other broadcaster does it better. The BBC has been more innovative and has found new ways of showing sport, enlivening it and making it exciting. It has explained sports that people might not be used to watching and given them a platform. The BBC will do a phenomenal job as chief broadcaster of the Olympics in 2012, which is another good reason why they should come here.

Last week, the Select Committee went to Athens, and we noted significant issues that we need to bear in mind, including security. The atrocious events in Madrid a couple of weeks ago mean that we are bearing international terrorism in mind, but it is not only now that that will be the case. I suspect that the Olympics will face the problems of international terrorism this time round, next time round and certainly in 2012.

It is interesting that much of the international advice for the Athens Olympics has been provided by the United Kingdom. We have played a leading role in providing security support and recommendations. That puts the UK in a strong position for a bid for 2012. I know that some people have said that Britain should not host the Olympics because we are a more likely terrorist target than elsewhere, but I believe that we have the strongest network of intelligence services and that London would do a better job than many other places in the world because we have had to face terrorist threats for many decades. I hope that that would be seen not as something that tells against us, but as something that if anything tells in our favour.

On transport, having been to Athens last week and having sat on the bus for quite a long time going from one part of the Athens site to another, I know that large distances will have to be travelled in Athens in the middle of the summer. The transport issues will feature in any London bid. However, the truth of the matter is that the London bid is remarkably compact. The vast majority of athletes will not have to travel any distance at all, nor will many journalists, which is probably even more significant. There will be 22,000 journalists at the Athens Olympics. That beats the number of athletes by some 2,000 people, which is particularly interesting because only a few months ago it was expected that there would be only 15,000 journalists. It is important that we get the accommodation right first and foremost for athletes and the Olympic family, but also for all those who want to attend the events.

We should ensure that we get the transport aspects of the Olympic bid right, but we should not be too troubled. Compared with many other major cities in the world, we probably have—and certainly will have by 2012—the most compact bid and the best organised public transport system. The process of improving the

infrastructure in east London between now and 2012 could only be good, for all the regeneration reasons that have already been advanced by other hon. Members.

Having seen Athens last week, I want to make the point that if we win the bid next year, it is vital that we do not leave starting to build the infrastructure and putting the events together for any time. We cannot even take the summer months off afterwards. Once we win the bid, we must kick-start the process immediately. We want to ensure that people do not write negative stories about the UK Olympics just before they have happened, and that everything is up and running and ready early on.

I will end with a point that has been mentioned by several others: I desperately hope that we will have a UK football team. Football is not my sport particularly, and I am aware that I am wearing a Burberry tie, which, when talking about football, is not necessarily thought of as a good combination. However, if we can have a UK team in rugby union, where there is a long tradition of the home nations playing against each other, there is no reason why we cannot have a UK football team. It would be a terrible dereliction of duty by the football authorities, and probably by the political and cultural class, if we did not ensure that there was a UK team winning in the millennium stadium as a great finale to Britain's successful bid for the Olympics in 2012.

2.59 pm

Mr. Don Foster (Bath) (LD): I congratulate the hon. Member for Falkirk, West (Mr. Joyce) on securing the debate, one of a number that he has held on this issue. I welcomed the vast majority of what he had to say and his positive support for the bid for the 2012 Olympics. I have only one small criticism of the hon. Gentleman and of all who have contributed to the debate so far: there has been no mention of the fact that this is a bid not only for the Olympics but for the Paralympics. That is a crucial component of the bid. [HON. MEMBERS: "He mentioned it."] In that case I apologise to the hon. Gentleman.

We should always remember that this is a linked bid. The fact that this country was the home of the Paralympics is an additional reason why I hope we will be selected. Indeed, there are many reasons why our bid stands a good chance of being successful. We have hosted the Olympics on only two previous occasions. We did so in 1908, at very short notice, when we took over from Rome because of its problems with a significant volcano, and in 1948 after the 1940 and 1944 Olympics had been cancelled because of the second world war. It is about time that we had another bash at it. We are much better prepared these days than we were in the past.

A point rarely mentioned is that we are one of only a few countries that have participated in each of the modern Olympics, alongside Australia, France, Greece and Switzerland. The bid team have already put together an exciting and imaginative bid. I want to touch on some of the security points raised by the hon. Member for Rhondda (Chris Bryant). His contribution and those of the hon. Members for Falkirk, West and for West Ham (Mr. Banks) were in stark contrast to the huge negativity of the hon. Member for North Tayside (Pete Wishart). I am told that this is not the first time that he has made his speech. I have not heard it before so I cannot say whether it has improved. One thing is true: it was extremely negative and unnecessarily so. It was also based on a string of false premises, and I shall touch on some of those in a minute.

I am happy to be party to the cosy consensus, as the hon. Gentleman described us, of those who support fully and absolutely our bid for the Olympics and the Paralympics. London was the right city to put forward, but we must ensure it is not only London that benefits from a successful bid. Huge benefits will accrue to the rest of the United Kingdom too, although greater benefits will accrue to London. We have already heard of the money that will be spent on regeneration and on improving the transport infrastructure. We have heard about the jobs that will be created and the benefit that the games will bring to an area of London that is suffering from high levels of deprivation and unemployment. The Olympics coming to London and the rest of the UK is an exciting prospect. There will be millions of visitors. An estimated 3.7 billion people watch the Olympics. What a huge boost that will be for tourism in London and the other areas of the country featured in the TV coverage, which, as the hon. Member for Rhondda said, the BBC will no doubt provide extremely well.

There will be huge benefits outside London, too. Some 200 competing countries will come here looking for training villages all around the country. I urge the Minister to ensure that the British Olympic Association and the Government provide support to all regions to enable them appropriately to package information for the visiting countries so that they know of the wide range of opportunities that exist throughout the UK. Various events, such as football, will take place in different parts of the country.

The hon. Member for North Tayside is fundamentally wrong to say that this will have a detrimental impact on sport in Scotland, Wales, Northern Ireland or any other part of the UK. As I said in an earlier intervention, I believe that there will be a huge benefit to sport. We should consider the impact of major sporting activities that have taken place outside the UK in which the UK has competed. Most recently, our success in rugby has had a huge impact on the take-up of rugby, both in playing at all levels and in spectating. There will be a huge boost to the take-up of a wide range of sports by young people and others as a result of the Olympics coming to the UK. That, I believe, will be far superior in its impact to spending a bit extra on supporting community sports activities, although we all want to see that money spent.

Normally, my party is reluctant to suggest that the Government should impose their will on how lottery money is spent. We opposed the establishment of the New Opportunities Fund because we believed that it breached the principles of additionality. However, there will always be exceptions to the rule, and because of the huge benefits—in sport, regeneration and tourism—that the Olympics will bring to London and the rest of the UK, we argued that this was one of those exceptions, and supported the use of lottery money as part of the package of funding to underpin what I hope will be a successful bid.

[Pete Wishart]

Pete Wishart: Will the hon. Gentleman give way?

Mr. Foster: I will in a minute. The hon. Gentleman gave the impression—others outside might misinterpret what he said—that all the lottery money going to the Olympics would come from funding for existing good causes. As he knows, it is intended that there will be a new, exciting lottery game specific to the Olympics, and that at least 50 per cent. of the lottery funding will come from that rather than be taken from the other good causes.

The hon. Gentleman will also know, because he will have done his homework, that those who worked out how much money would be generated by the new Olympic lottery game and how much would need to come from the other good causes may have been too pessimistic. He will know that recent figures show that, for the first time in a number of years, the amount of money coming into the national lottery has levelled out. He will also know that the European game that is being planned is likely to increase the revenue from the lottery, which may mean that the loss to the other good causes will be far less than was originally predicted.

Pete Wishart: It is estimated that £1.5 billion will be lost from the lottery to pay for the Olympic games. In Scotland that will be £41.8 million. The hon. Gentleman should speak to the sports and other volunteer organisations in his constituency to gauge their anxieties about those suggestions. There will be an impact on grass-roots sports, and I wish that the hon. Gentleman would come to that conclusion. We must balance whether the Olympics are worth having with the impact on, and costs to, grass-roots sports facilities and organisations in our constituencies. I would like the hon. Gentleman's views on that.

Mr. Foster: My views are quite simple—the hon. Gentleman is factually wrong. I have no doubt that the Minister, who will have more time to speak than me, will give the figures correctly. The £1.5 billion that will come from the lottery includes the money taken from existing causes plus the additional money that will be generated through the new Olympic lottery game. As I suggested, the hon. Gentleman bases his figures on a false premise.

I say to the hon. Member for West Ham that I entirely support his proposal for a British Olympic football team. On Saturday, I went to watch Charlton Athletic play at the Valley and, although they lost, they demonstrated that it is possible to bring together people from several different countries who speak several different languages and to play extremely well. It would be far easier to bring together people from just four countries who speak the same language to create a successful football team. I was disappointed, however, to hear him announce—for the first time, I think—that by 2012, he does not expect to be a Member of this House.

Mr. Banks: I will be dead.

Mr. Foster: I am sorry to hear the hon. Gentleman say that.

Finally, the hon. Member for Rhondda is right to draw attention to concerns about terrorism, and to the fact that the London bid proposes one of the most compact Olympic bids, with a large proportion of the major sports to take place in a small area, with a compact Olympic village. I hope that that will be taken on board. We fully support the bid, and we hope that it will be successful, as we know that it will benefit not only London, but the whole UK.

3.11 pm

Mr. Nick Hawkins (Surrey Heath) (Con): I congratulate the hon. Member for Falkirk, West (Mr. Joyce) on securing the debate, which has given us an opportunity to speak again about matters that many of us feel passionately about. I particularly congratulate him on what he rightly said about the Paralympics, which the hon. Member for Bath (Mr. Foster) unfortunately failed to observe. I agree entirely with the hon. Member for Falkirk, West about that. I have had the privilege and pleasure of meeting many of our Paralympic athletes over many years. The Paralympics began in this country, and we should be proud of that.

As the hon. Member for Bath correctly said, it is a bid for the Olympics and the Paralympics, and we should not forget that. I was talking to some of the leaders of the British Paralympic Association at the official launch at the Royal opera house, and I am sure that everybody will remember the contribution that the association has made, and continues to make. I know that we will win a great many medals at the Paralympics in Athens, as I hope we will in the main games. Seeing what Paralympic athletes can do inspires generations of young people to overcome their disabilities. Going back to the origins of the Paralympics at Stoke Mandeville, one can only admire the work that has been done over many years.

I referred in previous debates to the fact that my constituency is likely to be a beneficiary of a successful bid in 2012, so I declare that interest. The one site that we know will inevitably be part of a successful bid will be Bisley in my constituency. In fact, the National Rifle Association's headquarters straddles the boundary between my constituency and that of my hon. Friend the Member for Woking (Mr. Malins). We already benefit from huge numbers of visitors to the area during international shooting competitions.

The answer to some of the negative comments made not only by the hon. Member for North Tayside (Pete Wishart), but in interventions by the hon. Member for Manchester, Blackley (Mr. Stringer) is that the whole country can benefit from international competitions, as we saw from the successful Manchester Commonwealth games. The fact that the only site for the Manchester Commonwealth games in the south of England was in my constituency—the shooting had to be there, and I had the privilege and pleasure of being asked to present medals there—is another example of how the whole country can share in and benefit from any international sporting event.

Mr. Banks: Would I be wrong in suggesting that the hon. Gentleman might like to see some members of his Conservative association used as targets for shooting?

Mr. Hawkins: I am not going to respond in any way to my good cross-party friend, the hon. Member for West

Ham (Mr. Banks). However, I echo the hon. Member for Bath in hoping that the hon. Member for West Ham will continue to be an hon. Member in 2012. I was amazed when he talked about the risk of decrepitude, because he is still young and vigorous. I am certain that he will have the opportunity to present medals in his own constituency in 2012; I had the good fortune to present medals in mine during the Commonwealth games.

On a more serious point, there are some issues about funding, to which I hope the Minister will respond, which I hope will deal with some of the negative aspects of the contribution by the hon. Member for Falkirk, West. The Conservatives have said that we completely support the Olympic bid and will continue to do so. However, there are a couple of issues to which we think the Government have not yet paid sufficient attention. We have repeatedly said that it would be good for the Olympic lottery game to start when interest in the Olympics is at its height—this summer, to coincide with Athens. The Government originally suggested that that was not possible under BOA rules but, when we pressed them about it, they admitted that it was allowed under BOA rules but they were not going to do it.

There is still time for the Government to change their mind, and I hope that they will because the earlier the Olympic lottery game starts, the greater the opportunity for other good causes not to be adversely affected. I do not believe that they will be adversely affected because, like the hon. Member for Bath, I believe that there will be such an explosion of interest that the Olympics games will be able to make even greater earnings if they are handled correctly, as I hope and believe they will be.

One funding lesson learned by the Olympic movement worldwide after the success of the Los Angeles games and the work of Peter Ueberroth was to bring the private sector more into the picture. As yet, the Government have not placed enough stress on the importance of the private sector. I know that Barbara Cassani and her team are doing a lot of work with not only the City of London but businesses nationwide and internationally, and I want to do all that I can to encourage that.

If we are right in believing that there will be an explosion of enthusiasm after we win the bid, there is every opportunity to prevent adverse effects on the funding for grass-roots sport. That is what the hon. Member for North Tayside claims his concerns are all about, but his repeated comments that it is a London bid and that London should pay for it reveal the attitude of his party. Any other concerns are window dressing to reinforce what is really a campaigning approach by the Scottish nationalists that I deeply deplore.

I strongly support what the BOA is doing under the splendid leadership of Simon Clegg, and Barbara Cassani has a very good team behind her. When we win the bid, as I am confident that we will, I hope that we will see opportunities for sports generally—not only Olympic sports—to spread their message more widely. As the hon. Member for Bath said, the winning of the rugby world cup has proved an inspiration, with many more young people volunteering to start playing rugby at every age. That can happen in every sport, and I hope and believe that it will. As has been said often, we have seven years for that explosion of interest to happen.

It is crucial to recognise that sport is a way of taking young people away from dangers such as the drugs sub-culture, and of making them aware of the importance of health and fitness. I know that the Minister agrees with me about that and that those objectives are shared across parties, so we must use the Olympics for that. I was inspired by the example of competitive swimmers. In his robust contribution, the hon. Member for Rhondda (Chris Bryant) spoke about how he was ill during the 1972 Olympics and so watched it all on television. One performance that he will have seen was that of the then captain of my swimming club, Brian Brinkley, who is just about to finish coaching Northampton swimming club to go back to our club, the Bedford Modernians.

As I am sure the hon. Gentleman remembers, Brian Brinkley made the freestyle final at the 1972 Olympics. Young competitive swimmers such as I were inspired by having people such as him in their small home-town club. Bedford had great links with rowing and rugby but, until the existence of the Bedford Modernians under the coaching inspiration of Charlie Wilson, who was our national squad coach for the 1972 Olympics, we did not see Bedford as a hugely important sporting town. Suddenly finding that the captain of our swimming club was leading the British team was fantastically inspirational to me and to all the other teenage swimmers in the club. That will happen throughout the country to young people with the 2012 Olympics.

We must recognise the huge benefits and not start nit-picking in the way that the hon. Member for North Tayside wants to do. I shall do a deal with him: after we have won the bid, if I meet any members of the IOC in my capacity as deputy chairman of the all-party group on sports, or as shadow spokesman on sport and they ask me where in the UK would be a good place to have a training base, I shall suggest Pitlochry and Dunkeld. If I manage to convince some countries to have their training camps there, perhaps the Scottish nationalists will give up their relentless negativity. All other parties are united and every other hon. Member who has spoken in the debate has supported the Olympic bid. I believe that we can win it, and I certainly hope that it will inspire a generation of young people to get involved in sport. It would be a wonderful thing for the UK and we should do all we can to support the Olympic bid.

3.20 pm

The Minister for the Arts (Estelle Morris): It may be the third or fourth time that hon. Members in the Chamber have debated the Olympics but it is my first. I promise you, Mr. Deputy Speaker, that my right hon. Friend the Minister for Sport and Tourism has not avoided the debate so as not to have to listen to the hon. Member for North Tayside (Pete Wishart) repeat his speech—he is in Liverpool on ministerial business.

I welcome the opportunity to speak in the debate. In response to the direct question from my hon. Friend the Member for West Ham (Mr. Banks), I add my personal support—I join the cosy circle of support—for the Olympic bid. It is a good bid, and it is important that we are united; we will not win the bid if the country is not seen to be behind it. Therefore, I know that my hon. Friends will understand if on this occasion I thank the hon. Members for Surrey Heath (Mr. Hawkins) and for

[Estelle Morris]

Bath (Mr. Foster) for the support that their parties have given. They both spoke forcefully, and well understand the importance of sport to the nation and what the games will bring to all of us if the bid is successful.

There is a real issue about how the regions would be affected. I am a Mancunian by birth and my constituency is in Birmingham, so perhaps I have more reason than most in the Chamber to groan about the inability of cities other than London to compete successfully for the Olympics. That time is past. We are behind London as the United Kingdom city that is bidding. I have no doubt that the rest of the United Kingdom will benefit, but the effort has to be made. There will be no benefit if no one makes the effort, and we will benefit most by being enthusiastic and getting behind the bid. As constituency MPs in whatever area of the country, we owe to it to our constituents and our regions to shout up for them and to explain how that region can contribute and gain.

I congratulate my hon. Friend the Member for Falkirk, West (Mr. Joyce) on securing the debate and I support what he said about the nations and regions support group's work travelling around the country to ensure that there is a regional legacy. That was an important move and it was important to make it early in the life of the 2012 bid. The senior team on the bid has already visited several countries and regions, including Scotland last October, when Barbara Cassani herself led the team to listen and to ensure that there is a legacy.

I remind hon. Members that the £340 million that the sports councils are putting in is to ensure that the Olympic games have a legacy. It is an important funding stream to ensure that, in getting the bid together and hosting the games, we see a legacy in every region possible.

I will not pretend that it would be right or possible to spread the Olympic venues across the country. Several hon. Members have mentioned that one attraction of the bid is the proximity of the sites to each other. It means that most athletes, with some exceptions for specialised sport, will not have a long way to travel, and that journalists, who we know do not like travelling outside Westminster, let alone the confines of the M25, will not have far to travel either. Ironically, one attraction of the bid is that it is centred in one geographical location.

Hon. Members have mentioned that training camps could be anywhere in the United Kingdom. If one looks at where the UK has chosen to base its training camps, it rarely stayed close to where the Olympics took place. Teams want to be away from that fevered atmosphere and to train in privacy and in a quieter atmosphere. There is a lot to be gained if an Olympic team trains away from London. If football matches were held outside London, that would help that to take place. I support my hon. Friend the Member for West Ham in saying that it would be good for us to have a football representation. That is a matter for the sporting bodies but, if it can be progressed, I am sure that no one would take exception.

The next point that I wish to make goes to the heart of the points that the hon. Member for North Tayside made about finance. It concerns the atmosphere that will be created for sport in the United Kingdom. I think that the mistake that he makes is often made not just in sport but in other areas of life. He is forcing us to choose between excellence and access, which are old things that people pit against each other and cite as enemies. I see the Olympic games as a celebration of excellence in sport. That is not to say that we do not treasure access, or continue to put money into access. I think that access is more successful if people can see excellence in practice. Excellence motivates people to participate in sport.

I do not have figures on the matter because it is not my area of ministerial responsibility, but I have been interested and participated in sport throughout my life and still do. When Britain is no longer very good at one particular sport, general participation tends to fall. The reverse also happens: when someone does well and succeeds, general access increases. I do not take away from our obligation and from the necessity of investment of resources and effort at grass-roots level, but the hon. Member for North Tayside must accept that having the Olympics in the UK will encourage access.

Pete Wishart: I do not want excellence at the expense of access. I would rather have both. I am appealing to the Minister to reconsider the way in which this will be financed. Let us not take finance from the lottery. Let us have access and excellence.

Estelle Morris: The point I make is that the Olympics is the best way of showing excellence that I can think of, not just in one sport but in many. Do not forget that most people in the United Kingdom will never see an Olympics live but see it only on television. Hosting the games would give millions of people a chance to see live performance.

I come on to the financing. I disagree with the hon. Member for North Tayside that it should come from tax. People from Scotland will not necessarily pay less if it comes from general revenue rather than from lottery contributions. I did not follow the logic of that point. We anticipate that £1.5 billion will come from the lottery, £750 million of which will be from the Olympic lottery and £340 million from the Sports Lottery Board. On top of that, £625 million will come from London council tax payers and £250 million from the London Development Agency. I think that that is a good funding package. That is only the public sector funding package—money will also be raised from television rights, from ticket sales and through the private sector.

If a profit is made, that money will go back into sport at the grass roots. I wonder what the hon. Gentleman will say if we invest to get a return not only in excellence but, potentially, in money to the grass roots.

I wish the bid well. It is the best thing that we can do for sports. People in this country are proud of their country of origin but they are also proud of being UK citizens. This gives them an opportunity to celebrate that at the same time as celebrating sport.

Regional Broadcasting (East Midlands)

3.30 pm

Mr. Alan Meale (Mansfield) (Lab): I am extremely grateful to be given the opportunity to raise the concerns of my constituents, and others in the east midlands, about ITV's decision to close its Nottingham studio complex and move its operations to Birmingham in the west midlands. With respect to my right hon. Friend the Minister for the Arts, who is a west midlands and Birmingham Member, I believe that if the move is enacted, it will lead to the loss of at least 400 jobs and will be severely detrimental to those who reside in the east midlands. That would worsen rather than improve regional news-gathering and delivery services in the east midlands. People in the region would have to make do with second-hand and second-class news provision.

At the outset, I remind the Minister that ITV's decision flies in the face of its own charter for the nations and regions, which states:

"Regional news is one of the defining features and most popular aspects of ITV's output. ITV is committed to extensive regional and sub-regional news coverage in excess of that offered by the BBC."

I am not privy to any information that the BBC is about to announce the closure of its studios in Nottingham. It has active radio and television studios and a production centre in Nottingham, as well as production centres in the west midlands. Therefore, ITV's statement is false and its decision flies in the face of the facts.

ITV's actions represent little more than a slap in the face for its customers in the east midlands as well as for the aspirations of the region, which are distinct from those in the west midlands, to where ITV intends to transfer its production coverage.

Mr. Andy Reed (Loughborough) (Lab/Co-op): With all due respect to what goes on in Birmingham, it is clear that news from the west midlands bears no relevance to those of us living in Leicestershire, Lincolnshire, Northamptonshire, Derbyshire or Nottinghamshire. Whatever the protestations from ITV, the service will be reduced and we will be fed a diet of information from a region in which we have little or no interest.

Mr. Meale: I am grateful for that intervention, which is absolutely true. I represent an east midlands seat that almost borders the area covered by northern regional television, which comes from Leeds. It is easier for colleagues and me to attract news services from Leeds than from Birmingham—it is almost impossible to get news coverage from Birmingham, even for specialist events. I remind the Minister of a tragic event in my constituency a few years ago: the announcement of the closure of almost every pit in Nottinghamshire. Even that could not persuade Birmingham to send news coverage crews; stringer and independent services were employed, which did not cover the event as seriously as they should.

I also remind the Minister that a little over two decades ago, a major campaign was launched by east midlands Members of all parties for a regional television centre in the east midlands. That was an active and successful debate, because the Government of the day accepted that the east midlands needed an opportunity to show its character through a centre for news and current affairs delivery for local people. In the same spirit as that of 20-odd years ago, I intend to give way to any colleagues from the east midlands who want to participate in the debate. It is imperative that we engage in this debate if we are to have any chance of saving an essential service.

Mr. Jim Marshall (Leicester, South) (Lab): My hon. Friend will be aware that a number of us have written to Ministers and to the body overseeing commercial TV, and he will know the response that we received. One of the main points in the response is that the regional TV company is spending a lot of money in the east midlands on further news-gathering facilities and on the ability to feed information to Birmingham. How does he answer that response?

Mr. Meale: I am grateful to my hon. Friend for that intervention, because I received the same letter—indeed, it was sent to all east midlands Members. I was, at the very least, disappointed. In fact, I thought the letter a disgrace. I thought that I was receiving a letter from the chief executive of ITV—it read exactly like that. It is not the job of Ofcom to do the dirty deals and business of ITV. Rather, it was established to protect ordinary people's rights, needs and aspirations in respect of creative media communications coverage.

I was also disappointed that, five or six days after I tabled the early-day motion to which all colleagues in this Chamber have added their signature, I received a telephone call from a senior Ofcom official who made various excuses as to why ITV should be allowed to do what is proposed and said that it was quite a good thing and TV coverage would generally progress. I had to remind her that it was not her job to serve ITV. Ofcom's job is different: it is about public protection.

Many hon. Members here today and some who are in Committees elsewhere are furious about the situation. For those who represent seats in the east midlands, it is causing major anger and disquiet. We cannot understand why these events are occurring. We all believe that the proposals are extremely detrimental and will lead to nothing other than the east midlands once again becoming, as it was 20-plus years ago, the Cinderella region and—I say this with all due respect to the Minister and the seat that she represents—being reliant on the bigger, brasher brother in Birmingham for any coverage that it receives on major issues that are important to the people of our region.

Let us consider some of the facts that I have managed to glean on the issue. Since the formation of the single ITV company, hundreds of jobs have been lost in TV broadcasting in the regions, and studios have been closed irrespective of their profitability. The first closure programme involved the Northam studios in the constituency of my right hon. Friend the Member for Southampton, Itchen (Mr. Denham), who takes a close interest in these matters. Those studios, which were the birthplace of programmes such as "The Ruth Rendell Mysteries", "Worzel Gummidge" and "That's Life", closed with the loss of 175 jobs. Other studios have closed in other parts of the country. Now it is the turn

[Mr. Meale]

of Nottingham, the home of shows such as "Family Fortunes", "Popstars" and "Who Wants To Be A Millionaire?". Just as importantly, it is the base of "Central News East", the hub of news delivery for the east midlands, which has regularly won awards for its coverage, including the world gold medal this year for its programming.

The Government are deeply committed to regionality. As recently as June 2002, my right hon. Friend the Secretary of State for Culture, Media and Sport said in respect of broadcasting:

"Regional character matters. We will look to Ofcom to defend it with vigour."

Sadly, as has been pointed out, we are getting no vigour at all when it comes to the protection of people's rights and the opportunity to receive fair and decent local coverage. Instead, we are getting representation by Ofcom in favour of amalgamation and the isolation of regions such as ours.

If we do not get our act together, worse is yet to come. A significant period elapsed before the proposed closure was challenged. If we rely simply on Ofcom, it will be too late. The boards and shutters will be put up on the studios. The teams will be disbanded and lost. Journalism will have to rely on Birmingham as the main area of supply. All the good work and all the money that has been spent on recruitment, technology, mechanisms and methods for these people to work will be gone and will be difficult to replace.

Alan Simpson (Nottingham, South) (Lab): Will my hon. Friend confirm that part of this sense of loss, to which Ofcom seems quite indifferent, stems from the fact that Carlton gave a commitment to the east midlands that it would match and better the BBC's investment, commitment and performance? The irony is that in Nottingham we currently have an expanded base of BBC news coverage at the same time as the commercial sector proposes to remove its base from Nottingham completely. Is not that why we need the Government to intervene in the face of both the crude commercialism that will shift the regional commitment away from Nottingham and Ofcom's failure to protect those regional commitments?

Mr. Meale: My hon. Friend is right. As I said, it is Ofcom's job to represent people and to safeguard and protect their rights and opportunities in this respect. He is right about the investment. There is a commitment in the ITV charter to expand news services more than the BBC. That has not been done. It has not even been proposed. This is solely about profit. I have just reminded the Minister and hon. Members about the very profitable programmes that have been made in Nottingham such as "Family Fortunes", "Popstars" and "Who Wants to be a Millionaire?". Nottingham is profitable. It may not profitable enough for the people at ITV who want to disband it and cash in on it, but that is not a good enough reason to do so.

To move the production from Nottingham to Birmingham would be a disaster and would lead to the wholesale break-up of news teams and the dislocation of operations. Worse still, it would undermine the relationship between broadcasting and its audience, a vital ingredient in any local communication provision. That is a factor that even Charles Allen, the chief executive of ITV, admitted in October 2002 when he stated:

"People like local TV. People like local news and we would be daft not to encourage it."

He is not doing that at present. He is encouraging local news, but that local news is not in the east midlands, it is in the west midlands. In the east midlands, it is yet another part of the jigsaw which is about controlling all news networking throughout Britain and reducing the costs.

I should not need to remind the Minister that at the heart of the debate lies the fact that the east midlands has a firmly established identity of its own. It is socio-economically and culturally different from its neighbours, most notably the west midlands and Birmingham in particular. Its industries, which are predominantly food production, coal mining, clothing, textiles and other types of apparel production, contrast with the engineering, car manufacturing and high-tech industries of the west midlands. The difference is probably best expressed by the two regional development areas that represent the two regions. They have a different make-up, they have different characters on their boards and they are geared to the needs of the various local interests.

As I said earlier, I intend to give time to other hon. Members to speak, so I will summarise briefly. According to a recent report by Cambridge Econometrics, two thirds of people claim that their local television company is their main source of local news, so Government action to protect it is imperative, especially if the reorganisation of local radio is anything to go by. Local news nowadays is little other than a series of regurgitated sound clips produced and broadcast mostly from centres that in some cases are hundreds of miles from the neighbourhoods they serve—or do not serve.

The same will undoubtedly be the case if TV programmes are produced and staffed by people who neither live in nor have any affinity with the areas that they are reporting, a likely scenario if the closure of ITV centre Nottingham goes ahead.

For those reasons and others, I ask the Minister to intervene in the matter. It is crucial to the east midlands that, like her constituency in the west midlands, we have the opportunity to develop our region in a way that suits the hearts, minds, needs and aspirations of the people we serve. It is not good enough, just for the sake of profit, for these centres to be closed down and left to the people who made such a mess of the City, the stock exchange and the pension provisions of most of our constituents.

3.47 pm

The Minister for the Arts (Estelle Morris): I feel a bit like the enemy in this debate, but I do not intend to be. I want to put on record how much I understand the strength of feeling of my hon. Friend the Member for Mansfield (Mr. Meale) and the hon. Members who intervened about the importance of regional broadcasting. Members of Parliament understand that more than anyone else; our constituents are far more likely to know what individual MPs are up to in the House through regional television coverage than

through national television. Much of our accountability is discharged through regional news coverage, in newspapers and broadcasting. I am at one with my hon. Friend in that respect.

I accept that Birmingham has a tendency to dominate the midlands region; the history and the news of the east midlands is different and there is a danger that it will get squeezed out. I go further: I hear complaints from people in Solihull that Solihull gets squeezed out, although it adjoins Birmingham, let alone from those who are about 50 miles down the road to the east.

My starting point is the same as that of my hon. Friend: the east midlands has a specific voice and a specific set of interests and concerns, and we need to pay regard to them. However, I cannot say much more to give comfort to him. It is for Ofcom, not the Government, to intervene in the matter. I cannot intervene or promise that the Government will do so, as that will not be done. I shall therefore explain how the mechanism for accountability and checking works.

The starting point is to balance two things, the first of which is the right of any company to organise itself as it sees fit. Companies must have that right, whether or not they are broadcasters. It is a competitive world and they must be able to change to survive, not just because people's viewing and listening habits have changed, but because of technology, too. That is just the way life is. It would be wrong to put a stranglehold on broadcasting companies and say that they cannot change to meet those needs. Secondly, broadcasting companies play an important role in safeguarding our democracy which is different from any other private sector organisation in any other sector of the economy. The regulatory framework must combine both those aspects.

I want to talk about how that happens and try to reassure hon. Members about what may happen in the future.

Mr. Meale *rose—*

Alan Simpson *rose—*

Estelle Morris: I shall give way to my hon. Friend the Member for Mansfield and then to my hon. Friend the Member for Nottingham, South (Alan Simpson).

Mr. Meale: The letter from Ofcom states that the

"amount of sub-regional news for the East Midlands is mandated by Central's licence—4 hours a week averaged over a calendar year."

Coverage for the east midlands region, which stretches right the way down to south Leicestershire and the constituency of my hon. Friend the Member for Leicester, South (Mr. Marshall), up to north Nottinghamshire and across to Derbyshire and Lincolnshire, and incorporates Nottingham, the eighth largest city in Britain, is being reduced to four hours a week. That is the reality.

The issue is not just about Ofcom saying that it will do one or two things about the news. We have one of the biggest production sites, 17 acres, in the whole of Britain. It is an important centre—we have proved that with the programmes that we have brought out—but the site is being closed and sold off for a fast buck. That is not good enough for the people of the east midlands.

Estelle Morris: Before I respond I give way to my hon. Friend the Member for Nottingham, South.

Alan Simpson: I want the Minister to return to the point that she made about Ofcom's responsibilities. We are not talking about Ofcom standing in the way of the commercial viability of companies. In fact, many of us would argue that some of the financial mess that has been made is due to the short-termism of the company's outlook. Is it the Minister's view that Ofcom has a duty to protect the regional identity of independent commercial television services because of the way in which the Government expect those services to be delivered? A central point of dispute seems to be whether Ofcom feels that it has a duty in that respect at all.

Estelle Morris: I will answer my hon. Friends' comments together. Yes, I do think that that duty exists, and I shall explain how it works. There are targets, which my hon. Friend the Member for Mansfield just referred to, for four hours of local news. That figure has not been reduced. It is part of the contract that Central has with Ofcom for delivering localness. Indeed, localness is written into the Communications Act 2003 in a way that it was not included in legislation before. The Government have acted to protect localness by including in primary legislation the requirement that Ofcom must have regard to it. That is absolutely at one with what my hon. Friend is saying.

On localness, people must know where they stand. When the commercial contract is signed, companies are given targets for the delivery of local programming and production which they must meet. Local programming is what we are debating: programmes about local issues, made outside the M25. No matter how Carlton reorganises itself, those targets remain the same. They do not change because of the merger or job losses. People cannot say, "We're closing the east midlands centre, so we're reducing the number of hours of local news that we'll broadcast." The four hours is part of the target of eight and a half hours of regional programming—or rather it is not a target, but a deal; it does not change. Four hours of that total is local news. The allocation was increased the last time that the targets were looked at.

Ofcom has a statutory duty to ensure that the targets are met and that any reorganisation of the delivery of services in the region does not negate them. In the commercial world, as long as those targets are met, companies have discharged their responsibility to achieve localness. As far as I am aware, nobody called for an Adjournment debate on those targets before the job losses were announced, so I can only assume that the debate is now about whether the targets will be met.

Mr. Jim Marshall: Will the Minister give way?

Estelle Morris: In a moment. I just want to make one more point so that there is some flow in what I am saying.

[Estelle Morris]

The crux of the matter is sub-regional news, not regional news. I think that my hon. Friend the Member for Mansfield is saying that regional news from Birmingham is not serving the east midlands well. To me, the crucial point is that as well as targets for regional news coverage, there are targets for sub-regional news coverage. As midlands MPs, we all know there are three sub-regional news coverage areas: Birmingham, Abingdon and Oxford, and the east midlands. I believe Ofcom's view to be that the targets for the east midlands sub-regional news cannot be met if all the news gathering is moved to Birmingham. Therefore, if a situation should ever arise—this is not what is proposed—that affects news gathering as well as news presentation, there would be a genuine argument that sub-regional targets were not being met, and Ofcom could be invited by local MPs to comment on that point.

My hon. Friends may not believe it, but the proposal—I have no reason to disbelieve it and am not intervening—is that the presentation of news, not news gathering, should move to Birmingham. As long as the journalists who gather the news are in the east midlands and there is a sub-regional target for east midlands news, as opposed to west midlands news, there is a powerful argument that the target has been reached. If my hon. Friends do not believe that, we have a difference of opinion. We shall have to wait and see. However, if the journalists move, Ofcom can intervene to say that the targets are not being met.

Mr. Reed *rose—*

Mr. Meale *rose—*

Estelle Morris: I have time to take two interventions.

Mr. Reed: I understand the commercial arguments that the Minister is putting forward and the difficulty in intervening in such matters. However, quality is the one thing that seems to be missing from what has been said. Is she really convinced by what Ofcom, ITV and Carlton have been trying to tell us; that is, that the quality of local coverage can be guaranteed by the proposals that have been put forward? Personally, I do not believe them, so there is an issue at dispute. I am sure that my hon. Friend the Member for Mansfield (Mr. Meale) will be able to say in more detail why that will not happen. Is the Minister convinced that Ofcom is playing a proactive part? I know that it has a light touch, but to have no touch at all seems completely the wrong way to deal with the matter.

Estelle Morris: I give way to my hon. Friend the Member for Mansfield.

Mr. Meale: The evidence of previous closures shows a reduction in news delivery in the areas from which people moved. That is the reality, but I shall not challenge what the Minister said.

The whole point of this debate is that the east midlands is not a sub-region but a region all on its own. Its news is not to be subsumed by Birmingham or moved just because of improvements in technological delivery. The debate is about our having our own TV and news presentation centre in the east midlands. Without one, the east midlands is a sub-region.

The Minister comes from Birmingham. I know that there are difficulties with various TV stations, but Birmingham has its own centre. We want exactly the same for the east midlands, which, as I said, stretches from south Leicestershire to north Nottinghamshire, Lincolnshire and Derbyshire. It is a massive area, and we demand parity in respect of a new centre.

Estelle Morris: Of course I do not believe that the east midlands is a sub-region, nor am I critical of it in any way. I used the term to discuss targets. Whether we like it or not, whether we live in the east or the west midlands, there is a midlands region, of which both areas are members. I certainly would not be happy if the news coverage all beamed out from Birmingham. My personal view is that if the news gathering from the east midlands were dropped, it would be detrimental to that area. I believe without a shadow of doubt that it would be a diminution of the present localism if all regional news from the whole of the midlands were collected and presented from Birmingham. All I can say to my hon. Friends is that that is not part of the proposal.

I cannot at this time stand up in a debate in the House of Commons and say, "I have been told by Central that its intention is to keep news collection in the east midlands and merely present the news from Birmingham, but, because I do not believe that, I shall ask Ofcom to intervene." It would not be fair to do so, because I believe what I am told by Central.

In the minute that I have left, all I can do is say again that the key thing in striking the difficult balance between having commercialism in broadcasting and protecting democracy is to hold the stations fast to their targets. My message to Ofcom is that that is what the House expects it to do. I suspect that the proposals before us will achieve that, but it will be for Ofcom to decide and to be the guardian of what all of us with seats in the midlands consider to be incredibly important targets.

Motorway Noise (Leicestershire)

4 pm

Mr. Andrew Robathan (Blaby) (Con): I am grateful for the opportunity to raise a matter of great concern to my constituents in Leicestershire, particularly in light of the Government's stated intentions to reduce motorway noise. One only needs to visit Enderby in my constituency, for instance, or the surrounding areas of Whetstone, Narborough, Littlethorpe and Cosby to appreciate the full extent of the noise that my constituents suffer on a daily basis and have suffered for nearly 40 years.

Sitting suspended for a Division in the House.

4.10 pm

On resuming—

Mr. Robathan: Having been so rudely interrupted, I am delighted to return to the subject of motorway noise in Leicestershire on behalf of my constituents. As I was saying, one has only to visit the motorway area near Enderby to appreciate the full extent of the noise that my constituents suffer daily. It is often impossible to stand outside their houses and hold a normal conversation. My constituents cannot sit in their gardens in the summer; they cannot open their windows; and they cannot sleep at night. There is an endless roar, which gets a little quieter between 1.30 and 4.30 in the morning, but then starts up again and wakes them. Last October I visited Cumberwell drive in Enderby, where an official from the Highways Agency had come to hear the grievances of a large group of residents, the most voluble of whom were Mrs. Bingham and Mr. Akiens. I urge the Minister to visit Enderby because he would then understand the unacceptable level of noise.

The M1, as I am sure you remember, Mr. Deputy Speaker, was the first motorway in this country. It was opened to Lutterworth in 1962 and the stretch through Enderby was opened in, I believe, 1964. It bisects my constituency and south Leicestershire from the junction of the M1 and the M6 up to the Leicester Forest East service station. The noise problem affects people from Lutterworth all the way to Thorpe Astley and Braunstone. My house is about two miles from the motorway, but I can hear it clearly, although I am not arguing on my own behalf.

My constituents have suffered from the noise generated by the M1 for 40 years, but it is getting worse. Many people have bought their houses next to the motorway during those 40 years, but the M1 used to be relatively empty. A famous postcard, entitled "The most boring sight in Britain" and published in 1963, showed the M1 near Newport Pagnell with one car on it. That is no longer the case. As the Minister knows, traffic has increased dramatically during the last 40 years and especially during the last decade.

Last year, the Highways Agency told me that it plans to resurface the M1 between junctions 20 and 21 this coming summer. Resurfacing can reduce noise dramatically. I am not an authority on decibels, but I am told that resurfacing can reduce the noise impact by up to 50 per cent. The Minister may tell me that I am wrong, but such a reduction would obviously be welcomed by my constituents. However, on 29 October, the agency told me that it was postponing the work for four years. That is unacceptable. The agency is a creature of the Government, and that is why I called for this debate and asked the Minister to come here today. My constituents do not want to be fobbed off any longer by the agency or the Government. Today, I seek clarification of the reasons for the delay in the work.

I asked the Minister a simple oral question on 6 January but failed to receive an answer, so I hope that I shall receive straightforward explanations and answers to my questions today. In a written reply to a question, numbered 140803, in which I had asked how many road resurfacing projects had been delayed due to value management work, the Minister stated:

> "The re-phasing of projects is not the result of value management work, but arises from a reappraisal of factors that influence the appropriate timing of works to be undertaken, in the light of better information."—[*Official Report*, 5 January 2004; Vol. 416, c. 52W.]

Yet I received a letter dated 29 October last year from Richard Bennett, who is a board director of the Highways Agency, in which he stated that confirmation of the work was

> "subject to the outcome of further value management work."

That is the process that the agency uses to assist us when deciding programming priorities.

Mr. Bennett's remarks directly contradict those of the Minister, and when the hon. Gentleman speaks I would be grateful if he clarified whether he stands by his remarks. I repeat the question from 6 January, "Who is right: the Minister or the Highways Agency?"

The Minister also stated in a letter on 10 February:

> "Increased costs meant that a reassessment of"

the work's

> "value for money was necessary".

Yet, despite my requests no details about what exactly caused the rise in costs have been forthcoming. In a written answer to me, the Minister stated:

> "Final cost details for resurfacing of the M1 between Junctions 20 and 21 will not be available until current investigations by the Highways Agency are completed."

That suggests that there has been no accurate and detailed costing for the work. Is the Minister saying that there has been a sudden increase in prices? If so, where is the evidence for it? The Government's response seems entirely illogical. In the same set of written answers, the Minister told my constituents that

> "priority will be given to those cases in which the actual noise levels exceed those predicted by at least three decibels". —[*Official Report*, 24 February 2004; Vol. 418, c. 340W.]

The Highways Agency finds roadside noise levels in Enderby of 86 dB, which is about 6 dB over its own acceptable limit. The Minister might be interested to know that as I trawled through the Secretary of State's announcement of April last year, as the Minister suggested I do, I stumbled on one particular gem. It stated that only since 1973 have

> "the adverse noise effects of road proposals on the surrounding environment and possible ways of minimising these effects been more comprehensively taken into consideration before the road is built."

In other words, according to the Secretary of State's paper, the effects of noise were not considered when the stretch of motorway between junctions 20 and 21 was

[Mr. Robathan]

built, and no serious sound reduction measures have ever been taken. Meanwhile, my constituents in Enderby, Narborough, Whetstone, Cosby, Littlethorpe, Lutterworth and Thorpe Astley continue to suffer. They have not benefited from noise reduction surveys or strategies since the road was built 40 years ago.

The noise is now worse than ever, and as the programme has been put back four years my constituents are condemned to another four years in the same situation. The Secretary of State's statement was, as the Minister suggested to me, a veritable treasure trove of information. Although the Minister told me that

"better value for money would be obtained by undertaking more work than simply resurfacing"

and that

"priority is given to road surfaces that are broken up",

the Secretary of State pointed to the need to prioritise work that

"would not normally need to be resurfaced within the plan period".

In other words, that is work that would need to be undertaken for reasons other than simple maintenance—for reasons such as noise reduction, for instance.

The Highways Agency's own consultants, WS Atkins, open their noise survey paper, dated 22 September, by stating:

"Following the Government's Transport White Paper in 1998, a budget has been allocated to deal with specific noise problems on existing trunk roads and motorways."

Will the Minister contradict the remarks of the agency and the Secretary of State or will he accept that there is money ring-fenced for noise reduction separate from the needs of maintenance? In light of those facts the justification for postponing the work is simply not reasonable.

The agency website states that the Government's two criteria for priority are that the road must have been opened before 1988—the stretch of road under discussion opened before 1969 and has remain untouched—and that noise levels immediately adjacent to the road must be at least 80 dB. As I have said, the agency found levels to be some 6 dB higher at 86 dB. The M1 between junctions 20 and 21 must surely fulfil those criteria and should surely be at the top of the list of motorway stretches to be resurfaced.

In the consultancy paper to which I referred, WS Atkins considered options for reducing the noise, particularly between Enderby and Cosby. They found 160 houses that were affected by noise levels of 68 dB or more. I recollect that the Department of Transport even bought some houses in Roy close in the early 1990s because of the impact of traffic. The report considers erecting noise barriers in particular, and the costs of such noise screening are not horrendous I urge the Minister to consider implementing noise screening along that stretch of the motorway as soon as possible—as happened, for example, in Luton, by junction 11, which I pass often. The conditions there are comparable.

The Atkins report found that a quieter road surface—a thin-wearing course—would reduce noise to all houses by approximately 3 dB. Decibels are a logarithmic unit of measurement, which, with my O-level maths, I am not sure that I understand, but I listened to a reduction of 3 dB on my computer less than an hour ago, and the effect was marked. I should like the road surfacing to be done now, and acoustic screening to be installed this year.

In his letter to me of 10 February, the Minister told me that the process for timetabling road improvements was "subject to continued review". This was reviewed, to the detriment of my constituents, in October. I hope that the Minister will say that he will review again the M1 from junctions 20 to 21, because the case for resurfacing the M1 this summer is overwhelming. My constituents are suffering now and have been suffering for 40 years: another wait of four years would be intolerable. The Government have promised quieter road surfaces and, in the 10-year plan, they claimed that

"reducing noise from motorways and other trunk roads is an important priority".

Furthermore, paragraph 3 of the road projects section of the Highways Agency's website says:

"Consider the length of time people have endured traffic noise."

No one can have endured noise longer than those living next to the M1 because the M1 was the first motorway. Having had their expectations raised, my constituents demand that those promises be fulfilled and I look forward to the Minister giving them a satisfactory response.

4.22 pm

The Parliamentary Under-Secretary of State for Transport (Mr. David Jamieson): I congratulate the hon. Member for Blaby (Mr. Robathan) on securing this debate, and giving us a firm opportunity to focus on the Government's policy on quieter roads. In answer to an oral question in January, I told him that, were it not for this Government having such a policy—one did not exist before 1997—and had the money not been put in place, this debate would not have gone ahead at all. I remind him that we have made the policy a priority. He will appreciate that there are many other demanding priorities around the country which have been identified by hon. Members from both sides of the House who want roads attended to, but we have given that commitment.

Mr. Robathan: The Minister is absolutely right that the Government have made this policy a priority, and I remember being cheered up when I read about it in the 1998 transport White Paper. However, he will admit that quieter road surfaces, such as whisper concrete, were already being tested and installed before 1997.

Mr. Jamieson: Yes, indeed, but this debate could not have taken place if it were not for the Government's policy. The hon. Gentleman must be aware, particularly in his part of the midlands, of recent growth in the area, a downside of which is added traffic volume and noise. Leicester and much of the midlands are thriving under this Government's economic policies. I am delighted that unemployment has fallen and employment is rising, and whenever I go there I find new enterprise coming into the area, but that generates traffic and movement of

people. He asked me to visit Enderby, and if I have the opportunity to pop in when I am visiting, I would be delighted to do so and perhaps have a cup of tea with the hon. Gentleman.

Mr. Robathan: The Minister is very welcome—I will even pay for the tea.

Mr. Jamieson: I thank the hon. Gentleman for that welcome.

The hon. Gentleman was at pains to ensure that our approach is consistent and equitable, which I believe it is. Before I go into the detail of the situation on the M1 in Leicestershire, in which he is particularly interested, I want to say more about the Government's quieter roads programme.

The strategic road network helps to support a healthy economy by providing the backbone for the effective distribution of goods and services and the easy movement of people. However, it is not without its disadvantages. People who live close to major roads sometimes experience the effects of increased noise, and the expansion of the road network inevitably disturbs the local environment. A balance that satisfies our economic and environmental needs has to be struck, and much can be done to minimise any negative impact on the environment. I often say that the Highways Agency is the second largest planter of trees in this country after the Forestry Commission. In our guidance to the agency, we take environmental matters seriously.

The Government have recently addressed public concerns about road traffic noise and are dedicating funds to noise mitigation. We accept that traffic noise is a concern for many people, and in the White Paper "A New Deal for Trunk Roads in England", published in July 1998, we gave the commitment:

> "In future, whenever a road needs to be resurfaced, we shall ensure that the most appropriate noise reducing surfaces are used for those areas where noise is a particular concern."

In March 1999, we announced sift criteria to identify the most serious and pressing cases and a ring-fenced budget of £5 million a year to deal with the most serious instances requiring practical and cost-effective noise-mitigation measures.

The hon. Gentleman referred to those criteria, but for the sake of clarity it would help to have them on the record. First, trunk roads must have opened before June 1988, although priority attention is given to locations affected by roads that have remained unaltered since October 1969, the qualifying date for the introduction of noise mitigation measures. Secondly, current—that is, 1998—noise levels immediately adjacent to the road must be at least 80 dB. If the hon. Gentleman wants a small lesson in logarithms and decibels, I will assist him for a small consideration.

It may be useful to point out that the M6 Preston bypass between junctions 30 and 32 was the first motorway. It opened in the late 1950s, although that was probably before the hon. Gentleman was born. The third criteria is that in the case of roads opened or altered after October 1969, noise levels must be at least 3 dB greater than predicted for the design when the road was planned. The aim is to address people's disappointment that noise levels mentioned during the planning process were different from those experienced when the road was eventually opened.

The hon. Gentleman will know that in November 1999, a list appeared in *Hansard* under cover of a letter from the chief executive of the Highways Agency, showing the most serious and pressing cases to be studied to ascertain the most practical and cost-effective solutions. That became familiarly known as the *Hansard* list, and by the time of the Government's 10-year plan, published in July 2000, the agency had been set the target of installing quieter surfaces on more than 60 per cent. of the trunk road and motorway network, including all concrete stretches, by 2010–11. That will benefit approximately 3 million people living within a third of a mile of such roads. Indeed, I believe that some of the hon. Gentleman's constituents have already benefited from resurfacing work on the M69 which has reduced noise. He looks curious, but if he ever takes that route, he will be able to see for himself how his constituents have already benefited from the Government's road noise reduction policy.

That policy over the period of the 10-year plan can be summarised as follows: a noise mitigation programme costing £5 million a year to address sites that meet the *Hansard* list criteria; resurfacing all concrete roads with quieter materials; and resurfacing black-top roads with quieter materials when normal maintenance is required. About 5 per cent. of the trunk road network at 70 different locations is constructed with a concrete surface. Clearly, given the scale of the problem, work cannot be completed overnight. Attempting to do so would not be practical because it would create a great deal of disruption on the network, so we shall phase in the work over 10 years . Concrete roads tend to be very robust, and often need resurfacing not because of deterioration but to ameliorate the effects of noise.

As part of the development of our road maintenance programme, the process of value management is applied to all major road renewal schemes to ensure that renewal schemes are technically robust and meet set standards. Proposed schemes are examined collectively to establish relative merits and priorities, and set criteria are used to assess schemes. The criteria for the prioritisation of resurfacing flexible trunk roads are related to the condition of the surface and include surface crack intensity, assessment of levels of rutting, unevenness, skid resistance, general wear and tear of surface material and the frequency of accidents associated with the road condition. Those criteria are used to determine the programme for resurfacing. The aim is to maintain the trunk road network using the principle of minimising whole-life costs, taking into account disruption to the road user and the need to keep the road in a safe and serviceable condition.

Turning to the condition of the M1 in Leicestershire, I fully understand the concerns of the hon. Gentleman and his constituents about noise from the M1. I accept that noise from roads is deeply intrusive to people who live near them, which is why we have developed a policy for tackling the noise from roads. In particular, I understand the specific concerns in the Narborough, Cosby and Enderby communities to the south of Leicester. That section of M1 was not identified as a specific site in the list published in *Hansard* in 1999, and therefore does not take as high a priority as those listed or other lengths of motorway and trunk road that have concrete carriageways.

[Mr. Jamieson]

To ensure that the most worthy sites are treated first, a nationwide ranking system has been developed. The section of road in question has what engineers call a flexible surface—a black-top surface—which means that it is not as noisy as roads with a concrete surface. Inevitably, therefore, the M1 in the hon. Gentleman's constituency will be given less priority in noise mitigation measures. Nevertheless, we have agreed that the Highways Agency should carry out noise surveys at particular locations where local people have expressed significant concern, and a number of locations in Leicestershire fall into that category.

A survey covering the communities of Narborough, Enderby and Cosby has been completed, and it indicates, as the hon. Gentleman said, that 190 houses are exposed to noise levels greater than 68 dB. That has enabled the agency to rank those sites against other locations in the country in order of severity. I can confirm to the hon. Gentleman that the three sites are not the most severely affected by noise. They are ranked in the order Narborough, Enderby and Cosby, but because they are close to each other it is likely that they will all benefit at the same time when resurfacing work is undertaken on that section of the M1. When considering noise mitigation measures the rankings are used to prioritise the programming of works.

The agency is also undertaking a survey at Kirby Muxloe in Leicestershire, near junction 21A of the M1. That survey is in its final stages and we expect a report shortly. However, it is not only the desire to reduce noise from busy roads that gives rise to the need to provide a new surface; the condition of the road network is constantly monitored to ensure that maintenance is undertaken at a time that gives maximum value for money.

A process of continuous value management—some difficulty may have arisen in the understanding of the term—is carried out to prioritise the work to be done with the funds available. Depending on the deterioration of a particular stretch of road, it may move up and down the list of priorities. I am sure that the hon. Gentleman would expect us to do no less than that—to prioritise one road over another if it was deteriorating more rapidly.

The agency identified most of the motorway between junctions 20 and 21 as needing to be resurfaced within the next few years. The section is too long for the whole of it to be treated at once; hence the works are likely to be split into four phases. As the hon. Gentleman knows, the works were originally programmed to start in 2004 and to be completed over three years, starting with the section adjacent to junction 21. However, after being subjected to the process of continuous value management that I mentioned earlier, the works were reprogrammed, and they will be undertaken between 2005–06 and 2007–08. Depending on the condition of the road and further examination, the works will take place earlier or later in that period, so there will not necessarily be a delay of three years. I am sure that the hon. Gentleman will agree with me that a programme of work that takes place in 2005–06 is not that far away.

I realise that the hon. Gentleman is disappointed that the work has moved out of this part of the programme. However, if he has listened to some of the other debates held on such matters, and if he were to see some of the correspondence that I have received from hon. Members on both sides of the House, he would agree that it is fair to prioritise the works on the criteria set out.

I hope that what I have said has reassured the hon. Gentleman that the agency carefully and stringently analyses each road scheme in accordance with a list of priorities. I will ask agency officials to ensure that they keep him informed on the detailed in-year programme as it develops for the M1 in Leicestershire.

Although mitigating noise from trunk roads and motorways is a complex subject, I hope that the hon. Gentleman will agree that the Government are doing all that they can to ensure that we have a fair system, which will benefit the greatest number of people over the next few years. We try to be as fair as possible but it is inevitable that those further back in the process are impatient to see the work closest to their homes completed.

I undertake to ensure that the agency keeps the hon. Gentleman informed, because I realise that the issue is important to people living in that area. I hope that he will recognise that we have put a substantial amount of extra money into the programme, and that we are tackling the list of works based on current priorities. The debate has been useful, and I hope that my explanation has been helpful. If the hon. Gentleman wishes for further explanation, I shall be delighted to correspond with him.

Question put and agreed to.

Adjourned accordingly at twenty-one minutes to Five o'clock.

Westminster Hall

Wednesday 31 March 2004

[MR. FRANK COOK *in the Chair*]

Cast Metal Industry

Motion made, and Question proposed, That the sitting be now adjourned.—[*Mr. Ainger.*]

9.30 am

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I am delighted to have secured today's debate in the ballot—a success achieved after several fruitless attempts. I have been particularly keen to debate the subject in Westminster Hall because the cast metal industry faces serious problems, caused mainly by the shortage of scrap metal and the consequential soaring of prices but also due to other increases in the price of raw materials, which are putting additional pressure on the industry. As a result, one cast metal firm has gone to the wall—Keighley castings in Yorkshire. It would not be an exaggeration to say that unless action is taken a number of other companies could find themselves in a similar situation.

About two weeks ago, the Minister for Industry and the Regions met representatives from the cast metal industry to discuss the matter, for which I am grateful. None the less, the problems are becoming more serious week by week, so it is appropriate to have a wider debate, in which other hon. Members with similarly affected companies in their constituencies can express their views.

I declare an interest, Mr. Deputy Speaker: I am secretary of the all-party group on cast metal. I also have a distinct constituency interest, because no fewer than 11 foundries can be found in West Bromwich, West; indeed, I am told that my constituency has the highest number of foundries in the country. I am therefore particularly concerned about the impact of the problem on the welfare of my constituents.

I am proud to say that one of those companies, Eurotech Industries of Wednesbury, won the annual company of the year award, given by the Cast Metal Federation, for having invested and expanded over the past couple of years, and for winning new contracts. Like many cast metal companies, Eurotech supplies parts for the automotive industry, including BMW, Audi, MG Rover and DaimlerChrysler, and it has just won two more contracts to make roof castings for Skoda and BMW. I mention that to highlight the fact that although foundries are often thought of as "old" manufacturing industry, some successful companies have invested in new production techniques and are being very successful in a highly competitive market.

The success of one company cannot mask the real issues that confront the sector nationally. I stress the importance of the industry to the country. It has a national turnover of about £2.26 billion a year, and it employs 34,000 people in 580 companies. Most of those companies are small and medium-sized enterprises. Crucially, many of them are concentrated in traditional industrial areas with higher than average unemployment, and the loss of those companies would have a disproportionate effect on the local economy and the local community.

In my constituency, unemployment stands at 5.9 per cent. It has reduced by about a third since 1997, and the local economic situation has improved enormously over the past five years. However, the prospect of local cast iron companies folding, with the resulting unemployment, would be a serious setback. I cannot view it with equanimity.

The cast metal sector's market is hugely concentrated in the automotive industry, and about 50 per cent. of total production goes to the car industry. That is enormously significant in the west midlands, because the viability of the cast metal industry can have an impact on the automotive sector. Nationally, the industry produces 1.2 million tonnes of castings: 970,000 tonnes are ferrous castings, and 900,000 tonnes come from ferrous scrap, so scrap is a vital component of total castings production.

Scrap is vital. The proportion of scrap that we export has gone up from 40 per cent. in 1995 to 70 per cent. at present. Overall, there is sufficient scrap in the country, but the growth in exports is now causing local cast metal companies extreme difficulties. The result has been an increase in dock prices. Between January 2000 and January 2003, the price of low-grade scrap increased by just 30 per cent.—a significant but not devastating increase; but between January 2003 and January 2004, it increased by 130 per cent. The price of cast iron scrap increased by 70 per cent. and it seems to be increasing further.

Those price increases are caused almost entirely by China's economic expansion, which has led to a phenomenal increase in demand for steel and the raw materials used in its production. In 2002, crude steel production in China rose by more than 21 per cent., and it is expected to rise a further 20 per cent. in the coming year. China's production is greater than that of Japan and the United States put together; they are the two next largest producers, and manufacture huge amounts. Significantly, even China's current huge level of production is insufficient to meet its home demand. China's phenomenal growth has had a profound effect on raw materials and steel prices, but nowhere more so than in the scrap metal sector.

A further potential problem needs to be highlighted. Currently, only 10 per cent. of steel production in China involves electric arc furnaces, which use scrap metal. Therefore, with China using scrap in just 10 per cent. of its steel production, we have a world shortage of scrap. If China increases production using electric arc furnaces because of constraints on the supply of raw materials used in the other 90 per cent. of its steel production, there will be further significant pressures on the world scrap metal market.

What has been the reaction worldwide? The South Korean Government have already limited scrap exports. In the United States, an organisation called the Emergency Steel Scrap Coalition has been formed. Its president, Robert Stevens, has warned that the US is

"facing a crisis in many manufacturing sectors".

Liz Blackman (Erewash) (Lab): Saint-Gobain Pipelines in Erewash, which employs 1,400 people and deals predominantly in ferrous scrap, has seen its prices for that commodity rise by 40 per cent. over the past year. Does my hon. Friend agree that it is vital that the Government examine how the global market is working, report back on whether it is fair and, if not, suggest ideas to address the inequalities?

Mr. Bailey: My hon. Friend makes an important point. Although it may be argued that the cost of scrap metal has gone up as a result of international free trade, there are other issues, such as the price of coke. We have no indigenous coke producer in this country. We have to import it from Europe or China, ironically, and there is some evidence that China is restricting the export of coke. Our cast metal producers face a double whammy: scrap metal prices are going up because of the pull of the Chinese economy, while the fact that China restricts the export of coke further drives up costs for cast metal companies in this country. The issue obviously has to be explored because there is some evidence that there is not a level playing field. Although we may be conforming to the best principles of international free trade, China, as the main beneficiary, is not doing so. The Government must explore that issue.

I return to my point about the United States. Mr. Stevens also commented that there is provision under US law for a possible remedy for injurious increases in steel scrap exports: the temporary imposition of export restrictions by the US Secretary of Commerce. Although the United States has done nothing yet, we have to recognise that there is a significant lobby in that country for restrictions on the export of steel scrap. If that were to take place, the impact on the international scrap metal market would be huge, over and above the problems faced at the moment.

Let us consider other countries. Italian producers of steel have already called for protectionist measures. Ukraine has a ban on scrap metal export and Russia has export duties. All over the world, there are already significant moves to ban the export of scrap metal or, in one way or another, to preserve scrap metal for particular host countries. The situation is already serious and has the potential to be devastating. As prices continue to rocket, more countries will be under greater pressure to take unilateral action to protect their interests.

Things might not be so difficult for cast metal companies if other raw materials were not also increasing in price. I have mentioned coke. When we consider the range of prices for raw materials used not only in the cast metal industry but in the steel industry as a whole, we find that the pull exerted by the expansion of the Chinese economy is increasing those prices across the board. Whatever elements are used in the production of cast metals and in the wider steel industry, they are all increasing in price and adding cost pressures to production.

Looking at the impact on other industries, there are three major players in the sector. The first is the scrap metal industry. It will not surprise hon. Members to learn that the scrap metal industry is happy with the current situation. It is enjoying prices that it has never had before. The industry legitimately points out that in this country it produces more scrap metal than is needed for the domestic market and that the current price is determined by global demand. Of course, that is true, but it prompts the question whether, if the global market price continues to accelerate as it is doing, some of the domestic bread and butter market could disappear. Although the scrap metal industry may be enjoying a boom at the moment, the loss of its domestic bread and butter market could mean that at some time in the future it will be dependent on a far more volatile and risky international market. Notwithstanding the current good times in the scrap metal industry, it is appropriate to exercise a cautionary note.

Soaring raw material prices have affected the steel industry as well as the cast metal industry. Corus has increased prices by 20 per cent., and there is an increase of another 18 to 20 per cent. in the pipeline. It accounts for about 90 per cent. of UK steel production. The industry has been more relaxed about the issue of scrap metal prices, but that is largely because it has contractual agreements with its consumers whereby it can pass on the prices. However, the scale of the price increases is such that even some of the consumers of the raw steel are beginning to complain and there is some evidence that they may be trying to find cheaper alternatives elsewhere.

Malcolm Bruce (Gordon) (LD): Does the hon. Gentleman realise how the problem has become perverted? It has affected us north of the border. On my way to the airport this week, I was faced with a series of cones along the road I normally pass down because all the manholes and grids had been removed. They had clearly been sold to the scrap metal industry. Not only is the situation encouraging theft and resulting in costs to the public authorities, some scrap metal dealers are colluding in crime.

Mr. Bailey: I am grateful to the hon. Gentleman for raising that point. It is a somewhat bizarre manifestation of the problem; I did not realise that it had emerged north of the border. In Gloucester, 40 manhole covers have disappeared and in Cambridgeshire, 150 disappeared over only a couple of days. Even in China, bizarrely, 1,800 disappeared in Shanghai over several days. So, in China, the main manufacturing country and the driver of this increase in prices, manhole covers are being stolen and recycled, presumably to replace the manhole covers that have been stolen. The only beneficiary of that bizarre cycle of economic activity is the thief who steals them.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): I am listening with great interest to the case that the hon. Gentleman is making. Leaving aside manhole covers, does he accept that scrap metal prices are rising so steeply partly due to the sort of protectionist measures he mentioned, which are being taken in some countries? Such measures limit the international market and lead to price rises.

Mr. Bailey: Certainly, any country that takes protectionist measures and thereby limits the supply of scrap metal on the international market is contributing to the problem. However, it is fair to say that the main cause of the problem is undoubtedly China's economic

expansion. Obviously, there is potential to ease some of the pressure by negotiating with countries that are restricting export and might be persuaded not to. That is an avenue that the Government should consider.

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): Is that not the reason why we need the World Trade Organisation and why we need to operate within its rules?

Mr. Bailey: Yes. All the players in this situation recognise that not to operate within the limits laid down by the WTO could cause problems. We should ensure that everyone who operates in that market situation does so according to the rules, so we are bringing pressure on the Government to work through the European Union and other allies to ensure that that happens, but I shall come to that later.

I was talking earlier about the impact on the steel industry alone. I said that some consumers of raw steel products are beginning to complain, which could affect the basic steel industry itself. Furthermore, UK Steel said in a submission to me that its position would change if the United States took unilateral action to export scrap metal. In that event, UK Steel is anxious that the Government should be in a position to take immediate action.

The cast metal industry is the most affected. For example, raw materials constitute about 22 per cent. of the total costs of cast metal manufacturers, and scrap metal accounts for 60 per cent. of that figure. Price increases on the scale that I have outlined mean that prices must be increased by about 10 per cent. to cover those costs. Many companies operate on tiny margins and cannot pass on that increase, especially those with fixed price contracts. Such companies have experienced huge difficulties, which to date they have met with great resourcefulness. However, as prices continue to rise, the pressure becomes greater all the time. I am not talking about the long term, but about price increases of 10 per cent. per month, which is hugely significant for such companies.

The issue involves not only prices, but the availability of scrap metal. Some companies cannot obtain the scrap metal that they need to operate. I received an e-mail from one company that said:

"I have a buyer spending most of his time trawling the local scrap dealers to obtain adequate supplies and the prices are still rising!! As you can imagine this has also resulted in huge increases in the price of pig iron and we are still finding it very difficult to get these costs recovered in higher selling prices."

One company told me that it had come within half a day of having to stop production. I heard a tale of another company that expected a delivery of scrap metal that never arrived. When the company phoned the supplier, it turned out that somebody else had made a bid for that lorry-load of scrap while it was en route and the lorry was diverted to another manufacturer. That conveys something of the knife-edge existence that some companies endure.

Mr. Peter Pike (Burnley) (Lab): My hon. Friend says that firms are living on a knife edge, but does he accept that most in the industry suffer from the added burden imposed by the near doubling of insurance, which also makes trading difficult?

Mr. Bailey: My hon. Friend tempts me down a path. That issue has been the subject of much debate. I completely agree with him, but I hope that he will forgive me if I do not develop that point, because I am conscious that other Members want to join the debate.

Other effects will include not only pressure on the margins of companies in the cast metal sector, but increases in the prices of a range of consumer goods, particularly in the automotive industry. We could suffer from a double whammy, because if the prices of castings become too high, the automotive industry might look to other sources, including, again, China. We are looking for a level playing field, to ensure that the costs of finished castings from our local cast metal producers do not become excessively high and thereby provoke that course of action.

I conclude with some observations. I agree with the Government that the free market and international trade are extremely beneficial, and that intervening unilaterally at one point can have unintended consequences that may not be helpful to anyone. I know that the Minister has ruled out export quotas and, as one who was vociferous in his criticisms of the American Government when they introduced steel tariffs, I cannot logically argue that unilateral action is the most appropriate way forward. However, the Government must recognise that there are certain situations in which industry conditions can change so dramatically in a short period that the potential consequences are dire. That is the situation that the industry faces. If prices continue to accelerate at the current rate, the consequences could be devastating.

The European Union needs to take urgent action and work globally to pre-empt problems that affect not only this country but the whole of the EU. I am informed that about two weeks ago there was a meeting in the EU to discuss the situation and to monitor trends in the industry.

Mr. Sutcliffe: To help my hon. Friend, and because there may not be time at the end of the debate to go into enough detail on all these matters, I can tell him that the meeting was deferred.

Mr. Bailey: That reinforces the need for this debate. The industry is in such a situation that it cannot afford to have people in key positions deferring meetings.

Mr. Dennis Turner (Wolverhampton, South-East) (Lab/Co-op): I have been a committed European all my life, but I would just like to advise my hon. Friend and the Minister that they should not place too much store in the collective commitment of the EU on these matters. I have a long memory of the EU and remember the d'Avignon plan, under which we all contributed to a reduction in steelmaking capacity in our country and throughout Europe, but Europe did not honour its commitments. We lost a great deal of capacity in this country, and I ask my hon. Friend to reflect on that fact.

I have very fond memories of Bilston steelworks. We lost that plant, which made wonderful steel for this country, 25 years ago. I ask my hon. Friend to point out to the Minister that we ought to consider production

[Mr. Dennis Turner]

targets in this country. Looking after our own economy is crucial and we should not have to depend on so much importation.

Mr. Bailey: I thank my hon. Friend, and I would be the first to defer to his long experience in the sector, which goes beyond any experience that I have had. However, I think that he would agree that it would not benefit anyone to have any sort of international trade war. Action must be taken within a regulatory framework that is best for everyone collectively.

Monitoring is not enough. We need action, and the purpose of the debate is to convey to the Minister the depth of feeling among hon. Members who represent companies in the sector about what is to be done and the implications for the well-being of their constituencies. There is evidence that in certain areas of production, particularly coke, there are imperfections in international free trade. If we cannot do anything about price pressures on cast metal, it will bring some relief to a beleaguered industry if we can relieve such pressures in other areas. Will the Minister also consider the potential of EU industrial policies to enable assistance to be given to small and medium-sized enterprises in the sector?

Mr. Deputy Speaker (Mr. Frank Cook): The Chair is anxious to accommodate all right hon. and hon. Members who want to contribute to the debate, and I will never complain about the brevity of contributions, but I must offer the admonishment that in this Chamber we normally start the first of the three wind-up speeches 30 minutes before conclusion. We therefore have exactly 30 minutes left for Back-Bench contributions. I ask hon. Members to take that into account when making their speeches and when accepting or responding to interventions.

10 am

Mr. Peter Pike (Burnley) (Lab): I take note of what you say, Mr. Deputy Speaker. I had in any event intended to be brief, but I did not want the debate to be dominated by the west midlands, although I congratulate my hon. Friend the Member for West Bromwich, West (Mr. Bailey) on securing the debate. I know that he has taken a great personal interest in the subject since he was elected, and he is a founder member and officer of the all-party group.

The issue is of concern in my constituency, where most people are still employed in manufacturing, although the number is diminishing all the time. As soon as my hon. Friend told me that he had secured the debate, I contacted two companies in my constituency to check exactly how they saw the situation. I spoke first to Stephen Gill at Lupton and Place, a company that I have visited many times. I have had a good relationship with the present boss and his father, Derek Gill, over many years, and I know about the work that they have done to enable the industry to survive through difficult times so that it is still in business now.

Steven Gill emphasised all that my hon. Friend said in his speech about the problems of scrap shortages, including the particular problems for smelters and the fact that aluminium is attracting such high prices. China is the main buyer and the main source of problems for the industry locally. The company has a battle to survive and to obtain the raw material that it needs. There is a big impact on prices. Many products that the company makes are now made in China and sold here, so there is a double whammy: they lose the raw material and are not able to sell their products, because cheap labour costs in China mean that it can outbid them.

I spoke also to Mr. Keith Taylor at Lupton Smallshaw. As a result of my conversations I intend to visit the company soon to see exactly what it does. Mr. Taylor said that the price of scrap iron has risen from £85 to £142 per tonne in 12 months; the price of nickel has doubled from £8,000 to £16,000 per tonne in four months. He mentioned China, but he also said that India is increasingly moving into the market. We all know that both India and Pakistan are enjoying GDP growth of between 8 and 9 per cent. Their economies are beginning to move ahead, and things are becoming extremely difficult, for the same reasons that they become difficult when cheap labour moves into the market. Mr. Taylor also mentioned insurance. I accept that we do not want to focus on that, but, for someone who is on a knife edge, the doubling of insurance costs can make the difference between surviving or not.

Europe was mentioned too, as it was by my hon. Friend the Member for Wolverhampton, South-East (Mr. Turner). The argument keeps coming up about Britain enforcing and honouring European regulations and commitments far more than our partners in Europe. I am a strong pro-European, like my hon. Friend, and I believe that we should have entered when the original six members signed the treaty of Rome. If we had gone in with a position of strength right at the start some things that have presented difficulties would have been different.

We want to ensure that all our partners honour European commitments and regulations exactly as we do. We want the industry to survive. I look forward the Minister responding to the debate and showing that the Government are prepared to try to ensure the industry's survival.

10.5 am

Ross Cranston (Dudley, North) (Lab): I congratulate my hon. Friend the Member for West Bromwich, West (Mr. Bailey) on securing the debate.

I start by talking about the big theme of economic globalisation and the impact on world markets of the massive industrial revolution that is taking place in China. As my hon. Friend said, the voracious demand for steel is having an impact on the price of ferrous scrap and coke. One only has to look at the figures to see that. Crude steel production in China amounted to more than 220 million tonnes in 2003, which is about a quarter of world output and double what was produced in the United States. It is also 70 per cent. more than was produced two years before.

Economic activity in the US is also increasing, which is leading to more steel production and partly to a demand for scrap. Supply, too, has been very slow to pick up. The US downturn meant that scrap, which to a degree is a by-product of economic activity, was not available, so there was pressure on demand and supply.

When, in my hon. Friend's expert opinion, does he think that the market will correct itself? When will prices either plateau or reduce? Significantly, only 40 per cent. of our scrap was exported in the late 1990s, as my hon. Friend mentioned in his opening remarks. The figure is now some 80 per cent.

The change in world market prices is also having an impact on our cast metal industry. Over the years, there have been cyclical downturns. An answer given by my right hon. Friend the Member for Hull, West and Hessle (Alan Johnson) last June, when he was in the Department of Trade and Industry, showed that there has been a long-term downward trend in the number of foundries and in employment. However, as my hon. Friend the Member for West Bromwich, West pointed out when he opened the debate, the current crisis will have an impact on that cyclical downturn which is out of the ordinary.

Let me cite an example at the micro level. The foundry in my constituency, which is run by Thomas Dudley Ltd., was started in 1920. Yesterday, Martin Dudley, the joint managing director, gave me some figures to underline the crisis faced by the foundry. It employs 130 people and has a turnover of some £5 million. This year, that turnover will be the lowest since 1987–88. The price for ductile spheroidal graphite pig iron was £143 a tonne in December and January, but for April delivery, it is £225 a tonne—an enormous increase. The foundry anticipates that the price for delivery later in the year will be about £300 a tonne. Such a rise in prices brings enormous pressure to bear on companies. It is all very well to say that they can increase their prices to their customers, but they are bound, in important respects, to long-term contracts that have fixed prices with, say, the water industry, so they are under severe pressure.

So far, the company has been socially responsible in its actions. As I mentioned, it has long had a commitment to the area. It is a private company, so it is not subject to the stock market demands for returns of 15 or 20 per cent., which the City demands of manufacturing in this country. It has cross-subsidised the foundry from its very successful plastic moulding business. Frankly, however, it would be unrealistic to expect it to continue for long.

If the company closed, 130 jobs would be lost. The work force are multi-racial, but the unemployment caused would accentuate the black country's problem of older, unemployed white males, whose skills are not easily transferable elsewhere in the job market. Those 130 workers would pay the price for globalisation. As well as the impact on their lives and families, there would be a broader impact on the body politic. In my constituency and that of my hon. Friend the Member for West Bromwich, West, extreme right-wing parties have a foothold and often feed on the disillusionment that comes from unemployment among that group of proud men.

What is to be done? The Under-Secretary, who is standing in for my right hon. Friend the Minister for Industry and the Regions, will no doubt tell us, rightly, that World Trade Organisation rules prevent us from taking unilateral action, but that does not cut much ice with people when they see other countries breaking the rules. Other countries do not seem to have the same compunction about complying with WTO rules. My hon. Friend the Member for West Bromwich, West referred to Korea, and even the United States acted to protect its steel industry when it imposed section 201 tariffs a couple of years ago.

Mr. Sutcliffe: Surely my hon. Friend recognises that at that time the Government acted with our European partners to take the USA to the WTO.

Ross Cranston: Absolutely. My point is that other countries take unilateral action when faced with a crisis. No doubt my hon. Friend will also tell us about action that is taken with our EU partners. My hon. Friend the Member for Wolverhampton, South-East (Mr. Turner) made the point that my constituents make: they are mightily under-impressed by the EU in many respects. Perhaps the Under-Secretary can give some assurance. I understand that the EU has tried to take action on the ban that Russia and Ukraine have apparently imposed to restrict the export of scrap.

I do not have the answers to the problem, but what I do know is that a family company, Thomas Dudley Ltd., is operating in my constituency under enormous pressure, and its closure would cause the loss of 130 jobs with all the implications that I mentioned briefly. I hope very much that the Under-Secretary can send me away from this debate with something substantial that I can relate to that company and its employees.

10.13 am

David Wright (Telford) (Lab): It is appropriate that I speak in this debate because I represent Ironbridge gorge, where Abraham Darby first smelted iron with coke and started the industrial revolution—

Mr. Dennis Turner: With John Wilkinson.

David Wright: Indeed; he used to be called John "Iron-Mad" Wilkinson.

I want to give a slightly different perspective to the debate and talk about the impact of prices on world-class companies. When people think of this business, they often imagine dirty plant and people working in poor conditions, but we are talking about world-class products and companies that are innovative and flexible, as they must be in a competitive world market. In Telford and Wrekin is Aga-Rayburn, which is a world leader in the production of high-quality cookers that are sold at high prices around the world. They are a world-class product. Around 850 employees work for Aga-Rayburn: 180 in my constituency at Coalbrookdale and 450 in the constituency of my hon. Friend the Member for The Wrekin (Peter Bradley). We have been working jointly with the company to try to see how it can manage the escalation of raw material prices.

It is important to point out that Aga-Rayburn has recently produced its profits table, which shows that profits are up. That is incredibly positive, but its main concern is that if there is continuing pressure on raw material prices, it may be cheaper for it to import materials and assemble the product in the UK. That is my major concern, as it may affect the 180 jobs at the Coalbrookdale foundry in my constituency. That foundry sits within 100 yd of where Abraham Darby carried out the first smelting operation. It would be

[David Wright]

terrible if the Ironbridge gorge and Coalbrookdale area were to lose it. The company has told me and my hon. Friend that it may have to consider importing panels, which are assembled into cookers, from Asia or China. The manufacturing director, Mr. O'Brien, has written to me about that.

I have also spoken to Mr. O'Brien more generally about price increases—an issue that a number of Members have already addressed. He told me that the company was paying about £70 a tonne for cast scrap in January 2003, but that that price had increased to £90 a tonne in January 2004. We have heard today that those costs have increased since then. The cost per tonne of pig iron was £127 in January 2003 and £155 in January 2004. The list goes on. We have world-class companies in the west midlands, and we are concerned that the escalation in the price of raw materials will significantly damage them.

I acknowledge the Government's position on export controls, which the Minister made clear in his interventions. I am not in favour of such controls. I have always been in favour of free trade, and I have made that clear when speaking in debates and in the public arena.

We need to consider three key themes. First, we need to challenge the nations that do operate barriers. We need to look closely, through the WTO, at what other countries are doing, in order to determine whether their actions are affecting overall price increases. We will never be able to cope with some of the economic expansion in Asia, but if other countries are applying barriers, they are falsely escalating prices, and we need to stop that.

Peter Bradley (The Wrekin) (Lab): My hon. Friend makes an important point. It is also important to realise that when we talk about scrap metal we are talking about a microcosm of the global economy. This afternoon we will debate higher education; one reason that we need world-class universities is to keep up with the investments that are being made in China and India. We are talking about keeping up not only with universities such as Harvard and Princeton, but those in China and India.

We must flex every muscle to ensure that the relevant international organisations do their jobs, not just for us in the west midlands and for scrap metal, but for every economic sector. We need also to convince our partners who have let us down in the past that it is as much in their interests as it is in ours to ensure that there is proper understanding, agreements and alliances in the global economy.

David Wright: I agree with what my hon. Friend has said. There is nothing for me to add to that.

My second point is that we need to work through the EU, and I was disappointed to hear that the EU meeting on the issue was recently deferred.

Mr. Sutcliffe: To help my hon. Friend, I can tell him that the meeting has been rescheduled for 21 April. I will talk about that in my closing remarks.

David Wright: I am grateful to the Minister. That will encourage those involved in the industry who read the record of this debate. They will look forward to hearing a report of that meeting from him or the Minister for Industry and the Regions.

My third point relates to coke prices, which are particularly significant for the industry and have increased substantially in recent months and years. Aga-Rayburn has informed me that the price per tonne of coke has increased from £140 in January 2003 to £160 in January 2004, and that it is still going up. I believe that there may be a degree of protectionism around the world regarding coke pricing. We need to use that as a bargaining tool. We must go to the table at the WTO with a wider perspective and talk not just about metal prices, but about other raw material prices that affect the industry. It would be useful if the Minister went away and considered how coke prices are affecting the industry and whether there is any action that we could take.

Mr. Pike: My hon. Friend makes a valid point on coke, production of which has been eliminated in this country. We cannot widen this discussion to a general debate on energy, but is not it true that that example should be taken as a warning not to make ourselves totally dependent on other nations for gas and other fuels in the years ahead?

David Wright: My hon. Friend is right. We need a comprehensive energy strategy, particularly for industry. Coke prices are important to the energy sector.

Liz Blackman: My hon. Friend, whom I thank for his generosity in giving way, is mapping out extremely clearly some courses of action that the Government ought to take. Does he agree that the cost of ferrous scrap is rising so swiftly that action needs to be speedy?

David Wright: I wholly agree. That is why it is incredibly important that the EU meeting takes place soon and that we rapidly communicate the results, which will influence business decisions in the coming months, to industry.

I do not believe that the situation poses a threat to jobs in my constituency at present. I certainly do not get the impression from Aga-Rayburn that there is such a threat. However, there will be a problem for world-class products such as those that the company produces if the price of raw materials increases, because the price in the marketplace also increases as the costs are directly passed on to buyers. My concern is that that is creating pressure in the United States. Aga-Rayburn sells a lot of its product there—as I said, it is a world-class business—and, as it is difficult at present to export into the US generally, price escalation on raw materials could create problems for the company. I want Aga-Rayburn to remain competitive. I have already indicated that its profits are healthy and, in the global market in which it operates, it is important that the situation is maintained.

Peter Bradley: My hon. Friend is rightly proud of Aga-Rayburn, although I point out that it smelts the metal in his constituency but makes the product in mine. He makes an important point: as the price of raw materials increases, there is pressure on either production costs or costs to the consumer. Does not Aga-Rayburn's recent record tell a tale? Perhaps it

cannot compete on the cost of raw materials or even labour, but it can compete and succeed on quality. There is a lesson there for the rest of British manufacturing.

David Wright: My hon. Friend takes the words from my mouth. That was exactly the point that I was about to make in closing. Quality is crucial: we are not able to compete with the far east on labour costs, so we have to compete on quality. There is a company in Telford and the Wrekin that does just that, so let us ensure that it is able to do so for the next 10, 20 or 30 years and on into the future.

10.23 am

Mr. Dennis Turner (Wolverhampton, South-East) (Lab/Co-op): I congratulate my hon. Friend the Member for West Bromwich, West (Mr. Bailey) on securing this debate. I feel passionately about the subject. Whatever is discussed in Westminster Hall, I am absolutely sure that there will not be a more important debate for the future of this country. There have been many debates in this House on the steel industry because, clearly, it is a basic industry, and our economy and world trade depend on it. As an industrial country, we neglect it at our peril.

A little bit of history does not go amiss when we discuss the steel industry and how important it is to us, so it is appropriate that we have here a Minister who will tell us about Government policy on that vital industry. I can recall the 1970s, when our steel industry was far larger than it is today. We had massive capacity—too much, I concede—and some of it had to be removed. It is imperative that a country as industrialised as the UK has a steel industry. The Government have to give careful attention to the industry's needs to maintain the country's economy and retain its wealth for the people whom we represent.

Although it is history, the second world war tells us how important the steel industry is. Within a month of the outbreak of war, Mr. Stewart of Stewart and Lloyds, the largest steel maker in the country, was wining and dining with Adolf Hitler. Quotas were allocated at that time, and the quota given to this country was far less than those given to Krupps of Germany or to Italy. We came very close to losing the second world war as a result of that allocation. It was a miracle that with those quotas we were able to produce the steel that gave us the capacity to win the conflict. That indicates the importance of the steel industry to our country.

We have now taken out a lot of the industry's capacity. We invested massively in electric arc furnaces, which have to take very clean scrap. Open hearth furnaces, which we had in this country, could be fed with any scrap, and out of that process came very special steels. The present need for clean scrap explains why we have a supply problem.

In addressing the needs of the interdependent steel, foundry and forging industries, we must ask all countries in the WTO to play their full part in planning the way in which the steel countries operate. If we can do that, we can work on an international level. We must be sure that our home production is such that we can maintain and support the industries that my hon. Friend the Member for Telford (David Wright) talked about.

The steel industry has lost many thousands of jobs. Unless the matter is addressed correctly, not only by the DTI, but by all Departments, we are in danger of losing many more thousands.

10.29 am

Malcolm Bruce (Gordon) (LD): This has been an interesting, topical and important debate. We clearly have a problem that has escalated over the past two years and continues to do so. In a way, the problem is due to global economic success. The main cause of that is economic expansion in China, which means economic benefits for the whole world, but leads to disruption in the process. We all acknowledge that development in China cannot be stopped, and we would not want to stop it. The question is how we accommodate it.

The point has been made that a substantial increase in economic activity in a market such as China causes strategic bottlenecks and problems with commodity prices, which international organisations may not be fully equipped to deal with. It is true, as the hon. Member for Wolverhampton, South-East (Mr. Turner) said, that we were largely self-sufficient in steel in 1970, but the reduction in capacity means that nearly half our steel requirement is now imported. That situation cannot be reversed. It is probably not worth going back over the history to see why we went from there to here, but it is fair to suggest that there is a strategic reason for having sufficient capacity and not being too dependent on imports of steel or the raw materials and fuels that enable us to make it. We are, however, operating in a global market and in a privatised industry, which it is sometimes difficult for the Government to control.

That raises the issue of steel quotas and demonstrates the short-sighted folly of the American Administration in imposing them. We now hear that they may do the opposite, particularly as this is an election year, but we must remember that when steel prices were low, they sought to restrict imports to protect their domestic steel industry. I fear that it was not the EU or the WTO that led to a resolution of the problem, but domestic consumers of steel in the US who, within a relatively short period, were saying that the restriction on imports was disadvantaging their industry by forcing up the price of domestic steel products in the US market.

We now hear that the US is considering a ban on the export of scrap products, and I believe that it will shortly have the same problems as before. I have made that point several times, and I am very much at one with the Secretary of State for Trade and Industry on the issue. The speech that she made in Mansion house a few weeks ago was bang on the button. She said that it is frustrating to deal with the US, which presents itself as the great engine of free trade but is one of the most protectionist economies in the world. We want to be persuasive, not confrontational. We should tell the Americans that trade ultimately benefits everyone, even if it creates short-term difficulties. Providing short-term, knee-jerk political solutions to commercial problems often causes more long-term damage than trying to find ways through them. All hon. Members' speeches today have suggested that we try to do the latter.

I mentioned the bizarre local impact in Aberdeenshire that I observed last week. Each week that the House sits, I drive from my house to Aberdeen airport to fly down

[Malcolm Bruce]

to London. Every 50 yd for about a mile and a half along the narrow country road that I drive down are cones marking holes where drain covers had been. Such a story gets on to the national news and people think that it is a bit of a joke.

David Wright: In the west midlands, we call it tatting.

Malcolm Bruce: I am grateful to the hon. Gentleman for that black country jibe. The cones were treated as a bit of a joke, but a local official from Aberdeen city council rightly pointed out that the removal of drain covers was extremely dangerous because it left deep holes in the road without warning. The explanation was that the soaring scrap prices were creating a market for drain covers. Apart from anything else, it would be enormously costly if that happened in every local authority area throughout the country, and we would start to see accidents and even fatalities. Although one might consider it bizarre and take a light-hearted view of it, it is a serious point.

As I said in an intervention, there is a concern that scrap metal dealers or users in this country may be colluding in that activity, and it is important that we get to the bottom of it. If one considers that scrap prices have risen, according to the figures that I have, from £49 to £122 a tonne in two years and, according to one contributor, are now rising by £10 a month, one can understand how that strange market is developing.

On many occasions, I have expressed concern about the imbalance of the British economy and in particular the weakness of manufacturing. I do not regard what is happening as anything like turning the corner, but there is evidence of a manufacturing recovery, and, if that is borne out, it is of course welcome. One indicator of recovery is an increased domestic demand for steel, and I am concerned that the international situation could constrain that recovery just as it begins.

As several Members have mentioned, we must address the issue in the EU. The most important thing is to ensure that we do not impose short-term constraints that would make the problem worse. We must consider what can be done to increase the overall supply of ore, steel, scrap and resources. It can be done. Perhaps we have been short-sighted, but we seem to have been taken aback by the impact of growth in China. We had been discussing and acknowledging it for years, but no one was evaluating what its impact would be.

I was privileged to visit India recently, and I will declare in the Register of Members' Interests that effectively my trip was paid for by the Indian Government. They wanted to show us their high-tech developing economy, which includes car making. Tata Industries in Mumbai is making the new, small, commuter Rover, the City Rover, which is an adaptation of one of their Indian-made cars. If Indian manufacturing is moving into the truck, bus, car and other metal-using markets, its increased use of steel will add to the increased use we have seen in China. It is not in our interests to discourage that or to constrain the dynamics of Indian and Chinese success; it is in our interests to find ways to accommodate it and adapt to it.

The population of India is more than 1 billion, but two thirds of the world's poorest people are in India. With 260 million people there living on less than a dollar a day, Indian expansion has a long way to go before it transforms the lives of those millions of rural poor. I would not support any policy that placed any constraint on the ability of China and India to improve the standard of living of their population.

This debate has been very good. We must address and resolve the bottleneck problem, but we must do so in a way that does not damage trade or our manufacturing recovery.

10.39 am

Mr. Andrew Mitchell (Sutton Coldfield) (Con): I am delighted to take part in the debate both as a spokesman for my party and as a west midlands Member of Parliament. I congratulate the hon. Member for West Bromwich, West (Mr. Bailey) on the way in which he presented the debate and on raising a subject of importance to the whole country as well as to the region in which he and I are Members of Parliament.

I welcome the general agreement across the Chamber on the diagnosis that the hon. Gentleman put before us. Although the hon. Member for Burnley (Mr. Pike) widened the debate beyond the west midlands and the hon. and learned Member for Dudley, North (Ross Cranston) returned it to the west midlands, there is agreement among us on what the problem is.

One point that I had not appreciated before the debate was the extent to which there appears to be agreement among us that protectionism is not the right way to proceed and that free trade enriches all nations on the planet. That is perhaps why I, followed swiftly by the Minister, intervened on the hon. Member for West Bromwich, West, to ask him to clarify what he had said about South Korea. It was not immediately clear whether the hon. Gentleman was urging us to follow the Koreans and protect our domestic industry or whether he felt that such activity increased the world price of such commodities and should not be permitted, as I think he was suggesting.

I want to make it clear that I am an unashamed, unabashed supporter of free trade as a way of enriching some of the poorest people on the planet, to whom the hon. Member for Gordon (Malcolm Bruce), the spokesman for the Liberal party, referred. It is free trade that offers them the route out of poverty, not protectionism.

The hon. Member for West Bromwich, West was right about the scale of the problem that he outlined. He said that the cast metal industry employs 34,000 people in the UK and produces 1.2 million tonnes of castings, with an output value of more than £2.2 billion a year. He mentioned the large number of companies involved in the business—about 580—of which 80 per cent. are SMEs and nearly half employ fewer than 50 people.

One of the key issues raised was the price of the furnace charge raw materials used by the industry. Such raw materials are all internationally traded commodities, with prices reflecting changing patterns in supply and demand on a month-by-month basis. The Cast Metals Federation has indicated that, with steelworks using a similar mix of materials, the escalation in international scrap prices is a direct result of the increase in the world demand for steel. The federation has suggested that the increase is due largely to high demand for raw materials in China, which was

a point that the hon. and learned Member for Dudley, North eloquently made. Another point of common agreement in the debate has been about the massive impact of China and, to a lesser extent, India on our economy and on the world economy. We have only begun to glimpse the effect of growth in China and India. They are huge economies, with high growth rates, which will have a marked effect on the world economy.

I was reminded of an incident involving a senior Chinese tax official—hon. Members may have heard about this—who recently negotiated a bilateral tax treaty with a European country. He told his interlocutor that he employed more people in his department than were resident in the country with which he was negotiating. What is happening in China will have substantial impacts on our economy and Europe's economy.

I reinforce a point that many Members will be aware of and of which I recently became aware, owing to a survey among business men that I conducted in Sutton Coldfield. There are things that the Government can do to help all businesses to deal with the costs that they face. I am talking about regulation and taxation, both of which have a direct impact on the cost base that companies face. In the west midlands there is a feeling, which I am sure Labour Members share, that southern-based decision-makers often make decisions that are southern England-centric We would like more of the Department of Trade and Industry to relocate to the west midlands so that we can connect much more directly with it and ensure that it fully understands the pivotal importance of manufacturing to our region. About 20 per cent. of jobs in the west midlands are in manufacturing and although it is understood that the number may decline in coming years, I hope that the level of manufacturing by value will not do so.

Transport is very important, and I welcome the Government's decision to make extra funds available to the west midlands. However, I urge the Minister to consider the fact that funds are made available only in a very prescriptive way and cannot, for example, be spent on road or rail. That, too, has a significant impact on the industry.

The road transport directive, which the Government are due to implement by March 2005, will also have a direct impact on the matters before us, and I am concerned about the possible threat to the cast metal industry. The directive, which will increase restrictions on the working hours of mobile workers, is likely significantly to increase costs to the industry and to those who rely on heavy goods vehicles. The Road Haulage Association estimates that the directive will cost companies at least £7,000 per driver and that operational costs in the UK will increase by £3.8 billion in 2005 and £24.8 billion in the period to 2010. The association also estimates that, at a time when it is difficult to attract and retain drivers, at least 60,000 additional drivers, and between 8,000 and 12,000 additional trucks, will be needed. The Quarry Products Association has outlined similar problems with the directive, of which I am sure that the Minister is aware. It is apparent that the directive could present a damaging threat to the industry, and I would like to be assured that the Government do not intend to gold-plate the directive, as they have seen fit to do in so many other cases.

Mr. Sutcliffe: The hon. Gentleman will know that the directive is currently with the Department for Transport, and negotiations and consultations are taking place with the various organisations involved.

Mr. Mitchell: I am very much aware of that, but the Minister will know that the issues would be well put by his Department. I hope that he will undertake to ensure that his colleagues in other Departments understand the directive's effects, about which the industry has eloquently told us.

To conclude—hon. Members will want to hear the Minister speak for longer than me—it is important to understand the negative effects of the Government's regulation policies on industry. The Conservatives are committed to a free trade solution to the problems before us and will support the Minister in ensuring that the WTO bites, and that nations that introduce protectionist measures, which cause some of the problems outlined by the hon. Member for West Bromwich, West, are strongly encouraged to desist from implementing them. Such measures neither enhance their trade policies, as was recently shown in America, nor help the poorest people, whom we want to prosper as a result of free trade.

10.48 am

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I thank the hon. Member for Sutton Coldfield (Mr. Mitchell) for giving me a little extra time to respond to the debate, because many issues have been raised, particularly by my hon. Friends, and I want to respond as best and as quickly as I can.

I congratulate my right hon. Friend, or rather I should say my hon. Friend the Member for West Bromwich, West (Mr. Bailey)—I am sure that he will be a right hon. Friend some day—on raising this important issue. Through his involvement with the all-party group on cast metal, he has since he was elected taken the issue forward in as many ways as he can.

I am also grateful for the contributions by my hon. Friend the Member for Burnley (Mr. Pike), my hon. and learned Friend the Member for Dudley, North (Ross Cranston), my hon. Friends the Members for Telford (David Wright) and for Wolverhampton, South-East (Mr. Turner), and the hon. Members for Gordon (Malcolm Bruce) and for Sutton Coldfield (Mr. Mitchell). There were also extremely important interventions from my hon. Friends the Members for Erewash (Liz Blackman) and for The Wrekin (Peter Bradley). They all showed their knowledge of this major issue. From the tone of the debate, one might think that it principally affected the west midlands, but, as my hon. Friend the Member for Burnley said, it is a national issue.

I know that my hon. Friend the Member for West Bromwich, West met the Minister for Industry and the Regions recently. I am not standing in as her deputy, but as the Minister for Employment Relations, Competition

[Mr. Gerry Sutcliffe]

and Consumers, I am aware of some of the issues that have been raised this morning in connection with jobs and the industry's culture.

I was sad that my hon. Friend should mention that Keighley castings went to the wall. It was in a constituency that neighbours mine, and I was well aware of the impact of its closure on the industry. However, I was pleased to hear that Eurotech Industries at Wednesbury has received an award. I, too, express my congratulations to the company on its excellent work in a difficult and competitive industry.

I want to talk about my foundry experience. As a 19-year-old, I applied for a job in a foundry, never having seen one before. The experience of going round it was a shock, to say the least. I have nothing but awe for those who work in the industry and for the hard work that takes place there.

As hon. Members have said, the cast metal industry lies at the centre of the United Kingdom's industrial heartland—both figuratively and geographically. It plays a crucial role in many of our key manufacturing industries, supplying cast metal components for a variety of consumer and industrial applications. It has a significant input to the automotive supply chain, which accounts for 50 per cent. of the castings produced. It is a significant employer and contributor to the UK economy.

According to official statistics, in 2002 the industry employed 24,000 people, generated a turnover of £1.65 billion, and contributed a gross value added of £708 million to the UK economy. I understand that those totals may be even higher when in-house facilities, and companies working exclusively to a specific end-user industry, are taken into account.

I listened carefully to my hon. Friend's expression of concern for the industry's future, for its employees and for the communities in which they live. I recognise that the cast metal sector remains an increasingly difficult market in which to operate. Traditional markets in UK manufacturing have globalised, and UK producers have become exposed to fierce competition from around the world. That has resulted in significant rationalisation since the mid-1980s. The sector also faces stiff competition from imports, particularly from low-cost countries such as India and the far east, where low labour costs, the exploitation of economies of scale and the latest technology have given those producers a competitive advantage.

I can well understand the industry's concern, which has been brought about by recent developments in the price and availability of raw materials, particularly ferrous scrap, which is the raw material used to produce approximately 40 per cent. of the world's steel. The availability of scrap is related to levels of industrial development. Countries such as the UK, with a long history of manufacturing, are major collectors and processors of scrap. Traditionally they are also exporters. By contrast, newly industrialising countries such as China do not have sufficient domestic supplies of scrap and must therefore import. As my hon. Friends said, it is generally known that China's steel-making capacity is increasing rapidly.

The growth in the Chinese economy, particularly in steel consumption, has been quite startling. Over the past four years, China has been responsible, either directly or through imports, for over 90 per cent. of world steel growth. According to the Iron and Steel Statistics Bureau, Chinese demand for steel increased by an estimated 22 per cent. between 2002 and 2003, and it is forecast to grow by a further 13 per cent. this year. Overall, world consumption went up by 6 per cent. in 2003, and a further rise of 6 per cent. is expected in 2004.

China currently consumes 50 million tonnes of scrap, 20 per cent. of which is imported. This year, China's imports are forecast to grow to 15 million tonnes—a 66 per cent. increase. Add to that the appetite for scrap in other countries, such as Turkey and South Korea, and the global supply becomes tight, leading to the recent unprecedented price increases.

The rapid expansion of economic activity in the far east has had a similar or even greater impact on the market for other basic materials; for example, coke, ferro-alloys and non-ferrous metals. It seems that the sheer pace of Chinese demand in recent years has caused a considerable upset to the traditional balance of supply and demand.

I accept that those developments are causing problems for all users of scrap. I acknowledge that the situation has brought about hardship for some UK cast metals producers, as they have limited scope to pass those price rises on to their customers. However, no one suggests that it is being caused by anything other than the normal operation of market forces, so I am sure that hon. Members would agree that, in the circumstances, it would be undesirable for the Government to intervene.

Mr. Mitchell: I fully understand what the Minister is saying and he is obviously righ.. Will he tell us what steps the Government are taking to raise with the South Korean Government the importance of not pursuing a protectionist agenda?

Mr. Sutcliffe: I shall come to that point. I am trying to race through my brief to deal with the points that need to be covered. I will deal with the WTO and the EU; today's debate is vital and I will give whatever answers I can. I will pass on to my hon. Friends in the DTI and the Treasury, and to the Prime Minister, information on the various negotiating routes in the EU or the WTO to ensure that the impact of today's debate, and of future meetings that hon. Friends hold with Ministers, is that we continue to work with the industries involved to find a solution.

Although we are able to diagnose the problems, the solutions are more difficult, as my hon. Friends and the hon. Member for Sutton Coldfield have said. We welcome the WTO rules and it is important to raise concerns with that body if we identify problems. We feel similarly about our EU colleagues, and the meeting on 21 April will be an opportunity to raise industry concerns and ensure that we consider what can be done. Measures have already been taken against non-EU countries that have not been playing the game.

The rate of increase in prices has been a problem for the industry. My hon. Friend the Member for Burnley raised the issue of insurance. He will know that the Department for Work and Pensions and my

Department have been considering matters such as employers liability insurance. We need to do something about that and we are having discussions on the matter. A document was published in December considering what can be done to solve some of the problems that industry faces.

The hon. Member for Sutton Coldfield said that the matter was all about the burden of regulations; I do not accept that. I do not have time to issue the challenge that I normally issue to Opposition Members: to name which particular employment regulations they do not wish to apply to UK workers which are available in the rest of Europe.

As a member of the European Community, the UK is not able to take unilateral action on trade matters. Decisions that impact on or affect the European Community's commercial policy are taken collectively by the European Commission and member states working closely together. We are liaising closely with the Commission on that important issue.

To obtain a fuller understanding of the issues we have asked the Commission to prepare an analysis of the impact on the European industry of the current ferrous scrap price trends. That document is due to be discussed in Brussels on 21 April. The UK will ensure that the matter is handled with the seriousness that it deserves. We are aware that Eurofer, the trade association representing the interests of European steel-makers, has proposed the establishment of a monitoring system for Community exports of ferrous scrap, but we understand that that has been rejected.

We are aware that certain sectors of the US steel industry are experiencing difficulties similar to those in the UK. The Government are also aware of rumours that the US Administration are contemplating some form of initiative to restrict or limit scrap exports. I can inform my hon. Friend the Member for West Bromwich, West that as of today no such steps have been taken by Washington. We are not aware of any specific proposal from the US industry. We shall continue to monitor the situation in the US and elsewhere closely.

Hon. Members can rest assured that the Government will take all necessary steps, within the WTO and elsewhere, to secure the removal of any measure taken by the US or any of our other trading partners to limit scrap exports. In our view it is in the best interests of all stakeholders that an open and transparent global market for ferrous scrap is maintained. It is important that we respect the free trade rules of the WTO. We did so when the US took the action that it did under section 201.

The debate has been vital, but there is a long way to go. It was important that my hon. Friend raised it in the way that he did. I shall write to hon. Members about the issues that I have not been able to address to ensure that they know what the Government are doing about this important issue. I shall ensure that there is no underestimation of the Government's—

Mr. Deputy Speaker: Order. We must turn our attention now to the next topic on which we must focus today, which concerns the death of Mr. Steven Fitzsimmons.

Mr. Steven Fitzsimmons

11 am

Mr. Brian H. Donohoe (Cunninghame, South) (Lab): This is an occasion that I wish that none of us had to participate in. However, it is an opportunity to express my sincere condolences to the family of Steven Fitzsimmons. I thank the Minister and her staff for all the work that has been undertaken between my making a request for this Adjournment debate and today's debate. I have found the staff and the Minister most helpful.

When Mrs. Fitzsimmons first came to see me, I treated the matter as one of a mother grieving for her lost son, but on the basis of the inquiry, as it unfolded, and all the information that came my way, I began to have doubts about some aspects of the case and some of the notes that had been taken. It is that issue that I want to concentrate on this morning.

As I understand it, Steven Fitzsimmons left Irvine to watch his two favourite teams play in a testimonial game. Celtic were playing Manchester United. He travelled by train from Irvine and got on a train at Glasgow going to Manchester at 12.30 pm on 31 July. Apparently, he travelled by train and not on the Celtic supporters bus because he had a twisted spine, for which I understand that he was taking quite a degree of medication. He stayed overnight at the house of Brian Gallagher's mother, Irene Gallagher, who lives in Manchester at 226 Graeme street.

The next morning—the morning of 1 August and the day of the match itself—according to Mrs. Gallagher's statement, Steven got up at 8 am, had his breakfast, went for a shower and at 11 am went outside to lie in the sun. According to Mrs. Gallagher's statement, at 2 pm her nephew, Jack Gallagher, and Brian Gallagher, with whom Steven had travelled from Irvine, moved Steven from the right hand side of the garden to the left hand side since it was a very hot day. They put Steven in the shade to prevent him from getting sunburn. She said:

"They lifted him and he just made a few groaning noises."

They left him. The first question that arises is: why did they leave him? Why did they not try to do more? Alarm bells should have been ringing at that point.

Steven had, after all, a ticket for the game. That is now a proven fact. As I understand it, he went to see Kenny McCleary, who is the Irvine Celtic supporters club secretary, some two to three days before the game and collected his ticket from him, paying him £21. I have all the verification of that; it is not in doubt. Mrs. Gallagher says in her statement:

"At 18.15 hours that day I got in a taxi from my home address to go to Old Trafford"—

the locus of the football game—

"to watch the match. Steven was still in the garden".

I think that almost bizarre. We are talking about a boy who has come all the way down from Irvine to watch the game. He has got a ticket and they know that, yet they leave him to lie in the garden and Mrs. Gallagher goes off to the football game.

At approximately 23.15, a neighbour, Mr. Neil McGowan Frame, who had been babysitting for Mrs. Gallagher's grandson, who had travelled down from Irvine as well, apparently calls an ambulance. That

[Mr. Brian H. Donohoe]

happened five hours after Mrs. Gallagher had left by taxi. To give him his due, the man had tried to wake Steven on a number of occasions, but he had failed. Again, one has to pose the question why he did not react more quickly.

I also want to know about the conversations between Mr. Frame, Mrs. Gallagher, Brian Gallagher and others. There is no record of them whatsoever. One would have thought that there would have been in such circumstances. However, we just do not know what those conversations were.

One would also have thought that much more would have happened than did. Action should have been taken and more assistance given. One thing that is certain is that it was subsequently discovered that Steven Fitzsimmons's ticket for the game was not on his person. No adequate check has been made to establish whether it was used. Money and jewellery, Mrs. Fitzsimmons alleges, were missing, never to be found. Steven Fitzsimmons died as a consequence of events that are unexplained.

Brian Gallagher does not appear from the record to have been interviewed by the police at the time or subsequently. PC Picton's statement of 22 February 2004 states:

"I have attempted to contact Brian Gallagher to ask him about Steven Fitzsimmons' ticket. I have liaised with Irvine police in Ayrshire who attended Brian Gallagher's last known address on my behalf. He no longer lives at the address and unfortunately there is no forwarding address for him. Gallagher's mother states that she has no contact details for her son."

Again, that seems strange, almost bordering on the bizarre. The question has to be asked: why not? I am sure that had Brian Gallagher been interviewed, most if not all the outstanding issues that pose questions and have no answers, so far as Mrs. Fitzsimmons is concerned, would have been addressed. Today's debate would perhaps not have been required.

There were also other discrepancies. The adult post-mortem report, under clinical history, indicated

"following alcohol and drug intake".

However, the subsequent toxicological report stated "negative for alcohol". Why the discrepancy? Steven Fitzsimmons was diagnosed as having consumed a cocktail of drugs, including methadone. Where did he get the methadone? I have asked Home Office officials to try to establish that. I do not know whether there are any answers, but I know one thing for certain. Having talked to some of those in the medical profession locally who knew him, including his GP, I know that none of them was aware that Steven was prescribed methadone, and there is no record of it having been prescribed. It is my understanding that methadone is normally prescribed and taken on premises, so I do not know how the methadone got into the person as established by the reports. One has to pose the question of where Steven got that methadone.

Mrs. Helen Fitzsimmons, Steven's mother, believes that foul play took place. One can see why, because of the unanswered questions, although one could easily apply the science of the conspiracy theory. We need to get to the bottom of this, to establish what the facts were, and we need a remedy to answer all the questions to satisfy Helen Fitzsimmons in part.

As a remedy, I would suggest that we look at the whole question of some kind of investigation, say by the coroner, that would reopen the case and establish the reasons for death and the answers to some of the questions. Why do we need that? Well, the facts as we know them need to be explained. The suspicions of the boy's mother need to be addressed. I am looking forward to the Minister's answers and I also want to know something about what action is likely and how, some two to three years after the event, this outstanding matter can be resolved.

11.10 am

The Minister for Crime Reduction, Policing and Community Safety (Ms Hazel Blears): I am very grateful to my hon. Friend the Member for Cunninghame, South (Mr. Donohoe) for raising this matter and expressing his concerns about the death of Steven Fitzsimmons. He has raised important questions and I shall do my best to deal with them. However, clearly those matters do not necessarily concern the Home Office directly. They are also the preserve of Greater Manchester police and the coroner.

It is, of course, important that family and friends can have confidence in the answers that they are given following the tragic death of a loved one. I hope that today's debate will assist in bringing comfort and reassurance to Mrs. Fitzsimmons and Steven's family and friends. I entirely understand that, while these matters are in the air, it is difficult for Mrs. Fitzsimmons, in particular, to feel a sense of confidence in relation to the issues surrounding her son's death.

During any investigation it is for the police to determine their lines of inquiry. They are the arbiters of the most reasonable way to conduct an inquiry. It is part of their operational discretion. I know that my hon. Friend is fully seized from his own experience of the relationship between the Home Office, the police and the police authorities.

When there is a death requiring an inquest, the coroner may guide the police in their inquiries and instruct them to make any inquiries that he or she considers necessary to inform the inquest before a decision is reached on the cause of death. That is what happened in this case, so the coroner has been fully involved.

It would not be appropriate for me to offer comment or make a judgment on decisions taken by the police or the coroner. There are lines of investigation and review for both of them. However, I am conscious that there have already been numerous communications between my hon. Friend and Greater Manchester police, so that much of what I say now may not be new to him. I hope, nevertheless, for a better understanding between us of the remaining issues.

The coroner's verdict was of accidental death and I am informed by Greater Manchester police that they remain satisfied that that was an appropriate verdict. However, the Manchester coroner has agreed that if my hon. Friend or indeed Mrs. Fitzsimmons make any inquiries of the coroner's office, the coroner will seek to provide any information that might be helpful.

If Mrs. Fitzsimmons is dissatisfied with the outcome of the inquest and the verdict of accidental death, it is of course open to her to seek a fresh inquest. That is the

appropriate route to take in such circumstances. It is possible for an application to be made to the High Court under section 13 of the Coroners Act 1988, with the authority of the Attorney-General. I would recommend that if such action is being considered, Mrs. Fitzsimmons and my hon. Friend should be informed by discussions with the coroner and by appropriate legal advice.

It is, of course, understandable that loose ends in any case lead to concern and distress for the parties involved, so I shall try to deal with the issues raised by my hon. Friend.

Mr. Donohoe: May I establish whether there is a cost implication to the applications that would be needed to have the case reopened?

Ms Blears: If an application were to proceed to the High Court, I am sure that Mrs. Fitzsimmons would need legal representation, so it would be necessary to explore the possibility of obtaining legal aid or whatever assistance might be available. That is why I would advise Mrs. Fitzsimmons to discuss the matter first with the coroner's office, if she is considering such action, to establish the basis on which it could be pursued, and to obtain initial legal advice before embarking on the significant course of reopening the inquest and seeking a fresh verdict. She may well not want to pursue that course of action, provided she gets answers to some of the issues raised by my hon. Friend. That is the appropriate legal route to challenge the verdict of accidental death if she really believes that that was an inappropriate verdict.

I appreciate the concern that Steven was apparently in the company of other people for a considerable time before it was recognised that anything was wrong and an ambulance was called. I am unable to offer a comment on the circumstances of that, but my hon. Friend was right to raise the issue of what had happened to Steven during the day and in the evening, and that an ambulance was not called until quarter past 11 at night. Those are matters of concern, but I am informed by Greater Manchester police that they still hope to speak to Steven's friend, Brian Gallagher, who was present. They are happy to keep my hon. Friend informed if they can answer any specific questions about what happened in the chronology of events on that day.

I am informed that Mr. Gallagher is not at this time suspected of offences by Greater Manchester police, but they tell me that he has been registered on the police national computer in an attempt to locate him. As my hon. Friend said, Mrs. Gallagher says that she does not have a forwarding address and it is important that Greater Manchester police continue to try to find him with the purpose of interviewing him about Steven's death. He clearly spent a considerable amount of time with Steven, so it is important that the police interview him.

Greater Manchester police are also pursuing enquiries with the Benefits Agency to try to locate Brian. Irvine police have made attempts to locate him by following up his last known address. A great deal of work is going on and the matter has not been laid to rest. Inquiries are ongoing, and I hope that that is some comfort to Mrs. Fitzsimmons.

At this point, Steven's friend is not a suspect, so the police must be very careful about how they approach Brian Gallagher if he is to provide information that is useful. He may well be fearful of speaking to the police at this point and if my hon. Friend has further information that could be useful to the police, I urge him to share that with them. It is important that the interview takes place and that information is gathered about exactly what happened to Steven on that day if it is to be of assistance to Mrs. Fitzsimmons.

My hon. Friend referred to Steven's match ticket and I understand that there is an issue about missing jewellery. I am informed by Greater Manchester police that both Manchester United and Celtic football clubs have been contacted about the match ticket. Unfortunately, neither club has the means to confirm whether Steven's ticket was used. Inquiries have been made and the clubs have pursued the matter, but presumably neither of them has an information technology system that is able to trace the number of the ticket. At this point, we cannot confirm whether the ticket was used by any other person to gain access to the match.

Property inquiries have also been made at the Manchester royal infirmary, the bereavement centre, the mortuary and the cashiers office, but there are no records relating to the missing property. Again, I assure Mrs. Fitzsimmons that Greater Manchester police made inquiries with all those bodies to see whether the missing jewellery could be found, but, at the moment, there are no records.

The mother of Brian Gallagher has been interviewed. As my hon. Friend said, she occupies the house in which Steven stayed the night before his death. She was unable to provide any further information about whether the ticket had been used or what had happened to the jewellery, so she was unable to give that information to the police.

It seems that the key to providing the answers to many of the questions about this matter is with Steven's friend. His interview is crucial and efforts to trace and interview him are still ongoing. I will ensure that my hon. Friend is kept informed as those inquiries develop and provided with any new information about what happened that day.

My hon. Friend raised the important issue of the coroner's findings on drugs and alcohol. I am informed that the toxicology report referred to a cocktail of drugs—cocaine, methadone, cannabis and benzodiazepines—in Steven's body. At this stage, no one knows where the methadone came from, and my hon. Friend believes that it may be possible to contact the relevant health board to find records of the possible source.

If my hon. Friend wishes to pursue the matter, it would be a good idea to get in touch with the coroner, who published the findings of the post-mortem and toxicology screen. The coroner was contacted by my officials and said that he would be happy to provide any further information that he can about the circumstances surrounding Steven's death. For Mrs. Fitzsimmons's sake, it would be a good idea to get in touch with him to discuss the findings and try to ascertain the reason for the initial reference to alcohol that was then not

[Ms Blears]

substantiated by the medical tests. That would be a fruitful course of action for my hon. Friend to follow, and I am sure that he will do so.

I have little further to add, other than to express my sincere condolences to Steven's mother, family and friends for their tragic loss. I entirely understand that, because there are still loose ends, Mrs. Fitzsimmons feels that it is difficult to close the case. The fact that the death occurred at a distance from the rest of the family—Steven was hundreds of miles away in the company of others—has caused real problems for them. I hope that the further inquiries of the Greater Manchester police, particularly the interview with Brian Gallagher, will bear fruit and bring reassurance to the family. I also hope that the discussions with the coroner will result in progress and give the family reassurance that the matter has been dealt with properly.

Mr. Donohoe: Can my hon. Friend the Minister give some indication, if not today perhaps by contacting my office later, as to who to contact in the coroner's office? The information that I have gives two or three names, and it is difficult to track down the person to contact.

Ms Blears: I am more than happy to provide that information. I said at the outset of the debate that it would be inappropriate for me to comment on operational decisions of the coroner and the police, but I believe that it is appropriate for me to facilitate my hon. Friend's pursuing the matter on behalf of his constituent. As this is an important constituency case, I shall ensure that my officials and I do everything that we can to provide information and assistance to him. We shall get in touch with his office with the names of the relevant contacts and do whatever we can to facilitate a meeting so that the matter can be properly and thoroughly explored.

I am delighted that my hon. Friend raised this extremely important issue, and I hope that we are able to help the family to achieve some resolution of the outstanding matters. I am grateful to him for the manner in which he has pursued this difficult and potentially contentious issue. His co-operation with all the authorities involved will lead to a better resolution.

11.24 am

Sitting suspended until Two o'clock.

Horse Exports

2 pm

Gregory Barker (Bexhill and Battle) (Con): Good afternoon, Mr. Deputy Speaker. I begin by declaring an interest. I was brought up with and around ponies; I am today the proud owner and part owner of two horses; and I am actively in the market for a suitable little shaggy pony for my four-year-old daughter. So, I cannot pretend to come to this debate from a dispassionate and objective viewpoint.

I feel very strongly about this issue and so should anyone concerned with not only riding, but the wider agenda of animal welfare. I find the prospect of the live export of British horses and ponies to the meat trade of continental Europe an abomination. Although we can be encouraged by the noises emanating from Strasbourg yesterday, we must be in no doubt that the resumption in the trade must be stopped. The Government will ignore the growing anger of thousands of horse lovers at their peril.

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): The hon. Gentleman and other Members know that the Government's objective is to prevent the development of a trade in live horses for slaughter. Will he explain why he thinks that one might emerge?

Gregory Barker: I am sorry, but I am not at all clear about what the Minister is getting at. I do not think that we disagree about the Government having an objective, however like so many things with this Government, they have targets and objectives but they are very rarely met. We are concerned to ensure that the objective is met and that before the current regime is ended, there is a strong, reliable and robust regime in place. I had exactly that concern last Friday when a Minister in the Department for the Environment, Food and Rural Affairs failed to turn up for my debate on GM crops. In a way, that is a totally separate issue, but it is in fact similar. The Government may share the objectives but everyone concerned must be sure that the objectives are robust and will be followed through.

Mr. James Gray (North Wiltshire) (Con): Will my hon. Friend give way?

Alun Michael: Will the hon. Gentleman give way?

Mr. Deputy Speaker (Mr. Frank Cook): Order. This is not a bar room. Will you indicate to whom you are relinquishing the Floor, sir?

Gregory Barker: I give way to my hon. Friend the Member for North Wiltshire (Mr. Gray).

Mr. Gray: I was going to suggest to my hon. Friend an answer that he might have given the Minister. Does my hon. Friend agree that not allowing a market in horses to develop on the continent of Europe is quite different from introducing an absolute, outright ban, which is what we seek?

Gregory Barker: That is the point, and I am sure that the Minister will respond when he has a chance a little later.

Alun Michael: The hon. Gentleman asked about whether the Government have objectives. The answer is

yes, and we deliver on them. We are delivering on the objective of preventing the development of a trade in horses for slaughter. That is the priority, rather than giving an appearance of dealing with the issue, which is the great risk.

Gregory Barker: I do not want to pre-empt our hour-and-a-half debate by jumping around from issue to issue. I am sure that the Minister will address those points, but perhaps we may continue in a more logical fashion.

I pay tribute to the remarkable and tireless campaign conducted on behalf of horses and ponies throughout the country by my hon. Friend the Member for North Wiltshire. His arrival at the Houses of Parliament today mounted on a fine-looking horse is just the latest of his efforts to raise the public's awareness of what could be an impending disaster for British horses. He also hosted an excellent International League for the Protection of Horses reception to highlight the dangers of impending changes.

My hon. Friend the Member for New Forest, West (Mr. Swayne) has been equally tenacious in the battle to get the Government to see sense and stand up for British horses and ponies—he even took the issue up with the Prime Minister in the House last week.

Mr. Desmond Swayne (New Forest, West) (Con): My hon. Friend is very kind. Does he agree that I was right to be surprised when the Prime Minister did not provide an immediate answer to my question, but had to write to me subsequently? Only a few weeks earlier, he had received a 60,000-signature petition on that very question.

Gregory Barker: My hon. Friend's point is extremely well made. The Minister says that the Government have objectives, but last Wednesday the Leader of the Government was totally oblivious to that big campaign and the serious and deeply felt worries of horse and pony owners. That is why those of us who are concerned about animal welfare are worried.

Whatever warm words the Minister comes up with, the matter has not even registered on the Government's agenda and may be bumped out of the way by other priorities and crises as they come along. We are here today, first and foremost, to put the matter at the heart of the Government's agenda for the next 12 months. We must ensure that they do not get distracted, that they take the matter seriously and that they listen to the concerns of horse and pony lovers throughout the country.

Like my hon. Friends the Members for North Wiltshire and for New Forest, West, I believe that hundreds of thousands of people throughout the kingdom, regardless of political persuasion—I am pleased to see Members from other political parties here today to voice their concern—would find it unforgivable if the Government allowed the resumption of horsemeat trading to sneak through. That trade was stamped out by Stanley Baldwin's Government back in the 1930s.

The horse holds a special place in the affections of the British people, particularly our children. Pony ownership is not the preserve of a privileged few, but a sport and hobby for hundreds of thousands of people. Indeed, for many young families, it is a way of life, and financial sacrifices are often made to keep the family pony. A wonderful informal network ensures that elderly ponies are often passed from generation to generation and to new young riders, often for next to nothing except a guarantee that a much-loved family friend will be cared for and looked after responsibly by its new owners. In that way, thousands of families—many of limited means—can enjoy all the fun, happiness and responsibility of owning a pony.

That happy status quo is threatened by the exposure of Britain's ponies to the predatory and insatiable demand of the continental horsemeat market. The market for horsemeat in Europe is not a figment of the British imagination, nor a product of Europhobia. Every year, about 165,000 horses are subjected to horrific journeys, travelling thousands of miles to the EU from eastern Europe or being transported long distances within the rapidly expanding EU, which now stretches from the Baltic to the Atlantic. They are frequently transported in appalling conditions with little or no water or rest, only to be slaughtered when they reach their final destination. The majority of those horses are destined for Italy, which annually imports between 85 and 95 per cent. of Europe's market in live horses. We must not allow our British horses and ponies to suffer the same fate.

Let me remind you, Mr. Deputy Speaker, of the basis of the current rules governing the export of ponies and horses.

Mr. David Drew (Stroud) (Lab/Co-op): I thank the hon. Gentleman for allowing me to intervene before he moves on. I entirely support what he and the hon. Member for North Wiltshire are trying to do. I apologise, as I shall not be here for the rest of the debate—I have to chair the Select Committee inquiry on milk. Does the hon. Gentleman accept that it is no good isolating the live export of horses and that we should campaign strongly against the export of all livestock that goes from these shores and elsewhere in Europe? I hope that the Opposition also take up that cause.

Gregory Barker: The hon. Gentleman makes a sensible point, but I want to concentrate on the clear danger facing us today from the live export of horses. I am grateful for his cross-party support, which is much appreciated.

The Exportation of Horses Act 1937 forbade the export of live horses under a certain value from our shores. The minimum limit was deliberately set well above the carcase value and the Act has successfully prevented UK horses from being exported live for slaughter. The European Union granted a dispensation to the UK for that to continue after the creation of the Common Market. That dispensation expired in 1995, but remained part of UK law. Unfortunately, it seems that the Government will not again seek the derogation that we acquired in 1995 with the result that the minimum value legislation is in danger of being lost in the European courts. The overall effect of that would be to allow ponies and horses of any value to be exported from the UK for slaughter. We must not allow that to happen.

Mr. Ian Liddell-Grainger (Bridgwater) (Con): My hon. Friend is putting the case eloquently, but there is one area that concerns me: the indigenous horses of Exmoor, Dartmoor and Bodmin moor, which do not have any protection at all because nobody owns them. They are herded and used for overseas trade. Does he think that we should pressure the Government to close that loophole as well?

Gregory Barker: My hon. Friend makes a good point, and I know that he probably speaks for the whole west country in raising that issue. I do not for one minute pretend that the minimum value legislation is a satisfactory regime for caring for horses and limiting the trade in live exports in the 21st century. It is without doubt in need of updating, and we need better legislation to govern the welfare of horses, but as things stand it is the only game in town and we do not want those protections for horses to go without having something equally robust, if not better and more appropriate, in their place.

Andrew George (St. Ives) (LD): The hon. Gentleman is certainly making a strong case. He mentioned the debate in Europe yesterday and the agreement to accept an amendment with regard to the draft regulation that will go before Ministers in April. Has he sought advice, or made any assessment, in respect of a comparison between the likely impacts of that amendment and of the Government's proposed solution regarding trained-to-halter restrictions for live exports?

Gregory Barker: I have still to see the full details and to be briefed fully on this matter, but from what I have seen that route seems far better than the rather unsatisfactory DEFRA proposition. I would like DEFRA to grip the opportunity with both hands. There is obviously a great distance between cup and lip when it comes to taking up the proposition from Europe, but I understand that there is no fundamental barrier to prevent Britain from going for it.

Mr. Gray: Perhaps I can assist my hon. Friend—this comes hot-foot from Strasbourg. I understand that the amendments state that it would be perfectly possible for member states to

"ban exports of certain species for moral reasons."

They would also allow a total national ban

"on the export of live equidae . . . for production or slaughter".

I am pleased to tell him that in response to those amendments Commissioner Byrne said last night that the Commission supports stricter national rules:

"I am pleased that this would effectively maintain the UK's restriction on the export of horses destined for human consumption".

So, the European Parliament and the European Commission are happy for us to go ahead with the ban.

Gregory Barker: I am grateful to my hon. Friend for making the point so clearly. What we can be sure of is that the current DEFRA muddle is the least satisfactory alternative to the minimum value legislation. I hope that DEFRA grips this opportunity from Europe and takes it forward in the manner he suggests.

Alun Michael: While we are seriously considering clarity, has the hon. Gentleman examined what the current regulations ban? They do not, for instance, provide a ban of the sort that Commissioner Byrne seems to think they do. Will the hon. Gentleman explain the moral grounds on which a ban might be founded? It is important to understand the principles of the approach that he is adopting. He is wrong to say that the opportunity is not being gripped by DEFRA; it is being gripped very firmly. However, we need to get at the principles that underlie the way forward and he is right to say that there is a need for the regulations to be updated.

Gregory Barker: If the Minister allows me, that will emerge in my speech, which I am trying to make. I will make some progress, but if, towards the end of my remarks, he feels that I have not covered that point I will happily return to it. To summarise, we need something that specifically addresses the welfare of horses and is not just a by-product of European legislation.

The situation with regard to the live export of horses is further complicated by the imposition of horse passports. Last weekend, to help to prepare my speech, I visited the Brown Bread horse rescue centre in the village of Ashburnham in my constituency. The trustee of the centre, Tony Smith, showed me and my daughter around the site, which does fantastic work in rescuing and looking after unwanted horses and ponies from all around East Sussex and well beyond. The centre has even taken in ill-treated animals from as far away as Greece.

From June, however, sanctuaries and retirement and rescue centres, such as the wonderful Brown Bread centre, will come under massive financial threat from the Government's bureaucratic horse passport scheme, which could drive them out of existence. A lot of people do not realise what a shoestring such operations work on. They have the most minuscule of budgets and there is no flexibility to accommodate a sudden surge in costs. Mr. Smith is subsidising the centre out of his own pocket.

Those centres are so worried because, technically, horse passports are being introduced to protect humans who consume horsemeat by ensuring that records are kept of the drugs that horses have been given to prevent those chemicals from being passed on into the human food chain. As horse passports are designed to protect humans rather than equines, they do not fall under the remit of equine charities. That presents charities such as the Brown Bread sanctuary with serious difficulties. About 80 horses and ponies at Brown Bread will require horse passports and many other similar sanctuaries will face such struggles to fund the cost of the new regulations.

To sanctuaries such as Brown Bread, the cost of up to 80 horse passports will be a huge financial strain. The total cost of completing a passport can easily pass £50 or £60. Although the passport costs a lot less than that, the cost of the various consultations and of implementing the paperwork required makes the total much bigger than the initial cost of the passport suggests.

Mr. Owen Paterson (North Shropshire) (Con): Is my hon. Friend aware that setting up passport schemes is immensely complex and difficult? In the cattle passport scheme, 100,000 cattle were lost at a cost of £15 million a year, according to the National Audit Office. The horse passport scheme will be hugely difficult, but it would be unnecessary if we kept the ban.

Gregory Barker: I wholeheartedly agree with my hon. Friend, who draws a good example giving a major reason why people in the horse world are so worried by this latest bureaucratic initiative from the Government.

Mr. David Cameron (Witney) (Con): Will my hon. Friend give way?

Gregory Barker: Certainly.

Mr. Deputy Speaker: I call Mr. George Osborne.

Mr. Cameron: David Cameron, actually, Mr. Deputy Speaker. A dangerous mistake is made.

Does my hon. Friend agree that there is a similarity between the issues of horse passports and of the live export of horses? In each case, we are asking the Minister to take a robust stance on behalf of British horse owners and this country. He must stand up for Britain on horse passports and say that they should not be compulsory because we do not need them. He should also say that we will maintain our current position of a virtual moratorium on live exports.

Gregory Barker: I am grateful to my hon. Friend, who is a keen horseman. He speaks with his usual authority and is absolutely spot on.

The passports will load costs on to the informal market in ponies, to which I alluded earlier, which could serve to drive the animals out of the reach of those young families who want to offer them a temporary home and into the arms of those seeking to buy them to make a quick profit by selling them on to the meat trade. I find it extraordinary that a Government—and, indeed, a Minister—who are prepared to risk a constitutional crisis over foxhunting can be so blind on such a burning and immediate issue of animal welfare.

Only by opposing the export of live horses will we show proper care and respect for horses and properly fulfil the cultural traditions and desires of the British public. We must support the hundreds of thousands of horse and pony lovers in Britain. The Government must persuade the European Parliament and other member states to allow the UK to continue to prohibit the export of all equines for slaughter. They will find that if they do they are pushing at an open door, if they are sufficiently robust and clear about what they are trying to achieve. We need regulations that are right for the 21st century. If that will not work, we must be prepared to take unilateral action to preserve our horses and pets.

Moreover, by aligning our rules with those of the EU, we would do something that runs contrary not only to the interests of horses, but to the sentiments of the British public. In British culture, the horse is regarded as a companion animal, not a meat source. That goes back to the Minister's point about the moral argument that underpins my case.

In Britain, the horse is a greatly loved companion, not something that we like to see on the table. We do not eat horsemeat in the UK. We understand, of course, that other cultures have different customs and that some people eat horsemeat. We must respect those customs in so far as they do not cause harm to others, but I strongly believe that the British public would be horrified if we allowed our horses, even by default or with the best of intentions, to join the harrowing horse slaughter trade, in which economics dictates that noble creatures suffer a long, terrifying and degrading final journey.

Andrew George: Does the hon. Gentleman accept that the EU regulations must be tightened up with regard to journey times and the welfare of animals, irrespective of the country to which or from which the horse or pony is being transported? The issue affects not just the EU.

2.21 pm

Sitting suspended for a Division in the House.

2.36 pm

On resuming—

Andrew George: I shall continue my intervention, on which I expect the hon. Member for Bexhill and Battle (Gregory Barker) will have sought advice. It is important that there should be controls in EU regulations on absolute journey times and welfare, not only of ponies and horses transported within Europe, but of those brought to Europe for human consumption.

Gregory Barker: I wholeheartedly concur with the hon. Gentleman. Obviously, with enlargement very much upon us, the European Union is that much bigger and the journey time from, for example, the Baltic states or Poland to southern Italy is very long indeed. I am worried not only that the current regulations are not strong enough, but that they are rarely enforced. We must be concerned about proper regulations and proper enforcement.

Mr. Paterson: My hon. Friend should not hang his hat too much on the benefits of a European directive to limit journey times, as the markets for the animals are nearly all well beyond the eight to nine hours travelling time that the European Union is discussing. I believe that the main markets for horses are in southern Italy, for salami. He is absolutely right to mention regulations, but even regulations for a nine-hour journey would not be adequate, as the journey times are much longer than that.

Gregory Barker: That is another very good point.

Mr. Gray: I am deeply sorry to correct my hon. Friend the Member for North Shropshire (Mr. Paterson), but the European Union proposal is not that there should be a time limit for the journey, but that there should be a gap. The animals would remain on the lorry for a short time to rest, then the journey would recommence. It is perfectly possible that the horses could be on the lorry for many days, albeit with rests in the meantime.

Gregory Barker: I am grateful for that clarification. Either way, we would not wish such a trade or fate on

[Gregory Barker]

British horses and ponies. I hope that we use our influence in Europe to get a derogation to prevent our horses and ponies from being shipped to Europe. Even so, we must be equally robust in Brussels in arguing for strong restrictions on the transport times and in levering up the welfare regulations. I hope that the Minister is taking note of the very strong feelings on the issue.

In short, we must recognise the divergence of cultural habits and traditions between the UK and other European countries, and ensure that the law reflects it, but that cannot be at the expense of horse and pony welfare. It would be a travesty if an attempt to harmonise European legislation meant watering down the regulations on horses.

I have not come here with an inflexible proposition. There are different ways in which the Minister could tackle the problem, but we need far greater clarity and a much more direct approach from the Government. We must continue to prohibit the export of live horses for slaughter, and we must do that by front-door regulation, not by thinking that we can play about and achieve those ends by tinkering with other rules and regulations. I fear that that is what he has in mind.

I want a bold, clear-cut prohibition of the live export of horses and an improvement on the current system. The challenge for the Government is to be clearer, more robust and more straightforward in how they tackle the issue.

Ministers have said that the minimum value legislation that underpins the system will not be repealed until something is in place that is equally robust in law, which will either maintain or improve the protection for our horses. I hope that the Minister takes this opportunity to give the House, and the country at large, a cast-iron guarantee that that is the case and that he takes the clear route that seems to have been offered by Commissioner Byrne and the European Parliament, rather than the more complex route that DEFRA has pursued to date.

In an intervention, the Minister asked what is so different, in welfare terms, about horses and ponies. He shakes his head, but when he addressed the moral question he asked what is different about the moral issue of animal welfare. I promised to come back to him on that before I finished speaking.

Alun Michael: I may have misunderstood what the hon. Gentleman has just said, but I did not ask about the difference between horses and ponies. Is that what he says I said?

Gregory Barker: No, no—not the difference between horses and ponies, but the difference in our culture and the moral difference as between horses and ponies and other types of animal. The Minister shakes his head, but I think that the record will show that that was the gist of his intervention.

Alun Michael: Will the hon. Gentleman give way?

Gregory Barker: Let me complete my speech, because we are getting into a rather scrappy exchange.

Horses and ponies are an integral, almost unique, part of the British way of life and our culture. They appear in our literature, film, folklore and works of art, and they are an incredibly important part of our pastimes, sports and recreation. We are a nation of horse lovers and we need to recognise that the horse occupies a special place in this country—beyond that which it occupies in other European nations. That is why we need a derogation and an extra guarantee, and that is why our ponies and horses must be protected.

Alun Michael: Will the hon. Gentleman give way?

Gregory Barker: I shall allow the Minister to reply fully in his own time, as I am reaching my peroration.

We must send a clear and unequivocal message from this debate to the meat traders of continental Europe that Britain's horses and ponies must be kept off the menu. We want a clear solution to the problem and we will do whatever is necessary to maintain the current situation.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Whereas we would normally commence the first of the three winding-up speeches at 3 o'clock, we must now do so at 3.15 pm to allow for injury time. I hope that hon. Members bear that time limitation in mind when they make their contributions and accept interventions, of which there have been many, or respond to them, which has taken even longer.

2.44 pm

Bob Spink (Castle Point) (Con): I congratulate my hon. Friend the Member for Bexhill and Battle (Gregory Barker) on securing this important debate on a subject that touches the hearts of many people in Britain. I hope that we continue to push this campaign over the coming years.

The British people have a special relationship with horses and, indeed, dogs. As my hon. Friend explained, they are companion animals, not meat animals. We simply do not eat them. In that, as in so many other things, we are quite different from the French, and from other continental countries, to which I say, "vive la différence".

This is a matter of improper and unnecessary interference from the European Union. The EU Commission decision 200/68 is a disgraceful imposition on this country. Yet again we see new Labour eager to pander to the EU and its regulations and centralised control in a way that the people of this country increasingly seek to resist.

The horse passport is a disgraceful regulation. It is simply being pursued to feed the cruel and poorly regulated European slaughterhouses—largely to provide horsemeat for the salami trade, which is something that people in this country find repugnant. We should seek to stop the live export for slaughter of all animals from this country, not seek to extend it to horses. There are two clear reasons for that. The first is moral, but the second is economic and that has not yet been mentioned today.

The moral reason circles around animal welfare. My hon. Friend spoke eloquently about the animal welfare issues. I know that our Front-Bench spokesman will be focusing on it, so I will say no more about it so as to be brief, as you requested, Mr. Deputy Speaker. The second issue is that of sound economics. We need to support the added value on the slaughter and provision of animals for food in this country. The export of live animals for slaughter is equivalent to exporting British jobs. I do not want to see this new Labour Government export any more British jobs to continental Europe, even though they consistently seek to do so.

Public opinion is clear on the issue. They want the export of live horses for slaughter to be prohibited. Anything less will be yet another reason for my constituents, like those of many other hon. Members, to seek to vote the new Labour Government out at the next general election.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. It is time for a small explanation and a large apology. Due to a foul up by our intelligence services, I am afraid that I must apologise to the hon. Member for Witney (Mr. Cameron) for getting his name wrong. On this occasion, I call Mr. David Cameron.

2.47 pm

Mr. David Cameron (Witney) (Con): Thank you, Mr. Deputy Speaker. I quite understand. The mistake has also been made by Mr. Speaker. If he can make it, it is quite acceptable for his deputies to do so as well.

I congratulate my hon. Friend the Member for Bexhill and Battle (Gregory Barker) on raising an important issue. He has done so with a great combination of reasonableness and passion. I know that, as a keen horseman, he will be riding in his first point to point over the Easter break. Conservative Members do not want a by-election, so we all wish him the best of luck with that.

I start with two clear propositions. First, horses are companion animals and I do not want to encourage the eating of them. Secondly, the transport of horses for human consumption often results in great cruelty and suffering. As I understand it, virtually no horses are exported from the UK to European countries where horsemeat is eaten. I believe that continuing that should be the aim of all those who care about this branch of animal welfare. Those are simple propositions that we would all sign up to.

As I understand it, the Government are proposing two things. The first is to introduce the compulsory passport legislation that my hon. Friend the Member for North Wiltshire (Mr. Gray) and I did as much as we could to oppose. I thought it profoundly misguided to have compulsory passports containing a record of every drug taken by the horse just to facilitate the eating of horses. The second thing that the Government are doing is proposing to end the effective moratorium on the export of live horses from the UK. They say that they hope to get such tough welfare standards approved across Europe that that moratorium will effectively remain in place. I will come on to whether that is true in a minute.

I want to raise another point, however. The Minister wrote a letter to *The Daily Telegraph* on 8 February, in which he said:

> "There is absolutely no connection between horse exports and equine passports."

I am not at all sure that that is true. If every horse in Britain has a passport and that passport shows what drugs have been administered, it surely makes it more likely that those horses can end up in the food chain. If, at the same time, the Government say that the current status of the law about live exports has to change—everyone agrees that the current status of the law means that horses exported from the UK are always on the hook rather than on the hoof—changing the law could change the situation. Our fear is that for some horses it will mean, "Have passport, will travel." That is what we are trying to avoid.

What does the Minister propose to do? It seems to me that the European Commission is in the process of introducing new regulations for the live transport of horses and other animals. They will be by no means ideal but they will probably be an improvement. I accept that. They will make a bad situation in the EU rather better. However, the question for us in this Chamber is what the effect will be on the UK. That is the key question for the Minister when he winds up the debate.

Why will the Government not go down the route suggested by the International League for the Protection of Horses, which is to ask for an opt-out for the UK from the EU rules so as to prevent effectively the live export of horses from the UK? I cannot do better than to quote from the very good briefing that the ILPH has given to Ministers:

> "The new European rules will not be good enough when you consider that there is no export trade at all from the UK now. In short, the rules will make a bad situation on the Continent a bit better. They must not be an excuse to make a good situation in Britain into a bad one."

That is the nub of it.

I want to make one last point. There is another relationship in the Government's proposals relating to horse passports and the live export of horses. It is quite clear from the Adjournment debate that I held, from the statutory instrument Committee on which my hon. Friend the Member for North Wiltshire and I served and from all the questions that we asked that it was unnecessary to bring in compulsory passports for the UK. The Minister could have fought for a different situation for the UK, where only horses going into the food chain would need a passport, yet the Government gave in. They initially said that we could do that and then they said that it was not possible; they then gave in.

The situation with live exports is similar. We do not want to export live horses for meat. We do not think that it should happen. We think that it is an evil trade—I expect that the Minister would agree. I challenge him, or anyone else, to go out on to the street and find five people who want to see the export of live horses from this country to the continent. They will not find them.

The Minister can go to the Council of Ministers, he can do what is easy and convenient and he can negotiate something that will make life a little better in Europe and a lot worse in Britain or he can stand up and defend his country and negotiate something that allows us to maintain our moratorium on the live export of horses.

[Mr. David Cameron]

The Minister heard from my hon. Friend the Member for North Wiltshire that the relevant commissioner in the European Parliament has now said that an opt-out for Britain is acceptable, and the Minister has no excuse not to make sure that we can get that opt-out. He likes to style himself as the Minister for the horse. If he is, he will fight for that opt-out and will deliver something that is as good as the status quo for this country. Otherwise, he will not be the Minister for the horse, but the Minister for something else—I fear that he will be the Minister for eating horses.

The Minister failed the test on hunting. He promised things to the countryside that he simply did not deliver, such as listening. He then suddenly said that an all-out ban was a jolly good thing, even though that was not what he initially proposed. He failed the test on passports and he let the country down over that. He now faces a third test, on keeping the situation so that horses cannot be exported live from this country for the meat trade. He has got to pass that test, so I look forward to hearing what he has to say.

2.54 pm

Mr. Owen Paterson (North Shropshire) (Con): Thank you, Mr. Deputy Speaker, for calling me to speak. I congratulate my hon. Friend the Member for Bexhill and Battle (Gregory Barker) on bringing a topic of enormous interest to the House's attention. I should declare an interest: my family has always owned horses, and I have several now. It might interest my hon. Friend to know that I have an ancient, retired Shetland pony who is vicious at both ends and tends to come into the house for cake, but I think that we should discuss that later.

I would like to help the Minister. The Government are engaged in a big conversation, talking to the country and to interested groups, and we all know that an election is not terribly far away. I introduced an Adjournment debate on ragwort about three years ago in which I established that an enormous number of people are involved in the horse world: three million people ride, and 500,000 households own more than 1 million horses between them. I calculated that the horse industry is probably the second-largest industry in the countryside.

I totally endorse the comments of my hon. Friend the Member for Witney (Mr. Cameron). I have not met a single person who would support the proposal to end the moratorium. There are a lot of horses in my constituency, and when I go home at weekends I go racing, but I have met no one who supports the proposal. It is extraordinary how obtuse and pig-headed the Government have been.

I shall not go through the reasons for keeping the moratorium, because my hon. Friend the Member for Bexhill and Battle went through them in depth. I entirely endorse his comments, and I am sure that that will be reflected in the comments of my hon. Friend the Member for North Wiltshire (Mr. Gray), who has fought an absolutely splendid campaign. There are good reasons not to remove the moratorium or, indeed, to relax it in any way. Only 7,000 horses are eaten in this country, and we have a totally satisfactory mechanism, involving knacker's yards and hunt kennels, for disposing of redundant and dead horses.

One huge advantage of the Minister taking the opportunity offered by the European Union to take up the derogation would be that we would not have to burden the countryside with the ghastly nightmare—the bureaucratic cost and nonsense—of horse passports. Incredibly, the cattle passports scheme has lost 100,000 cattle. As I said, the National Audit Office reckons that that costs us—the taxpayers—£15 million a year. We have not even started the scheme for horses, which are owned by a far more heterogeneous group of people—and as my hon. Friend the Member for Bridgwater (Mr. Liddell-Grainger), who has left the Chamber, said, some horses, including some on Bodmin and other moors, are not owned by a particular person.

If the moratorium were maintained, introducing horse passports would be total nonsense. As the Department for Environment, Food and Rural Affairs website says, the only real reason to have passports is that they

> "will satisfy the European commission that the UK has a viable method of identifying horses that have been treated with medicines that must not be administered to food producing animals."

If we are not going to export horses for food, the only horses that will require passports will be racehorses, which already have them, and the 7,000 horses that go into the food chain in this country.

Getting rid of the passport scheme would save an absolute nightmare of costs to the countryside. We are talking about a passport possibly costing up to £50, fines of £5,000 for not having one, and the possibility of a month's imprisonment for a second offence. A lot of riding schools are right on the edge of viability, and the passport scheme will push them over the edge, which would be tragic because horses provide splendid recreation; they are a marvellous way for young people to learn about animals and to get into the horse industry, which is, as I said, enormous.

If the Minister screws his courage to the sticking-place and uses the opportunity that the European Union gave him yesterday to maintain the moratorium, he will agree that there is absolutely no necessity to persist with the bureaucratic nonsense of horse passports.

2.59 pm

Andrew George (St. Ives) (LD): I congratulate the hon. Member for Bexhill and Battle (Gregory Barker) not only on securing the debate and making a strong case but on timing the debate so fortuitously. A Committee of the European Parliament recently considered an amendment to the regulation that we are debating, and the Council of Ministers is due to debate the issue only two weeks after we return from the Easter recess. In view of the large number of questions that we have for the Minister—to be fair, he has engaged in debate—I shall do my best to keep my comments brief and give him the maximum available time between now and 3.45, when the debate will, sadly, have to end.

I, too, come to the debate happy to declare that in my youth I was the proud owner of a pony. I fully understand the strong passions that the issue arouses. I congratulate the *Western Morning News*, a newspaper in my region, on mounting a first-class campaign to draw its readership's attention to the potential plight of ponies and horses from the UK. The paper raised a

66,000-signature petition, which made the Government well aware of the issue and which formed part of an 85,000-signature petition that was presented to the European Parliament only yesterday.

Dr. Julian Lewis (New Forest, East) (Con): In endorsing the hon. Gentleman's views about the role of the press, I praise *The Southern Daily Echo* on its efforts. I draw his attention to a headline in today's edition, which states categorically "Ponies off the menu", which suggests that the whole episode as over and done with as a result of the European decision. A Liberal Democrat MEP is even quoted as saying that there is now no question of New Forest ponies being exported for slaughter. Given the hon. Gentleman's more cautious remarks, am I right in thinking that that is not quite yet the position?

Andrew George: The hon. Gentleman is absolutely right. It would be quite inappropriate of me to admonish a fellow member of my party for perhaps being a little hasty in his conclusions. However, it is obviously encouraging that a Committee of the European Parliament has accepted the amendment in its present form. No doubt my Liberal Democrat colleague hoped that the robustness and strength of the case made in that Committee would make the Minister highly likely to take on board the logic of our argument. Perhaps my colleague assumed, on the basis of such robustness and logic, that the two things followed as night follows day. We shall see if that happens.

I congratulate the International League for the Protection of Horses, which has been steadfast in the campaign. The league has provided an excellent briefing for today's debate and has always been forthcoming with information and advice in response to my questions. The league was responsible for part of the 85,000-signature petition delivered to the European Parliament yesterday.

I asked in an intervention whether the hon. Member for Bexhill and Battle had made an assessment of the likely impact of the proposed amendment compared with the Government's alternative. That alternative focuses on the trained-to-halter condition, which would constrain the export to other European countries of live horses for human consumption. That is the nub of the argument, and I hope that the Minister will give a clear indication about the assessments and reassure us that his assessment is that the proposed trained-to-halter constraint on the export of live horses would provide at least the same level of constraint as the current derogation allows. Has the Minister had the opportunity to review the situation since yesterday's debate in a Committee of the European Parliament? Has he come to a conclusion about the position that the Government will take on 30 April, when I understand the Council of Ministers is due to meet to consider this crucial issue? I hope that the Council will come to a conclusion with which the general public in this country, especially horse and pony owners, will be content.

I intervened on the hon. Member for Bexhill and Battle to raise the question of journey limits. Irrespective of the question of the fate of ponies and horses from the UK, journey limits affect ponies and horses from other European nations, including eastern European nations, some of which are accession countries. The hon. Member for North Wiltshire (Mr. Gray) rightly pointed out in an intervention that the present draft indicates that the current constraint on journey times is likely to be lifted. As for welfare, under the proposed new regulation the rest, feeding and watering of animals is likely to happen only after 24 hours, or even some time after that—and it will take place on the vehicle. Those who love ponies and horses and have regard for them, whether they are from the UK or Europe, or have been brought into Europe from outside, believe that horses should be treated with consideration. I hope that when the Minister debates the issue in the Council of Ministers on 30 April he will consider it carefully. It is important that the UK stands up in Europe and makes a strong case for robust constraints on journey limits. The majority of people in this country who care about horses and ponies will also be extremely worried and concerned about their treatment in other European nations or those potential accession countries such as Romania, which export horses and ponies into the EU—particularly Italy.

I hope that the Minister will have the time to answer questions on whether he will take up the proposed derogation and the amendment to the regulation proposed yesterday in Committee. I wonder what assessment he has made of that, and what efforts he will make to ensure that much more rigorous and robust controls are introduced to constrain journey limits.

Gregory Barker: I concur with much of what the hon. Gentleman has said. Will he be sure to reiterate the point made by my hon. Friend the Member for New Forest, East (Dr. Lewis), and thus not encourage his colleagues to think that the war is won? There is much more to do. It would be wrong to send a message out now that we can relax and everything will be all right. We must keep up the pressure.

Andrew George: The hon. Gentleman is right. We could have adjourned this debate had the war been won. The fact that we are here and feel passionate about the issue helps to make the point. It is important that we do not give a false impression that the battle is won—of course it is not. We have achieved something important, which members of all parties should celebrate, but the battle is certainly not won and that is why constructive engagement with the Minister and the Department is important. I hope that, rather than bludgeon the Minister into submission, we shall persuade him to accept a logical, robust and sensible measure.

3.8 pm

Mr. James Gray (North Wiltshire) (Con): It is a pleasure, as always, to follow the hon. Member for St. Ives (Andrew George). It is nice to know that the Liberal Democrats are with us on this. I join him in congratulating the *Western Morning News* in particular, and my local paper, the *Western Daily Press*, both of which have campaigned long and hard on the issue. There is strong feeling about it throughout the west country. I am glad that the hon. Gentleman has taken part in the debate, and I was glad to hear his words of support.

I pay tribute to my hon. Friends who have made useful contributions to the debate; in particular my hon. Friend the Member for Bexhill and Battle (Gregory

[Mr. James Gray]

Barker), whose timing was, as always, immaculate, and who introduced the debate eloquently and elegantly. It is also nice to have the expertise of my hon. Friends the Members for North Shropshire (Mr. Paterson), for Castle Point (Bob Spink) and for Witney (Mr. Cameron), each of whom contributed to developing today's arguments.

I was pleased to exercise the age-old right of a Member of Parliament and come to Parliament today on a horse. I believe that that has not happened since 1920 and the last person to do it was a Conservative MP called Sir Arthur Samuel. I was delighted to be escorted by two outriders from the International League for the Protection of Horses, and I join the hon. Member for St. Ives in paying tribute to that organisation, which has done a fantastic job on campaigning on the issue and changing minds in all parts of the House, in the European Parliament, the Commission and elsewhere. This debate is a tribute to its determination to ensure that the issue is properly aired.

It was a great treat to ride a 23-year-old ex-police horse called ILPH Pascal—three times a winner of the police horse of the year award in the early 1990s. That is exactly the kind of animal that, if we cannot change the Government's mind, will be piled on to lorries, carted off to the continent and turned into sausages. It was an important piece of symbolism that we arrived on horses to show what animals we are seeking to protect.

As several hon. Members have commented, the debate is timely because the European Parliament yesterday agreed to two amendments to which I shall refer shortly. The purpose of the debate is to persuade the Government that their proposals are insufficient and that the vast bulk of the British population are opposed to the proposals, and, in a positive way, to suggest a solution to the difficult problem—a way out of this nasty hole. I hope that, contrary to what the Minister said on the farming programme on which he appeared this morning, he is ready to listen constructively and act on some of our suggestions.

As we have heard, here in Great Britain, we do not eat horses; we never have. Their export to abattoirs on the continent has been banned for some 70 years thanks to the so-called minimum value regulations introduced in 1937 by a Conservative MP, Sir George Cockerill. Those regulations have been extremely effective; they were introduced to prevent the export of live horses, and no horses have been exported from the UK to be eaten. Whatever one might say about the regulations, they work. At this moment, no horses are being exported to the European Union or elsewhere to be eaten.

I accept the Minister's point that it may be time to reconsider those regulations, and that the introduction of the EU transport regulations may make that need more urgent. The purpose of the debate is to try to find an alternative solution to the proposed export of live horses and to replace and replicate the protection of horses afforded by the minimum value regulations.

It is worrying that the Minister seemed to suggest that he could see no moral justification for a ban. He seemed to be saying that, as far as he was concerned, it would be morally legitimate for us to export horses to the continent. No doubt he will say that that will not happen and that he will put in place measures to ensure that it does not. However, his comments suggested to me that he sees no moral justification for banning the export of live horses to be turned into sausages. When he said that, he was alone among the 55 million people in Britain. I suspect that the people of Britain, to a man, woman and child, believe that there is an overwhelmingly strong moral objection to the export of live horses to be turned into sausages—the people of Britain do not want it. If the Minister believes that it is morally acceptable for horses to be exported to Italy to be made into salami, he is on his own.

The Minister gave my hon. Friend the Member for Bexhill and Battle a moment to intervene. If he now wants to tell us that we, on this side of the House, have the moral case and that he disagrees with us, he should do so.

Alun Michael: I have a question for the hon. Gentleman that neither he nor his hon. Friend have answered. Will he set aside his misinterpretation of what I might say and I have not said, and explain on what moral argument he would base a simple ban?

Mr. Gray: That is precisely the point, and I notice that the Minister did not correct us or say that he believes the export of live horses to be immoral. I believe it to be immoral, wicked and scandalous, and something that we must ban. The Minister has not said that he considers it to be wicked, so I shall tell him why I believe that this is a moral issue. There is a simple moral difference that is reflected in European laws: on the continent of Europe, the horse is an agricultural, food-producing animal. All the regulations on horses on the continent consider them to be a food-producing animal. In this country, we have never done that: the horse is specifically not an agricultural animal, although some would like it to be. If it were an agricultural animal, there would be no business rates. It is often said that there would be all kinds of advantages in it being considered an agricultural animal, but we have always resisted that.

Here, as my hon. Friends eloquently said, the horse is considered to be a companion animal—a sporting animal—not a food-producing animal, and with the exception of 6,000 or 7,000 broken-down racehorses among the 1 million to 1.5 million horses in Britain, we do not kill them to be eaten. That is the moral difference. We in Britain love our horses: we do not see them as food-producing animals, and we do not want them to be slaughtered and made into sausages. That is an overwhelmingly powerful moral argument that the people in Britain will almost unanimously accept, and we shall see that in the papers tomorrow.

Gregory Barker: My hon. Friend has put it brilliantly, but would he not agree that the fact that the so-called Minister for the horse has to ask the question in the first place, because he is not clear what the moral argument is, is really quite scandalous? It is a matter of huge concern to anybody who loves horses that he throws the question open for debate.

Mr. Gray: I would not be so harsh on the unfortunate person who finds himself being the Minister for the horse, because he is in an awkward position. He has

been advised up to now that he must do this because of European law, so he regrettably seeks to make out that that there is no moral objection to what he has been forced to do. We should be gentle with the Minister, not force him into a corner or call him immoral. However, we intend in this debate to offer him an alternative—an escape from his awkward position.

Let me give one analogy. Let us suppose that some madman concluded that we should herd together the many millions of stray dogs and cats on Britain's streets, put them on a ship and take them to Korea. I believe that dogs and cats are eaten in Korea, although I find that nauseating. If that were to happen, would not the Minister consider the herding together and shipment of dogs and cats—live and in horrific conditions—to Korea to be eaten, to be immoral? I most certainly would, just as I consider the export of live horses to be entirely abhorrent and obnoxious.

The Minister will tell us that the minimum value regulations will not stand up in court, and he may be right. It is reasonable that we should seek to assist him in trying to find an alternative to them. He is probably right, too, to say that the live transportation regulations, which are currently under consideration on the continent, may make that even more difficult. Incidentally, the Conservatives welcome much of what is proposed in the new EU transportation regulations. As my hon. Friend the Member for Witney said, we hope that they will make a bad situation slightly better, although we have real reservations about the end product of the regulations, because they will still mean that horses and other animals could be on lorries for many days, albeit with rest periods for food, water and veterinary care. However, we see no reason at all why those slightly better transportation regulations on the continent of Europe should necessarily interfere with the ban on the export of live horses from this country.

Having listened to the Minister on various recent occasions, it would appear to me that his intended solution to the problem is to ensure that the export of live horses is not restarted, and I accept that he has said several times that he does not want it to start again. He seems to be indicating that he intends to prevent that by gold plating the welfare regulations, making them so stringent that the trade will become uneconomic. To be fair to him, he has achieved that in one category of horse: unbroken ponies. The regulations on unbroken ponies will almost certainly make that trade nearly impossible.

What about the other types of horse which are not covered, however? If the Minister has in mind extremely high standards that would, in effect, ban any resumption of the live export of all categories of horse and pony, he must at the very least spell out today precisely what those high standards are. It is no good saying, "I'm going to put in place high standards, which I hope is gold plating. I therefore hope that there will not be a market, because it will be too expensive for live export to start." We want to know precisely and in minute detail what those standards are and why they will be achieved. The horse that I rode to Westminster today is probably worth £500 or £600 in the dead meat market. What standards will the Minister put in place to ensure that traders do not want to sell their horse overseas for that amount?

The Minister may also argue that he does not believe that there is a market for live export, or that he hopes that there is not, and that in any case there will not be one under these new, stringent conditions. I am not convinced, particularly in the aftermath of the absurd EU regulations that prevent the burial of carcases on farms. Unscrupulous owners and traders are likely to find an alternative market for end-of-life horses on the continent. As my hon. Friends the Members for Bexhill and Battle and for Witney have said, the Minister's absurd, bureaucratic and unenforceable horse passport regulations will make that export much easier. Live export overseas would not be possible were it not for passports. I call on him to abolish the horse passport scheme, which would solve his problem at a stroke.

The Opposition are by no means convinced that the Minister's promised gold plating will replicate the effective ban that the minimum value regulations provided, and we demand an effective total ban. As one or two of my hon. Friends have commented this afternoon, we now have something that gives the Minister exactly the solution that he seeks. As we have heard, yesterday two of my Conservative colleagues in the European Parliament, Roger Helmer and Neil Parish, to whom I pay tribute, secured broad acceptance of two amendments to the draft regulations. New article 1.2(a), inter alia, reads:

"This regulation shall not be an obstacle to any stricter national measures, including a total ban on the export of live equidae intended for production or slaughter".

New annexe 1, chapter V, paragraph 1.1 reads:

"Journeys by road and rail for slaughter of animals such as domestic equidae"

shall

"not exceed 9 hours . . . Member States can apply shorter transport periods . . . within their own territory or ban exports of certain species for moral reasons."

Incidentally, it was the European Parliament, not the Committee, that passed those amendments in plenary session yesterday. They will go to the Council of Ministers and then to the Commission, which may or may not ratify them. The difficulty is—and here we come to what the Minister must do—that we do not know whether the British Government are asking for those amendments to be passed. We heard that Commissioner Byrne, who has responsibility for these matters, believes them to be perfectly sensible. Last night, he said:

"The Commission supports . . . stricter national rules . . . I am pleased that this would effectively maintain the UK's restriction on the export of horses destined for human consumption".

The European Parliament has unanimously agreed to the amendments, as have the various Committees. The commissioner says that he understands them, that he is ready to go along with them, and that he believes that the Commission will go along with them. The whole European structure says that we can ban the export of live horses. Only one person says that he hopes that more stringent regulations will somehow ban the trade that all of us, except him, believe to be obnoxious and immoral.

Mr. Cameron: The Minister for the horse.

Mr. Gray: As my hon. Friend says, that comes from the Minister.

[Mr. Gray]

The regulations have been amended to allow the ban to continue. The European Parliament wants that, and the commissioner is perfectly happy about it. We need to persuade the Government of the political urgency of continuing the ban. The Minister cannot shelter behind what he calls the unsustainability of the minimum value regulations. He cannot merely blame the EU, because we now know that it agrees with us; nor can he rely on what he claims are much improved standards of welfare in transit.

The Opposition say that no standards of welfare in transit, no matter how gold plated they may be, are sufficiently humane. We believe that we speak for 99 per cent. of the people of Britain. We demand an absolute ban on the export of live horses for slaughter for human consumption. The Minister should deserve his name as Minister for the horse; he must not become the Minister for the slaughtering of horses.

3.25 pm

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): I shall seek to cover the wide range of issues raised this afternoon. First, however, I congratulate the hon. Member for Bexhill and Battle (Gregory Barker) on securing the debate. He has highlighted an important issue, but he and others are wrong to worry people without justification. Serious issues are involved, but to worry people by suggesting that the Government are going to relax, or somehow allow a diminution in, the protection of horses or their welfare is wrong.

The hon. Gentleman rightly says that we need to improve the regulations and that they need to be based on horse welfare. That is precisely what we have done, but that was not the drift of all the hon. Gentleman's speech although it is an important point.

The hon. Gentleman and one or two others strayed on to the question of horse passports. The Government have not introduced a top-down bureaucratic system; we have worked with the horse industry to strengthen the role of our country's horse organisations and to produce a sensible system. He and others should talk more to the horse organisations with which we worked. They would then realise that they have missed a great deal of the point.

Mr. Gray: The Minister may have consulted the horse industry, but has he consulted the Pony Club, the breed organisations or the Association of British Riding Schools, of which, I should warn him, I am president?

Alun Michael: I am aware of the hon. Gentleman's affection for one or two horse organisations, but we consulted with a wide range of organisations, including the breed societies, the International League for the Protection of Horses and the Royal Society for the Prevention of Cruelty to Animals. Indeed, the hon. Member for Bexhill and Battle is right to highlight that issue, which is one that people feel strongly about. We have received several thousand letters, postcards and petitions from hon. Members, campaign groups and the public on the subject, which demonstrates the strength of feeling, but some of those communications were not about anything that we have ever contemplated doing.

Gregory Barker: Does the Minister not agree that, contrary to his opening remark that we have raised the subject to worry people, we are articulating the genuine concerns of thousands of people? This is not an issue that has been whipped up in Parliament; the Opposition are articulating a real concern.

Alun Michael: I have to say that some Conservative Members sought to exploit the strong feeling held by many. Indeed, I welcome the idea of positive engagement, which was put forward by the hon. Member for St. Ives (Andrew George). He, at least, wants proper protection for horses to result from today's debate and from how those issues are addressed in the long term. I invite Conservative Members to engage in such a constructive debate, even though doing so may seem strange to them.

Mr. Cameron: Will the Minister give way?

Alun Michael: In a moment.

Most of those who have written to us expressing such strong views support, without seeming to know it, what the Government are trying to achieve—namely, the prevention of the live export of horses for slaughter. I welcome their support. The Government are working to protect and improve the welfare of horses.

Let us look at the facts. There is no ban on the export of horses for slaughter, and there never has been. The national rules on horse and pony exports, which are sometimes referred to as the minimum values rules, merely place restrictions on the export of certain working horses—that is, horses intended for work abroad, not those sent for slaughter—and some ponies. Those long-standing provisions prevented the export of unfit or worthless older working horses and ponies—that is why they were introduced—but so-called working horses such as shire horses are now more likely to be exported for showing or competition. In other words, the minimum values do not apply. That is why I asked Conservative Members several times whether they had read the rules or understood them.

Some people believe that those restrictions have served to limit horse and pony exports. The fact is that there is hardly any such trade, and because we do not want to see it grow or to send the wrong signal, my hon. Friend the Under-Secretary of State for Environment, Food and Rural Affairs and I do not intend to relax or remove the minimum values until and unless we have new arrangements that protect horses and their welfare. I have made that absolutely clear in a letter, which I have sent to hon. Members, including Opposition Members here today. I am surprised that they sought to cast doubt on that during the debate.

The minimum values are relatively small. They have not been updated for 25 years, so it is a pretty poor nag that would be protected by the law as it stands, even if it happened to be a working horse that came within the very limited categories to which the rules apply. The current arrangements also provide a bureaucratic obstacle to the legitimate and worthwhile movement of

horses and ponies for sport and recreation. Increasingly, people go abroad and have to follow the regulations, which is an obstacle for those who have nothing to do with the export of horses for slaughter.

The problem is that the alternatives that Opposition Members are providing do not necessarily do what they think they will do. I have said on several occasions that laws do not always prevent what they forbid. We want legislation that works. We want regulations that prevent the trade and address the issues of horse welfare and animal welfare.

Several hon. Members *rose—*

Alun Michael: I give way to the hon. Member for Witney (Mr. Cameron), as promised.

Mr. Cameron: When raising this concern with every Member of Parliament, the ILPH said that it is extremely concerned that there is a real risk that this vital legislation will be repealed. Does the Minister think that the ILPH is whipping up trouble?

Alun Michael: I would put it this way: it is interesting that in private the ILPH has congratulated me on what I am doing to protect the welfare of horses. It did that at a large meeting last week. It is interesting that the ILPH and the RSPCA came to talk to me about the need to keep up the slaughter of horses in this country so that meat can be exported to avoid the animal welfare problems that arise from horses travelling abroad for slaughter. I can see their point entirely. It is a good, straight point and hon. Members need to understand it.

It is important to separate the issue of the slaughter of horses—where they go, how we get the value that pays for that slaughter, the horse slaughterhouses and how humane slaughter is dealt with in this country at the end of an animal's life—from the issue of export and the welfare of horses in transit. Those issues are both important, but they need to be understood if Members and the general public—a well-informed general public, I would like to think—are to understand what is necessary to protect horses from the trade that several Members have rightly said that they want to prevent and which we are working hard to prevent.

Several hon. Members *rose—*

Alun Michael: I give way to the hon. Member for North Wiltshire (Mr. Gray).

Mr. Gray: I am grateful to the Minister for giving way, although I shall draw a blind over the fact that he seemed to be praying in aid the RSPCA and the ILPH, which is quite incorrect. They are both entirely opposed to what he proposes.

The Minister says that the minimum value legislation is ineffectual but, none the less, he is certain to keep it in place until we have something better. Will he answer two questions? If the legislation is so ineffectual, why does it work? Not one horse is being exported at the moment, so it seems to me that it is working pretty well. Secondly, if he is to put something better in its place that has exactly the same effect—I welcome the fact that he says that he does not like live export—will he explain in detail what it will be?

Alun Michael: First, the legislation is ineffectual: if the hon. Gentleman simply reads the law he will see that it does not ban what he and his colleagues suggest it bans.

Mr. Gray: It works.

Alun Michael: It does not. Look at the law and what it does. It does not ban what Opposition Members say it does. There has been a general understanding that the minimum values protect a limited range of animals, and to get rid of those regulations would send the wrong signal. That is all I am saying. The idea of a trade in horses for slaughter from this country is abhorrent to people in this country. The organisations that I said have agreed with me have said that controlling the export of horses for slaughter is the issue.

The hon. Member for North Wiltshire cited the RSPCA. That organisation has just written to hon. Members to express its worry about elements of the presidency's proposals for dealing with the issue of animals in transit. I spoke to the RSPCA yesterday to clarify whether the point involves general animal welfare issues and whether it is happy with the situation that we have achieved for horses. It confirmed that it supports the situation that we have achieved for horses. Its concerns relate to the wider issue of the welfare of animals in transit, and it is worried that the presidency's proposals are not strong enough.

Andrew George: The Minister says that he wants regulations that work, but I do not think that we in this Chamber are better than anyone else at second-guessing the likely outcome of the various proposals. He says that his proposals would be as good, if not better, than the current arrangements. Is he prepared to stake his career and reputation on that, is he confident of the outcome and will he support the amendments proposed by the European Parliament? Surely that would directly achieve the outcome that all of us, including him, want.

Alun Michael: There is a lot in what the hon. Gentleman says. First, our categoric intention—I have written to all Members of the House about this—is not to relax the minimum value regulations unless and until something a great deal better is available. We want to achieve what people believe the regulations achieve. One reason for wanting to be sure that that is practical is that instead of just discussing it with DEFRA officials, my officials and I have been discussing it with the horse welfare organisations and organisations such as the RSPCA, and looking at what would work in practice.

A lot of hard work has been done and I commend the willingness of horse welfare organisations to engage with us to try to achieve something that works. A great deal of serious work is going on and the way in which some Opposition Members talk that down shows outrageous opportunism. The emotive language of the hon. Member for North Wiltshire on turning our horses into sausages is the opposite of engagement.

What the European Parliament decided yesterday is interesting and may be helpful. We shall examine that in detail. As I understand the amendment, it would allow

[Alun Michael]

a provisional ban on horses for slaughter, but subject to an assessment of the legal issues concerning the treaty. We need to know how it would work in practice and what is the relationship between the resolution, to which the commissioner gave a general tick, and other parts of European legislation.

I certainly give a commitment to examine that carefully to see whether it provides something that we can use, and I know that my hon. Friend the Under-Secretary of State for Environment, Food and Rural Affairs will consider the matter equally seriously. We are not sure that it will do so and I do not want to build up hopes, because it is not the easy stroke that a resolution sometimes seems to be, but we will consider it and what the Commission has to say about it to see where we can get to.

Clearly there are concerns among animal welfare organisations generally about the presidency proposals. We are taking a lead in Europe by working for effective regulation to protect the welfare of horses, not just in the United Kingdom, but throughout Europe, including the accession states.

I shall explain the current EU legislation. A lot has been made of the opt-out clause in the 1991 directive on welfare during transport. That clause was an attempt to acknowledge that the directive did not set welfare rules for horse journeys, so member states were able to make up their own rules. From that clause stemmed our legal basis for retaining the minimum value rules, although they do not do what many people think they do. In 1995, rules for horse and pony journeys were agreed at EU level and implemented in the UK in 1997—not immediately after they were agreed and not by the party of the hon. Member for North Wiltshire, but by the incoming Administration. There was a dragging of feet over the implementation of those rules and some hon. Members will remember the controversy over that.

In contrast, this Government are committed to and put high priority on high standards of animal welfare, but improvement in welfare rules, including enforcement, will really count if they are made at European level so that horses and ponies receive better protection during transport on the continent and not just in the UK. Last year, the European Commission brought forward its long-awaited proposals to amend the transport rules. This is where the issue of the impact of its proposals comes in. We are pleased that both the Italian and Irish presidencies have taken things forward.

During the negotiations, Britain has been seeking high standards for horses, along with better enforcement. Campaigning organisations say that long journeys for horses and ponies take place on the continent. I agree. That is something that we want to prevent. It is the prospect of British horses and ponies being subjected to such journeys that leads campaigners to press for a ban on live exports, and I entirely sympathise with those concerns, but let us be honest: the minimum value rules are out of date and, even more importantly, do not achieve the improved welfare standards for horses. It is not an option to continue to operate those rules unchanged. We want similar or better controls.

We considered an outright ban, but the problem is enforcement. That is why we have to look carefully at the suggestions made yesterday to see whether they would achieve what we want. There is no prohibition on horses being exported for other reasons—breeding, riding or exhibition. Once exported, we have no control over what happens to those animals. If we were simply to ban exporting horses for slaughter, the regulation would be enforceable only in the case of horses presented as destined directly for slaughter.

The hon. Member for Castle Point (Bob Spink) is right to say that the issue is what is good for business—that is, the slaughter taking place in this country—and good for horse welfare as well.

Bob Spink *rose—*

Gregory Barker *rose—*

Alun Michael: I must give way to the hon. Member for Bexhill and Battle.

Gregory Barker: The Minister is intent on seeing everything to do with horse welfare through the prism of the transport regulations. Would he be happy if, with the introduction of horse passports, there was a large increase in the number of British horses slaughtered to feed the Italian market for horsemeat, but the slaughtering took place in the UK and the horses were simply shipped as carcases? Is he prepared to preside over a regime that produces a major increase in slaughtering horses to feed the salami market?

Alun Michael: Does the hon. Gentleman want to stop the slaughter of horses in this country for export as meat? In that case he would be contradicting the ILPH and the RSPCA. They came to me recently to ask for a variation in relation to horse passports simply because they want the number of horses that are slaughtered in this country and which enter the food chain abroad to be maintained—they believe that that is in the interests of horse welfare. He must come clean about where he stands.

Bob Spink: My point is not that we should slaughter animals in this country to export them for food, but that we should seek to stop the live export of all animals from this country.

Alun Michael: The hon. Gentleman makes a valid point; if animals are slaughtered for export the meat goes abroad. He is right about the animal welfare imperative of approaching the matter in that way. I agree with him—I am delighted to say that I am prepared to make an exception on occasion.

Horses hold a special place in the heart of the British public, but we need to understand the relationship between the different elements. Those who are involved in the welfare of horses understand the issues and understand that the welfare of animals in this country—I am talking about humane slaughter at the end of a productive life—depends on the value of horsemeat after slaughter. That is an animal welfare consideration. It is also a consideration in relation to other animals.

In this country, we view horses and ponies as sporting animals, pets and companions rather than as food, but we need to be honest about the position of horses and ponies that are unwanted or have completed their useful life. Horses are slaughtered in this country for meat for human consumption abroad. Horse welfare organisations tell me that they want that to continue because it is good for the welfare of horses and it means that there is humane slaughter. Last year, more than 6,700 horses were slaughtered for meat for human consumption. They were slaughtered in this country for their meat to be exported—

Mr. Deputy Speaker: Order.

Drug Rehabilitation Services (Somerset)

3.45 pm

Mr. David Laws (Yeovil) (LD): I am very pleased to have secured this short debate about drug rehabilitation services in Somerset, and I am delighted to welcome the Minister. He may be aware that I have already met his colleague, the Under-Secretary of State for the Home Department, the hon. Member for Don Valley (Caroline Flint), and we discussed the issue on 27 January. Therefore, some dialogue has already been opened up, but I appreciate that drug services is an issue on which there is partnership between the Home Office and the Department of Health. I am therefore very pleased that a Health Minister is present.

The Minister knows that I was keen to secure the debate because there is something of a crisis in access to drug rehabilitation services, particularly in South Somerset. I am very pleased that my hon. Friend the Member for Somerton and Frome (Mr. Heath) is present because we both represent that area.

The Minister may know from the briefing that he has received from the National Treatment Agency for Substance Misuse that the waiting time to access drug rehabilitation services in South Somerset is way over the levels set by the agency, way over the targets set by the Government and way in excess of the waiting time that we want for the very vulnerable people we are talking about.

Perhaps I can highlight for the Minister two issues about access to services locally that give me most concern. The first statistic is the national target for the maximum acceptable waiting length for specialist prescribing. The Minister knows that, through the NTA, the Government have set a maximum waiting time of three weeks. That seems to be a sensible figure and it demonstrates that they want to give priority to people with serious drug misuse problems and get them into the system as quickly as possible. In Somerset, against the access target of three weeks, the average waiting time is 14.3 weeks. In South Somerset, the current average wait is 36 weeks, with the longest being 40 weeks. Those figures are very unsatisfactory and way above the time limit that the Government have set.

I received a letter from a consultant psychiatrist in substance misuse who works for the Somerset drugs service and assists many of the individuals who require access to the service. On 9 January, he wrote to me to say:

> "Whilst access to prescribing is currently determined by an assessment of risk I have been told to prescribe only to those within the Trust's red band on the risk matrix. This is defined by people who are at possible risk of unexpected death or likely or certain of permanent injury or serious assault on others. Excluded are those who are at possible risk of semi permanent injury, violence, aggression or self harm. The threshold ... is at considerably above what I would consider to be the clinical requirements for immediate prescribing."

There is therefore a very serious problem in Somerset, and especially in South Somerset.

Mr. David Heath (Somerton and Frome) (LD): I concur with absolutely everything that my hon. Friend has said. A third issue is recidivism in the criminal justice system. Recently, I spoke to a constituent who was a

[Mr. David Heath]

habitual criminal in order to pay for his drug habit. He had been released from prison and had returned home desperately wanting to get off drugs and find a way of escaping from a life of crime, but he will not receive treatment for the best part of a year. Inevitably, he will slide back into criminal behaviour unless he is helped. Is not that another factor that suggests that we need a much better service?

Mr. Laws: My hon. Friend is right. It is because many individuals with such needs have come to my advice centre in the past three to six months that I have taken up this issue. It is not only the individuals and their families who suffer as a consequence of the lack of timely access to drug rehabilitation services. It is almost certainly the case that the crime levels that we are experiencing in Somerset, in particular, are inflated because many people who have serious drug misuse problems are offending to fund their addiction. What is more, those people tell us that that is precisely what they are doing.

I acknowledge the progress that the Government have made since they came to power in 1997. The prime purpose of this debate is not to apportion blame among the various agencies in Somerset and the Government. I acknowledge that many people across the country are now receiving drug rehabilitation treatment. There has been a significant increase in the number, particularly since 1998.

I also wish to pay tribute to the work of the many agencies in Somerset, not least the drug service, the primary care trust, which seeks to work in partnership with the drug service, and the drug action team. All those agencies are trying to get on top of the problem, but in the past few months there has been too little progress in reducing the scale of it.

As my hon. Friend said, we have seen many individuals in our advice centres in the past three to six months who have come to us because they cannot get access to drug rehabilitation services at precisely the time that they need them. Ministers in the Department are on record as having said during the past few years that they want a service that will allow people, when they are ready, to access in a timely fashion the drug rehabilitation assistance that they need. We do not have such a service at present.

I have seen in my advice centre in the past few months individuals with a serious criminal background who tell me that they continue to offend to fund their illegal drug addiction because they cannot get assistance through the drug service. They have come out of the criminal justice system and are trying to re-establish their lives and their family's stability, but they have gone back on to drugs because they are not able to get support from local services. I have also seen individuals outside the criminal justice system who have been told that their best chance of getting access to drug rehabilitation services is to commit an offence so that they can be put through the criminal justice system and then perhaps be fast-tracked for drug treatment and testing orders.

Most tragically, I have seen individuals such as the parents of a young man who tried to commit suicide a few months ago. He is now in Yeovil district hospital with severe brain damage, having failed to get drug rehabilitation assistance when he needed it. Obviously, the details of that case must be investigated to establish precisely the reasons behind his actions, but it cannot have been a helpful factor that access to drug rehabilitation services is as constrained as it is.

Of course, all those individuals have a responsibility to themselves and to society to tackle their problems of misuse. We must not put all the blame on agencies, the Government and others. However, we have a strong interest as a community in resolving the problem, not only because of the effect on individuals but because of the effect on our community of higher crime levels and the effect on families of members who have drug misuse problems.

The figures that the Somerset drugs service sent to me yesterday and which I cited briefly at the beginning of the debate are horrific, particularly for the South Somerset area. I go back to specialist prescribing, which is where much of the pressure is. The waiting time limit set by the Government is three weeks, but the average waiting time in Somerset is 14.3 weeks, and that in South Somerset is 36 weeks, which is horrific. The Government's target for shared-care prescribing is, again, three weeks, but the average for the county is 6.5 weeks and that for South Somerset is 14.5 weeks. The Government want people to have assessments within a couple of weeks, but it takes roughly double that in Somerset and South Somerset. The local agencies and the Government face a huge challenge in dealing with the problem.

The waiting list for access in Somerset at present stands at 118 people, of which three quarters are waiting in the Yeovil area and in South Somerset. Therefore, there are particular difficulties in those areas. As a result, only priority and perhaps even only top-priority cases are being seen. People are being seen for assessment but not for treatment, unless they fall into the category of suicide risks or are pregnant women. That leaves out a huge range of people with really serious needs, some of whom pose a serious risk to society because of their drug addiction habits and the criminal activity needed to fund them. A huge range of people are altogether outside the system, including serious drug addicts, who are having to wait months on end—up to six, seven or eight months—to access treatment.

The Minister will probably know some of the reasons for the problems that we have in Somerset, which are rather well set out in a letter from the consultant psychiatrist in substance misuse whom I cited earlier. In his letter to GPs in the South Somerset primary care trust area on 9 January, he explained the background to the problems there:

"Last year we undertook a review of SDS prescribing policy. Our revised approach was consistent with *Models Of Care* (a National Treatment Agency document which in effect is a National Service Framework for drug services). We moved from an abstinence orientated service to one espousing harm reduction as a primary goal. We now aim to maintain people within treatment whilst offering a range of prescribing options within an evidence based framework. This policy was launched and endorsed at a multi-agency seminar in February 2003. At that stage and indeed subsequently SDS managers highlighted the prescribing cost implications. At an operational level the strategy has proved successful in so far as we have increased the numbers of people in treatment by almost 100 per cent."

I am afraid, however, that in the first half of the last financial year the Somerset drug service was so successful in getting people into the service and dealing with their needs that its prescribing budget, which was only £130,000 for the whole county, ran out about halfway through the year. At that stage, the service was still willing to continue assessing people but could not provide any treatment. That is why we now have such horrendous figures for waiting times, which are probably among the worst in the country—at least I hope that they are, because I would not want other areas to be experiencing worse problems.

We must consider what some of the solutions to the problem might be. The local agencies are already doing important work to help deal with the problem on the ground. The prescribing budget is to be increased in the next financial year by about 50 per cent., from £130,000 to £200,000. I believe that that uses some of the money from the Home Office's criminal justice drive to improve drug rehabilitation services for offenders. However, that may be of less use to those without an offending history. There will be more work locally with the primary care trusts to provide shared care and nurses. There will also be a shift in the staffing resources in Somerset, away from some of the areas that have lesser problems and towards South Somerset.

Significant problems are likely to remain, however. First, although the increase in the prescribing budget sounds quite impressive, it will be enough only to stabilise the existing number of people being dealt with. It may well not be enough to clear the backlog. Secondly, shifting resources in Somerset to South Somerset may improve the situation, but at a cost to other areas in the county. There is also a wider budget problem, in that the drugs action team budget for Somerset is to increase only by 0.07 per cent. in the financial year 2004–05. That will make it difficult to put the resources into prescribing, residential rehabilitation and other forms of treatment to improve the situation on the ground.

At my last meeting with the Under-Secretary of State for the Home Department, she pledged to look into the problem. She wrote back to me on 26 February to clarify that she accepted that we have a serious problem in Somerset and that she had asked the National Treatment Agency for Substance Misuse to look into the situation and to prioritise the waiting times in Somerset. She said that she had asked to be kept informed about progress on the issue. Does the Minister here today accept that there is a serious problem in Somerset and in South Somerset in particular? What can he do to encourage the NTA to take a proactive approach along with the local agencies to resolve the problem?

At present, we are in an unsatisfactory position, which is putting many people and their families at risk. It is also increasing the level of crime across the Somerset area and in South Somerset in particular. It will undoubtedly cost money to resolve some of the problems, but if we continue to allow them to go unresolved, it will be even more expensive to us in terms of broken families, failing services and the increase in crime that will result.

4.1 pm

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): I congratulate the hon. Member for Yeovil (Mr. Laws) on securing a debate on this important topic. He and the hon. Member for Somerton and Frome (Mr. Heath) raise valid concerns about service levels in their local communities.

From the remarks of the hon. Member for Yeovil, I know that he shares the Government's belief that effective drug treatment is vital if we are to drive down the misery and damage to society that the misuse of illegal drugs causes. The Government have shown themselves to be prepared to back up that belief with substantial extra funding. In this financial year, the pooled drug treatment budget has risen to £243.6 million, which coupled with substantial increases last year means that, in the past two years alone, local drug action teams have received average increases in funding well in excess of 50 per cent.

The Government's view that treatment works is supported by research. The national treatment outcome research study, the most important UK research into drug treatment, shows the enormous benefits to both society and those individuals who complete treatment. From an economic perspective, the findings have shown that every £1 spent on treatment saves £3 of expenditure in the criminal justice system. That finding alone would have been enough to persuade the Government that increasing the public money spent on drug treatment was justified and that helping individual drug users was cost effective for the population as a whole.

In addition, the national treatment outcome research study showed that the longer we are able to retain an individual who misuses drugs in treatment, the more likely it is that a successful outcome will be achieved. One of the key measures of whether additional funding is being used effectively is the Government public service agreement on treatment, which set a target of doubling the number of users in treatment by 2008. I am pleased that the latest figures, published in December 2003, show that the estimated numbers in treatment during 2002–03 increased by 41 per cent. against the estimated baseline of 100,000 in 1998, which means that we are on track to achieve our target.

The new funding that the Government have made available for drug treatment, to which the hon. Gentleman was kind enough to allude, needs to be spent effectively and that is why the National Treatment Agency for Substance Misuse was established in 2001. The NTA was created to set standards for the provision and commissioning of drug treatment performance and to monitor and tackle variations in treatment standards and availability wherever they occur.

One of the areas that the NTA has prioritised is ensuring that there are sufficient trained staff to work within treatment services. To address that issue, the NTA is implementing a work force strategy to encourage professionals to work in the field of drug treatment. That is already having a substantial impact, with the NTA reaching its 2008 target of 9,000 drug treatment workers by December 2003, an increase of more than 30 per cent.

We also recognise that we offer as much support and guidance as is possible for those groups who are providing treatment to drug misusers. Examples include

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the clinical guidelines on the management of drug dependence published by the Department of Health in 1999.

We have also developed guidance on the optimum models of care for drug treatment services. That document is known as models of care. It aims to provide the national framework for drug misuse services in England necessary to achieve equity, parity and the commissioning and provision of substance misuse care and treatment. It has the status of a national service framework.

As part of models of care, the NTA has required all areas to publish local care pathways by April 2004. I believe that that will be a major step forward in the delivery of drug treatment services across the country. In addition, the Department of Health has made £3.6 million available to the Royal College of General Practitioners to allow it to develop a course to assist health care professionals to develop the skills needed to work with drug misusers. The funding has meant that more than 1,000 health care professionals have been able to undertake the accredited training course.

Agreement has been reached for drug treatment in primary care trusts to be subject to the Commission for Healthcare Audit and Inspection star rating system. That means that drug treatment is now one of the national health service's top 10 priorities. As part of the work of setting standards in drug treatment services, the NTA is providing specialist advice to CHAI. The Under-Secretary of State for Health, my hon. Friend the Member for Welwyn Hatfield (Miss Johnson), who has responsibility for drug treatment, has also asked the NTA to explore the potential for developing a joint inspectorate programme with CHAI.

Overarching all the work that the NTA does is the need to reduce the time that anyone who needs drug treatment has to wait before their treatment begins. That is crucial as a delay in offering treatment can lead to the drug user losing their motivation to enter treatment, so that by the time a place is available, they are no longer interested and the opportunity has been missed. That is why, in December 2001, the NTA, working with the NHS Modernisation Agency to ensure that the targets were consistent with work going on elsewhere in the NHS, set maximum waiting-time targets against which drug action teams are being measured. Although there is some way to go, with delays in accessing treatment unacceptably long in some parts of the country, the overall trend is positive, with waiting times reduced from eight to 11 weeks to two to four weeks in most parts of the country. We are convinced that those waiting time reductions have had a substantial impact in reducing the numbers of drug misusers who are referred but who fail to enter treatment.

We now come to the issues that will be of real concern to the hon. Gentleman. One of the effects of a reduction in waiting times is that demand for treatment increases, as fewer users drop out while waiting for treatment. That is an issue that has been identified across the country. As part of their planning, drug action teams are expected to include an expectation of increased demand for treatment as a result of a reduction in waiting times. That seems to be at the root of the problems that have been encountered by the Somerset drugs service. I accept that local agencies should build in plans to cope with increased numbers seeking treatment as a result of the reduction in waiting times. However, I understand that the increased demand in Somerset was far in excess of anything experienced elsewhere in the country. To put that into context, if drug action teams are to ensure that the Government meet their target of doubling the numbers in treatment by 2008, they need to increase the numbers in treatment by approximately 10 per cent. a year. The Somerset drugs service had 287 active clients in July to September 2002, but the number had risen to 426 clients by the same quarter of 2003. That is an increase of almost 50 per cent. in one year, which is five times the national average increase.

Mr. Laws: I understand the Minister's point entirely, but one could derive two conclusions from that big increase in demand. One could be that there are significantly worse drug problems in part of Somerset than in other parts of the country. The other could be that the Somerset drugs service has been too successful in taking into the service many of the drug addicts out there. In either situation, the solution must surely be more funding to enable the service to deal with those individuals rather than push them away.

Dr. Ladyman: The hon. Gentleman is right. In many ways, the problem has been generated by success. It highlights the fact that we needed to start introducing these programmes and these substantial increases in expenditure to try to address what was clearly a hidden problem. We cannot simply turn a tap on and solve these problems overnight. That takes time. A particular problem arose in Somerset that is out of kilter with similar effects elsewhere in the country. We must examine the Somerset experience and ask ourselves how that needs to be managed in order to resolve it.

As I said, the fact that there should have been planning in no way removes responsibility from the local agencies to continue to reduce waiting times and to provide the treatment places needed. The hon. Gentleman voiced concerns about a particular local problem that needs a local solution. The NTA regional office, the Somerset drug action team and the Somerset drugs service have been working together to ensure that that happens. Delays in access to treatment are unacceptable. Delays in being able to offer treatment can lead to the drug user losing the motivation to enter treatment.

I know from a meeting that the hon. Gentleman had with the Under-Secretary of State for the Home Department, my hon. Friend the Member for Don Valley (Caroline Flint) and from a subsequent written response that he is aware of the high priority that has been given to tackling these problems. Partners at a local level have been active in putting in place short and medium-term strategies to address some of these problems. For example, the Somerset drug action team opted into the opening doors programme run by NTA and the National Institute of Mental Health for England, which will help to modernise services and to reduce waiting times. It has improved operating procedures in line with the opening doors programme to ensure a more consistent approach to the delivery of drug treatment services.

A data collection system has been established to monitor waiting times more accurately. This has also meant that we have, for the first time, accurate data on geographic areas that were not available before. The team also invested in two peripatetic nurses for the Somerset drugs service in 2002–03 to help to reduce waiting times. They are currently working in the high waiting time areas to increase capacity. In addition, the drug action team commissioned a strategic review of the adult drug treatment system. The final report makes clear recommendations about reconfiguration of service provision, and the team will act on those recommendations in 2004–05.

Mr. Laws: Will the Minister give way?

Dr. Ladyman: I have only a couple of minutes left, and I have a few more comments to make.

There has also been additional funding from the drug action team. In 2002–03 and 2003–04, increases in funding were made available to the Somerset drugs service. In 2004–05, £205,600 will also be made available for prescribing, which will provide another 74 places. That represents a growth in capacity of 56 per cent. since last year. Further increases in investment are expected in future years.

The NTA and the strategic health authority will work together to strengthen the commissioning of drug treatment services in Somerset to ensure that this particular local problem is overcome and that commissioning arrangements are as robust as possible. I have been asked to ensure that the hon. Gentleman and Ministers are kept fully informed of developments. I will also ensure that the hon. Member for Somerset and Frome is also appraised of progress and that they are both consulted on planned changes when appropriate.

It is always easy to blame a lack of resources for any problems that occur in the provision of services, but I do not believe that the concerns that the hon. Member for Yeovil expressed today about drug treatment services in Somerset can be explained simply by a lack of funding. The formula used to allocate funds will always mean that those areas with the greatest social and economic need will receive the largest increases, and I am sure that all Members will appreciate why that is so. This has meant that Somerset does not receive as large an increase in its pooled drug treatment budget allocation as some other areas of the country. Nevertheless, investment in drug treatment services in Somerset has increased by 47 per cent. in the past two years. The increase in 2004–05 may be very modest, but it was announced in advance so that it could be planned for, and Somerset will receive an additional 11 per cent. in 2005–06.

I again thank the hon. Gentleman for giving me the opportunity to speak on this important issue. I hope that what I have said today makes it clear that the Government are committed to access to effective drug treatment services throughout the country, and that we are committed to helping to ensure that urgent remedial action is taken where that access is lacking. I hope that he is at least partly reassured that we are aware of the problems in Somerset and that we determined to put them right.

Print Cartridges

4.15 pm

Mr. Huw Edwards (Monmouth) (Lab): I am pleased to be able to raise the issue of the recycling of printer cartridges and the waste electrical and electronic equipment directive, known as the WEEE directive. The purpose of the debate is to urge the Government to incorporate print cartridges in the implementation of the directive by the UK and to consider printer cartridges as electrical equipment rather than consumables.

I raise the matter because of the threat to the recycling industry that remanufactures printer cartridges, and the threat to the environment. The threat arises from the anti-competitive practices of some major manufacturers of printers and print cartridges, which use smart chips and, worse, killer chips, to prevent the reuse of printer cartridges. That could have a serious impact on the recycling industry in the next two years. Unless printer cartridges are included in the implementation of the WEEE directive as electrical equipment, killer chips and devices that thwart recycling will be considered permissible, despite the intentions of the European Union.

I acknowledge the help that I have had in preparing for this debate from the United Kingdom Cartridge Recyclers Association, and especially Mr. Malcolm Kerman of LaserXchange, in my constituency. I am also grateful to Friends of the Earth for its support for the campaign. It has said:

> "The Government must support the reuse of printer cartridges by ensuring that they are covered by the WEEE directive."

I have written to my hon. Friend the Minister about the matter a couple of times and tabled some parliamentary questions. I am grateful for the opportunity that I had to discuss the matter with him at the recent meeting of the all-party group on sustainable waste. Like many other hon. Members, I signed early-day motion 512, which has been supported by hon. Members from both sides of the House.

One of the companies in the industry is based in my constituency. It is called LaserXchange and was formed in 1990. It now employs just under 100 staff. The company specialises in collecting used printer cartridges, mainly from charity shops. Those cartridges are taken to the factory, opened and refilled with toner. The remanufactured cartridges are then sold to consumers as cheaper alternatives to new cartridges.

The practice benefits consumers, who find the cost of recycled print cartridges substantially less than the cost of the new product. Typically, a new black cartridge for the printer in my office in Westminster would cost £23.50, whereas a recycled or reused cartridge from LaserXchange would cost only £9.95 plus VAT. The prices for colour cartridges are £36.72 plus VAT, or £16.95 for a re-used cartridge.

The main products remanufactured at LaserXchange are laser toner cartridges that are used mainly by businesses, but the firm also manufactures inkjet cartridges, which are generally used by individuals with home computers. I have visited the LaserXchange factory twice in recent months—most recently with my

[Mr. Huw Edwards]

right hon. Friend the Secretary of State for Wales, who is also, of course, the Leader of the House. He asked me to consider to what extent recycled cartridges are used in the Palace of Westminster and in the Departments. I shall come to that matter a little later.

Collecting used cartridges from consumers and supplying the remanufacturers is a valuable source of income for charity shops such as Oxfam, Cancer Research UK and the British Heart Foundation. Seventy per cent. of the cartridges collected by LaserXchange come from those three charity shops. The remainder come from scout groups and schools. The charity receives about £2.50 for each cartridge collected. The industry therefore supports the developing world and the voluntary sector in the United Kingdom. Last year, LaserXchange distributed £162,000 to those three charities.

Apart from LaserXchange, there are several other major printer cartridge remanufacturers, including Green Man Toner in Epsom, IT Imager in Hemel Hempstead, PBTI International in Wells, Somerset, Applied Film Industries in Newcastle-under-Lyme and Cartridge World Ltd. based in Harrogate. There are also about 80 other companies in the industry. LaserXchange believes that its industry is under threat from increasingly sophisticated microchips, which are inserted into the cartridges. These are called anti-remanufacture devices, and according to the UK Cartridge Remanufacturers Association, nearly all new laser toner cartridges sold by international companies, such as Hewlett Packard, Lexmark and Xerox, contain such microchips, which can prevent or make uneconomic their remanufacture and use.

Current practices include using highly encrypted microchips to control cartridge functions, which prevent cartridges from being used a second time. These are referred to as killer chips, and use highly sophisticated microchips, operated by radio signals to control cartridge function. They are extremely difficult and costly to copy and make most of the cost of remanufacture prohibitively expensive. Article 4 of the WEEE directive makes the use of such devices illegal. I shall touch on that subject later.

According to one argument, substitute chips are available, so why we should worry? The Minister will know there is a concern that, with ever more encryptions being applied to the chips, the time and cost of producing a substitute mean that it is increasingly likely that they will not be available in future. The Minister's officials suggest that this will be addressed under the energy-using products directive, but can he guarantee that that will be the case? Can the remanufacturing industry wait until 2008 or 2010? From my own discussions, I hear that the industry might well not be in a position to benefit from the EUP directive if the Government do not act quickly. When I raised the matter on the Floor of the House during the Welsh affairs debate just before 1 March, I quoted some examples, including that of Hewlett Packard using killer chips. However, I have met officials of Hewlett Packard and received correspondence from them, and I withdraw that comment. It was inaccurate, and the officials assure me that, although they use smart chips, they do not use killer chips.

Notwithstanding that correction, companies such as Hewlett Packard are clearly in competition and consider the remanufacturers to be a threat, although perhaps not a major one. However, the remanufacturers consider Hewlett Packard's devices, and those of other companies, to be a very serious threat to their industry. Unfortunately, there is no formal definition of a "killer chip", and that will be subject to much debate.

The WEEE directive aims to reduce the amount of electrical and electronic equipment becoming waste, and to achieve that through reuse, recycling and other forms of recovery. It also seeks to improve the environmental performance of all parties involved in the life cycle of electrical and electronic equipment. Member states must comply with the directive by 13 August 2004. Under article 4,

"equipment must not include any designed features that prevent it from being reused, unless there is a safety or environmental reason for doing so."

The Government's position, as I understand it, is that printer cartridges are considered to be consumables, and are outside the WEEE directive's scope. That has been set out in letters to myself and other hon. Members, and in answers to parliamentary questions. However, the Minister will be aware that that view is contested by a number of legal and technical experts, who question, first, whether consumables are automatically excluded, and secondly, whether printer cartridges are not waste electrical and electronic equipment in their own right. He will also know that, if printer cartridges were included, it would not mean that all consumables had to be included, as there is no campaign for other consumables, such as batteries or CDs, to be included.

There are a number of key questions. Are consumables specifically included or excluded from the WEEE directive, or is that just the Government's interpretation? On what basis are printer cartridges deemed to be consumables? Does the directive provide the Government with the scope to include cartridges if they choose to do so? That last question is absolutely critical, because if the directive allows printer cartridges to be included, the Government must explain why they refuse to do so. I understand that as the directive is a minimum harmonisation measure it does indeed allow the Government to include cartridges.

I have made the point about whether cartridges are consumables, or whether the WEEE directive has been disputed by European legal and technical experts. According to Cornelius and Judge, in an article in the June 2003 edition of *Imaging Spectrum* magazine, modern printer cartridges are dependent on electrical currents and electromagnetic fields to work properly and are to be considered as IT and telecommunications equipment. They therefore should qualify as electrical and electronic equipment and should be considered under the WEEE directive. In effect, that means that although a printer has to be recycled, the printer cartridges that it uses do not. However, a printer is of no use without a printer cartridge; they are inseparable items and pieces of equipment.

The volume of waste from cartridges over the normal life cycle of the printer is 10 times that of the printer. The implication is that if cartridges cannot be considered as equipment, there may be severe environmental consequences and they are likely to end up in landfill sites rather than being remanufactured and reused. Such

a practice is environmentally damaging and contrary to Government policy on sustainability and waste management, particularly the September 2003 publication "Changing Patterns: UK Government Framework for Sustainable Consumption and Production". Yet the Government state that they want to support the recycling of cartridges.

I wrote to every Department asking for their policy on recycling. The responses were interesting—varied but encouraging. My hon. Friend the Minister for Energy, E-Commerce and Postal Services stated:

"I agree that the remanufacture and recycling of printer cartridges is important for the environment and the safeguard of the remanufacturing industry. We have a system in place whereby used cartridges are deposited at dedicated collection points, local at several points on each floor of our buildings. The cartridges are collected on behalf of our stationery supplier. Wherever possible, these cartridges are reused and made available as products re-branded by our supplier."

The Serjeant at Arms also gave me an encouraging answer, as did Baroness Amos at the House of Lords, and an Under-Secretary from the Office of the Deputy Prime Minister. The Department of Health provided the only disappointing response. A reply from an official stated:

"After consideration your letter has been passed to the Department for Environment, Food and Rural Affairs who have responsibility for these matters and they will reply to you directly."

That missed the point of the request, which was to ask the Department of Health what its policy was, not about wider Government policy.

In conclusion, the Government are clearly committed to recycling and the minimisation of waste, and Departments have indicated their support for recycling printer cartridges. I acknowledge that the subject is complicated and that the Minister has received much representation. I understand that his Department recently held meetings with both sides of the debate—the original equipment manufacturers and the remanufacturers—and I would be grateful if he could comment on the outcome of those discussions.

I urge the Minister to consider the position of the cartridge remanufacturing industry and the threat it is under from the use of anti-remanufacturing devices and other anti-competitive practices. Will he also state whether he believes that the EUP directive will protect the industry? How can he guarantee that and will it come into force in time?

The issue has been drawn to my attention because of the threat to a company in my constituency. I raise the matter on behalf of the 100-odd employees of LaserXchange, but also on behalf of thousands of individuals who want the right to buy recycled equipment for use with their computers and printers at home and at work, and of all those groups and individuals committed to the principles of recycling and sustainability. Encouraging recycling and the ending of anti-competitive practices that thwart the industry is in the interests of consumers, businesses and the environment. I urge the Minister to consider the points that I have made.

4.30 pm

The Minister for Energy, E-Commerce and Postal Services (Mr. Stephen Timms) *rose—*

Dr. Doug Naysmith (Bristol, North-West) (Lab/Co-op): I wonder whether my hon. Friend the Minister would give way before he starts speaking.

Mr. Timms: I give way.

Mr. Deputy Speaker: Order. It is a strange way of doing things, but the hon. Gentleman may carry on.

Dr. Naysmith: I intervene because we have an interesting situation, with two constituencies containing manufacturers of printer cartridges. Hewlett Packard is a major manufacturer and employer in my constituency. It is a high-tech industry—an example of the sort of employer that we attract. I want to reinforce the point made my hon. Friend the Member for Monmouth (Mr. Edwards): Hewlett Packard does not use so-called killer chips, or any other device to prevent the refilling or remanufacturing of cartridges, nor does it seek to inhibit the activities of that industry. It tells me that it supports the right of consumers to choose its products in that field, or to recycle products from other manufacturers, and believes that it can compete successfully on quality. Of course, that is a matter for the consumer. I hope that the Minister will take those comments into account in his reply.

Mr. Deputy Speaker: I hope that the hon. Gentleman will take advice on how best to make such an intervention in future.

Mr. Timms: I am grateful for the opportunity to respond to what has been said. I am particularly grateful to my hon. Friend the Member for Monmouth (Mr. Edwards), who has followed this issue with great interest and energy, and played an important part in drawing it to the attention of a wider audience.

This important issue has aroused strong feelings. In recent months, I have received many parliamentary questions—some of which were from my hon. Friend the Member for Monmouth—and an extremely large number of letters from hon. Members on this matter, which I take seriously.

It is important to note at the start that cartridge refilling is flourishing in the UK. About one third of the printer cartridges sold have been refilled. There is nothing in planned legislation that would put that at risk. I am told that a large expansion of the recycling operations is proposed. For example, one of the companies that my hon. Friend mentioned, Cartridge World, which has 210 outlets, lists on its website the sites where it plans to add another 90 locations. That will increase its number of outlets by 40 per cent.

Clearly, nothing in current regulation or technology is proving to be a barrier to the growth of that activity. I am pleased about that, because I agree with my hon. Friend about the important benefits of cartridge recycling, such as extra competition in the market, and environmental benefits. I am grateful to him for referring to the framework for sustainable consumption and production, which I launched with my noble Friend

[Mr. Timms]

Lord Whitty last year. The framework sets out important aspirations on which the Government, the Department of Trade and Industry and the Department for Environment, Food and Rural Affairs work together.

The independent printer cartridge refill sector has raised concerns that innovation in cartridge technology could make competition harder. At the heart of the issue is the question whether third-party refilling will be made more difficult. Two things are clear. First, the issues surrounding the development of chip technology in printer cartridges and the reuse of chipped cartridges are complex and certainly not as clear-cut as some think.

Secondly, the Government have been worried by the absence of a dialogue between independent refillers and equipment manufacturers, such as Hewlett Packard. I am pleased to be able to tell the Chamber that DTI and DEFRA officials were able to bring together representatives of the United Kingdom Cartridge Remanufacturers Association with several of the leading manufacturers last week. The meeting was held in confidence, at the request of both sides, but it was the beginning of what I hope will prove to be a constructive discussion between the parties on those issues. Both parties told us that they found the meeting helpful, and there are high hopes that the dialogue can be taken forward so that there can be more of a common understanding of the issues surrounding cartridge reuse. I have arranged to meet UKCRA representatives on 29 April to take that discussion further.

UKCRA has pressed the Government to use the WEEE directive to address its concerns. The directive was agreed in February 2003 and is due to be transposed into UK law this summer. It sets requirements for the separate collection, treatment and recycling of electrical and electronic equipment and makes the producers—manufacturers and importers—of that equipment responsible for meeting the costs of those activities.

UKCRA has asked the Government to use the directive to address the killer chip issue. It argues that cartridge manufacturers would have to comply with the product design requirements of the directive which aim to prevent manufacturers from designing out reuse and recycling. The cartridge refillers are concerned that, in a fast-moving market, it would be difficult to source replacements for chips used by cartridge manufacturers, although they might be replaced and the cartridge reused. The refillers have said that they are concerned that the increased rate of technological development in that context will squeeze them out of the market, as the chips will become more difficult or more expensive for them to replace.

I believe that it is important to make a distinction between killer chips and other types of smart chip, although I agree with my hon. Friend that this is rather a fraught area in which to reach consensus on a definition. I suggest that a killer chip is one that is designed to burn out the print-head mechanism of a cartridge so that it cannot be used again. As far as I know, only one manufacturer has developed and patented such a killer chip. However, I am assured that that chip has not been used in any products on the market.

Smart chips are often used to enhance the performance of cartridges for consumers; for example, they may assist in monitoring ink or toner levels in a cartridge. Their purpose is to provide an additional benefit to the user, and not to render the cartridge unrecyclable. Such chips do not prevent the refilling or reuse of the cartridge, although they may not be so easy to reset without proper equipment, to which refillers may not always have access.

We will continue to monitor the use of chip technology in cartridges.

According to our information, the technology for killer chips exists but there are currently none on the market, and there are no strong grounds for believing that that situation is about to change. Customer demand for more information on cartridge performance, partly driven by an investigation by the Office of Fair Trading into the pricing of new cartridges, has led to an increase in the use of smart chips in the past few years, and no doubt that trend will continue. However, so far, there is no sign of the sector's growth being seriously impeded by that trend.

I agree with my hon. Friend on the benefits of recycling, and I am keen to see those benefits harnessed. The refilling and remarketing of cartridges helps to mitigate environmental damage. There is a healthy refill industry in the UK, and I want to see that continue. I made the point earlier that reused cartridges currently represent just over 30 per cent. of the replacement cartridges on the market today. As my hon. Friend said, the DTI has a policy of actively encouraging the reuse of our printer cartridges.

The Government have a good deal of sympathy with the views of the cartridge remanufacturing industry. Many of the companies involved in that industry are small businesses competing with large manufacturers; they provide a valuable service, which gives real environmental benefits and minimises waste. They also help in providing consumers with a wider choice of cartridges than might otherwise be the case and, as my hon. Friend illustrated, often at lower prices. I also agree with him about the benefits from their support for charities.

However, the WEEE directive is not the right way to address concerns about competition in this area. The directive is based on article 175 of the EU treaty, which deals with environmental protection, and it might technically be possible for us to add cartridges to the scope of our UK implementation. However, I suspect that if we did we would be open to challenge because—this is the view of the specialists whose advice I have access to—it is very hard to define a cartridge as a piece of electrical or electronic equipment. There is certainly no requirement to do that in the directive, and I have not seen a strong case for gold plating the directive in the way implied.

I shall set out why that would not be helpful. First, there is a legal view that the directive applies to whole products placed on the market, not individual components or consumables. Computer memory chips, graphics cards, CD-ROM drives and others are in the same category. They need to be recycled only at the end of their life while still retained in the whole device, and it is the producer of the original whole product who is

responsible, not the manufacturer of each component. It is clear that printer cartridges fall into that category, and the European Commission takes that view as well.

Secondly, the printer cartridge remanufacturing industry needs to consider the other effects on its operations of including printer cartridges in the scope of the directive. There are obvious cost implications for the manufacturers of the cartridges, which would need to take on the directive's producer responsibility obligations for supporting collection and recovery of the cartridges sold to domestic consumers. That would be likely to mean that the original equipment manufacturers had a strong incentive to take back cartridges when supplying new ones, which they would then have to reuse or recycle themselves instead of those cartridges being available to recyclers.

Lastly, printer cartridge remanufactures may become obligated under the WEEE directive. They would be liable for the end-of-life costs for any cartridges they refilled and put back on to the market. They would have to fulfil the various registration requirements and provide financial guarantees for the future recovery of their products. All those factors would mean that there would be fewer cartridges available for the remanufacturers to refurbish, and the refilling industry would have to take on a number of additional burdens that it does not currently have.

All cartridges currently on the market are capable of being refilled and reused, which I welcome. We are currently considering the approach that we should take to the implementation of the directive's provisions to require that producers do not prevent reuse of products in the scope of the directive. We are weighing the fact that the majority of respondents to our recent consultation on implementation supported our proposals for a voluntary non-legislative approach, with a suggestion of a business forum to consider eco-design.

Should killer chips appear on the market, the right way forward would be for the Office of Fair Trading to examine evidence of abuse on competition grounds. I am not convinced that a smart chip used on a cartridge to tell a user the ink levels in the cartridge is an anti-reuse or anti-competition device. It seems to be a useful innovation, and I would be reluctant to see legislation passed against such innovation on the basis of the evidence that we have seen so far.

Mr. Edwards: Will my hon. Friend accept that some of the smart chips will be smarter than we are assuming? They are likely to become more sophisticated. I wonder whether the Minister has visited any remanufacturing plants himself. Would he like to come to LaserXchange in Abergavenny?

Mr. Timms: I have not yet had the opportunity to visit one of the plants, but I am looking forward to a meeting next month with UKCRA. I am not in a position to accept my hon. Friend's kind invitation, but I will certainly bear it mind.

I think that my hon. Friend would agree that we should not use the directive to hold back the sort of technological improvements that are appearing in the industry, which some of those chips do provide in printer cartridges. If there is an issue of competition, it should be addressed in another way. The energy products directive that he mentioned is currently being negotiated and that would be—

Mr. Deputy Speaker: Order.

It being fifteen minutes to Five o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Thursday 1 April 2004

[SIR NICHOLAS WINTERTON *in the Chair*]

Cetaceans

[*Relevant documents: Third Report from the Environment, Food and Rural Affairs Committee 2003–04 HC88*]

Motion made, and Question proposed, That the sitting be now adjourned.—[*Mr. Ainger.*]

2.30 pm

Ms Candy Atherton (Falmouth and Camborne) (Lab): I am pleased to be debating cetacean by-catch, the subject of the report of the Select Committee on the Environment, Food and Rural Affairs. The issue is urgent. Since the new year, more than 124 dead cetaceans have been recorded on the Cornish coast. It could be called a death tide. We are talking about the death of one of the most popular mammals.

A quick search of *Hansard* on the subject of cetacean by-catch is informative. For many years, the subject was barely mentioned, although my hon. Friend the Member for West Ham (Mr. Banks) stands out as a persistent voice of concern, as he has on so many animal welfare issues.

First, I shall deal with the Select Committee's inquiry, which I was privileged to chair. I shall deal next with the recently announced European Union regulations; and then the Government's response to the report, which arrived only last night. The Committee was fortunate in that some leading experts gave evidence. They include people who represent fishing organisations and the sea fisheries committees, as well as conservationists such as Nick Tregenza from Cornwall, and representatives of wildlife trusts, the Whale and Dolphin Conservation Society and Brixham seawatch. We are grateful to all who gave evidence for their time and their expertise. I also record my thanks to the Select Committee Clerk, who worked so hard on the report.

The Committee welcomed the publication of the Government's strategy. We recognise that concerted action within the EU is necessary and that EU law restricts what the Government can do alone. However, we want the Government to do more. Had the Government and the EU followed our recommendations, a great deal more would have been achieved to protect small cetaceans; but the impact on fishing would have been relatively small, as the costs would have qualified for EU grants. Sadly, neither the Government nor the EU proposed anything like the protection that the Committee recommended.

I shall now outline the background to the Committee's recommendations. The UK is party to several agreements to protect the populations of small cetaceans from by-catch. One is the agreement on the conservation of small cetaceans of the Baltic and North seas—otherwise known as ASCOBANS, which sounds like something from Harry Potter. Others include the European convention habitat directive and the United Nations convention on the law of the sea.

As the Department for Environment, Food and Rural Affairs pointed out in its response on UK small cetacean by-catch, marine mammals are particularly vulnerable to depletion from by-catch. By-catch is widely recognised as one of the most serious environmental problems resulting from modern commercial fishing. The treaties that I mentioned recognise that by-catch above 1.7 per cent. of the fish population would lead to population decline. ASCOBANS went further: acting in accordance with the precautionary principle, it set an objective to reduce by-catch to below 1 per cent. of the best available population estimate.

Estimating the population and the by-catch is difficult. Estimates suggest a population of about 150,000 harbour porpoises; between 300 and 500 bottle-nosed dolphins; and 75,000 common dolphins off the UK coast. Estimates of by-catch are complicated by a number of factors. Many carcases probably sink or decompose at sea without trace. The by-catch washed ashore could be the tip of the iceberg.

Mr. James Gray (North Wiltshire) (Con): Was the hon. Lady not concerned to read recent reports that a number of carcases that were washed up had holes in them, the presumption being that the carcases were holed in the hope that they would sink and not be included in the count?

Ms Atherton: Yes; that is one of the grave allegations that have been made. The Government need to pay attention to the fact that many carcases are lost and decompose at sea.

Mr. David Kidney (Stafford) (Lab): My hon. Friend is making a powerful case about the conservation issue, but does she agree that what has just been said shows that there is also an important animal welfare issue? "The Net Effect", the report by the Whale and Dolphin Conservation Society for Greenpeace, states that the injuries suffered by by-catch dolphins and porpoises

"typically include bruising, muscular tearing, broken beaks, torn and severed fins and flukes and cuts and abrasions on the skin".

Ms Atherton: My hon. Friend is perfectly correct. For the Select Committee, one of the most distressing parts of taking evidence was seeing photographs and pictures that showed the impact on dolphins. The public do not see such things because they take place out at sea. Their only manifestation is when we see dolphins and porpoises washed up on the beaches. That is when the issue comes into the public domain. There is a strong animal welfare issue.

Over 10 days in 2002, more than 300 dolphins and porpoises were washed ashore on the French Atlantic coast. The majority showed signs of having been caught in fishing nets in the exact conditions that my hon. Friend the Member for Stafford (Mr. Kidney) describes. Sadly, French public opinion has not been mobilised on this issue. We need to mobilise public opinion across the European Union, as it has been mobilised in this country.

The autopsies indicate by-catch as the cause of death in 30 per cent. of cases among harbour porpoises and two thirds of cases among common dolphins. In 2002,

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655 cetacean strandings were reported and preliminary data for last year indicated more than 650 cetacean strandings. In the Celtic sea, by-catch of the harbour porpoise is a serious problem. The porpoise appears particularly susceptible to being caught in bottom-set gill nets set in coastal waters. Estimates suggest that the by-catch of the fishery for hake between 1992 and 1994 was 6.2 per cent. of the local population of harbour porpoises, although levels of by-catch have probably declined as the size of the hake fleet has declined.

In the North sea, the fisheries of other countries have had a bigger impact on harbour porpoises. Bottom-set gill nets laid by Danish vessels alone are estimated to have killed nearly 5,600 porpoises between 1987 and 2001. That is estimated to be 3.3 per cent. of the local population. The UK fleet was estimated to be responsible for the by-catch of approximately 1,000 animals in 1995. As the fleet reduced, that figure reduced to about 600 in 2000.

We receive few estimates of the numbers of common dolphins killed as a result of by-catch. However, in February 2002, the then fisheries Minister, who is now Minister for the Environment, my hon. Friend the Member for Scunthorpe (Mr. Morley), said that he believed that up to 50 dolphins a day were being killed in the pelagic trawl fishery for sea bass. The Wildlife Trust estimated the figure to be between 2 and 3.5 per cent. of the local population. In the UK, by-catch of common dolphins occurs predominantly off the south-west coast of England during the winter months. I have to tell the House that I now dread the start of winter, when the slaughter of dolphins begins.

There are various ways in which small cetacean by-catch might be reduced. They include the use of acoustic pingers on certain set-net fisheries, which are effective at warning small cetaceans away; the introduction of separator grids into pelagic fisheries, which allows small cetaceans to escape; closing a fishery if by-catch exceeds a certain percentage of the relevant population; and designating special areas of conservation under the habitats directive.

Mr. Adrian Sanders (Torbay) (LD): When it comes to closing fisheries because a certain percentage of cetaceans have been caught, how would that be monitored? What percentage would be taken? Would the percentage reflect the cetaceans that were washed up on the shore, or would there be a calculation of how many cetaceans were dying, but not being washed up on the shore?

Ms Atherton: That is a good question. At the moment, we do not know how many cetaceans are being caught or the size of the populations. I will make the case for closing certain fisheries, but I will come to that later. Perhaps the hon. Gentleman will wait until I get further on in my speech.

Alan Simpson (Nottingham, South) (Lab): Will my hon. Friend confirm that, by taking us through the Select Committee recommendations she is, in a sense, outlining the options that were presented to DEFRA? In order to address the specific point about the stage at which we identify a proportion as unacceptable, it might be helpful for her to remind us that she was the one person on the Committee who said that we had already reached that point and that there was a compelling case for a six-month emergency ban.

Ms Atherton: My hon. Friend is kind. I was particularly keen that the Committee should consider the matter. I wanted action, and as I shall say later, the Committee members wanted immediate action, but were persuaded to take the DEFRA response options. I am trying to describe the process by which we came to our conclusions. We wanted to give DEFRA those options, but I now feel—I hope that colleagues agree—that we need to move on, given what the EU Fisheries Council has concluded.

Mr. Michael Jack (Fylde) (Con): Will the hon. Lady give way?

Ms Atherton: I am delighted to give way to the Chairman of our Select Committee.

Mr. Jack: Will the hon. Lady confirm that one of the many important recommendations in the report was the need for better research further to inform the work that she has ably described so far, which should be principally conducted by DEFRA?

Ms Atherton: We were strongly of that view and the Chairman of the Committee is quite right. We were appalled at the lack of information. We felt that more needed to be done, and more is being done. I look forward to the data that the Minister might be able to give in his response. Now, if hon. Members would be kind enough to allow me, I had better make some progress.

I hope that hon. Members read our report, but I would like to talk a little about the areas considered and the particular methods that could be used. We welcomed DEFRA's proposals to make pingers compulsory, but we were concerned about the restrictions that it proposed on the limits. DEFRA said that pingers should be mandatory in the Celtic sea, but only on gill nets more than 6 nautical miles from the coast. Apart from the impracticality of enforcing that, there is good evidence from countries where more intensive observer monitoring of gill net fisheries has been carried out that inshore nets catch porpoises just as effectively as offshore nets. The Committee therefore recommended that pingers be made mandatory on all bottom-set gill nets in the Celtic sea as well as the North sea.

DEFRA has made no recommendations to introduce pingers in the English channel on the basis that the by-catch is negligible as there are very few porpoises. We accept the view of the conservation organisations that the decline of the cetacean populations to such low levels in the English channel is the precise reason why measures to limit gill-net fishing are required to allow them to recover. We therefore recommended the use of pingers on gill nets in the English channel. We were concerned that the Government had supplied insufficient information on how effective pinger operation would be measured and where inspection would take place. We urge the Government to provide answers to those questions as soon as possible.

We also recommended that the Government give serious consideration to prohibiting completely bottom-set gill nets in those areas if pingers were proven to exclude harbour porpoises from key habitats to the detriment of those populations. The recently agreed EU directive makes pingers compulsory only on fishing vessels over 12 m using fixed gear in the North sea, the English channel and the Celtic sea. The date for implementing the mandatory use of pingers has been postponed from 2005 to 2007 depending on the fishing area and gear used. I believe that that is very worrying. I recommend that the Government accept the recommendations in the report in respect of UK-registered vessels.

Let me turn to the pelagic trawls, which are implicated in the deaths of so many common dolphins. A typical pelagic pair trawl involves a stretch net large enough to cover the Sydney opera house pulled between two boats. The largest could hold 10 jumbo jets. There is clear evidence that the sea bass pelagic trawl is the primary cause of death of common dolphins as a result of by-catch. Trials of separator grids have been encouraging and we commended DEFRA for funding those trials over several seasons of the sea bass fishery. However, if by-catch in the sea bass fishery is to be addressed effectively, action must be taken at European level. The United Kingdom Government are prevented by the common fisheries policy from imposing restrictions on other UK-registered vessels that are more stringent than any restrictions already imposed by the European Commission.

It is extraordinary that we do not know the size of the sea bass fleet of different countries. The National Federation of Fishermen's Organisations estimated that there are 60 French vessels working in 30 pairs, fewer than 10 Dutch vessels, which are large and do not work in pairs, and between two and six Scottish pair teams.

Mr. Sanders: I understand that there are at least 12 Scottish vessels currently working out of Plymouth, so those figures are somewhat suspect.

Ms Atherton: That is the point.

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): Six pairs.

Ms Atherton: Yes, six pairs. I am trying to make the point that there is no real knowledge of the numbers and the Committee found that extraordinary. We felt that there should be more information, which should come not just from the National Federation of Fishermen's Organisations but should be known at EU level. How can we tackle the problem if we do not know the size of it?

Mr. Gray: The hon. Lady is making a powerful point. If the position we are in today is a result of the common fisheries policy, surely it would be better if the UK were able to act independently. We could then take a lead and perhaps declare a complete ban on trawling in pairs, which might lead us to repatriate the common fisheries policy here. Surely the situation would be better than it is at the moment.

Ms Atherton: I had a feeling that the Conservative party might rise to the bait. If we went down the route proposed by the Conservative party, there would be a free-for-all and all cetaceans would be in greater peril than if we acted collectively.

The prospective Conservative candidate in my constituency recently held a press conference. I was contacted by a television company which told me that the candidate was accusing me and was very cross because we were not calling for separator grids or pingers. He had not read the report, which was not a good way to start, and his comments ended up on the cutting room floor. It was interesting.

The Select Committee recommended that the Government should aim to reduce by-catch of the common dolphin in the pelagic trawl fishery for sea bass to within 1.7 per cent. by the end of two fishing seasons from now. The Committee and I have been criticised for that, but we took the view that the Department should be allowed to pursue its plans and to work at European level for the reasons that I have described. We urged the Government to work towards convincing other member states to adopt mandatory use of grids in the sea bass fishery if the current separator trials proved successful. We recommended that, if other member states did not agree to deploy separator grids or take other effective mitigating action to reduce the cetacean by-catch, the Government should make a formal request to the European Commission to impose emergency measures in the form of closure of the pelagic trawl fishery for sea bass.

There is some evidence of by-catch in pelagic trawl fisheries other than sea bass, but insufficient monitoring has been carried out, so it is impossible to know the full extent.

Matthew Taylor (Truro and St. Austell) (LD): On separator grids, I am sure that the hon. Lady is aware that fishermen in my part of the country are saying that the grids are misplaced and not effective. The dolphins that escape through them show clear signs of severe damage. Photographs taken of the recent massing of porpoises off Cornwall show clear evidence of substantial damage to a large number of dolphins. They were not killed by the nets but were damaged by them, including, for example, a dolphin with its entire dorsal fin ripped off. Some people argue that the majority of dolphins show signs of damage. I hope that the hon. Lady will accept that the use of the grids is by no means proven to be effective in a fishery that risks destroying the bass stocks as well as the dolphins.

Ms Atherton: The hon. Gentleman makes an interesting point. The fishermen to whom I have spoken are considering all sorts of measures to try to solve the problem. Many of them do not want a situation in which both the fish stocks and the dolphin stocks are depleted. I accept that more work has to be done.

We recommend that the Government place much greater emphasis on moving quickly to set up long-term observer monitoring programmes for other pelagic trawl fisheries that take place off south-west England in the winter months, such as those for mackerel, horse mackerel and tuna. The fact is that fishermen, dolphins and porpoises all hunt the same prey—fish—and that is why these tragedies occur.

I am concerned that the EU regulation does not ban certain practices or make any recommendation on the use of devices to mitigate cetacean by-catch in the

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pelagic trawl fishery, but instead only recommends that observers monitor the by-catch until the review of the regulation in 2008. I believe that the public will be astonished by that. Not even to agree that separator grids should be used is quite wrong and leads me to conclude that we shall have to explore different solutions.

There is widespread support among conservation organisations for the introduction of a mortality limit scheme set at a limit of 1 per cent. of the available population. Even so, we agreed with DEFRA that to be successful such a scheme would have to be agreed upon and implemented at the European level. A single member state could not unilaterally implement such a scheme because it would require the co-operation of all the member states involved in a particular fishery. We therefore recommend that the Government pursue discussions about the introduction of a mortality limit scheme at the European level, particularly for sea bass. Such a scheme could provide a long-term management solution for the fishery if agreement between all member states prosecuting the fishery could be achieved.

The UK has identified three candidate special areas of conservation—SACs—that could offer protection for the bottle-nosed dolphin. No SACs have been identified for the harbour porpoise because of the difficulty in identifying the areas that they inhabit. I understand that further work is under way; perhaps the Minister could confirm that. We consider that such SACs should be considered a matter of priority.

Part of the consideration of whether restrictions should be imposed on fisheries is the question of whether they would be legal. The nub of the issue is the interaction between the habitats directive and the CFP. Under the CFP, the restriction of fisheries for conservation reasons is a function that falls within the exclusive competence of the European Commission. Consequently, it is not at all clear whether the UK Government are legally able to impose restrictions on fishing activities in SACs. If the Commission concludes that member states are not able to impose such restrictions, other action must be taken at European level to ensure that the protection offered to marine species in SACs is meaningful. I understand that DEFRA has yet to receive a response from the Commission on the matter, despite the nine months that have elapsed since the UK raised the issue. Can the Minister confirm whether the Government have heard from the Commission yet? We urge them to pursue the matter.

As I mentioned earlier, the European Union Fisheries Council has only just reached agreement on EU action. In July 2003, the Commission adopted a draft regulation to curb small cetacean by-catch. It went through a process of scrutiny and negotiation in Council working groups that included civil servants from member states and the fisheries committee of the European Parliament and then the European Parliament itself. The Fisheries Council reached final political agreement on a new regulation only after arduous negotiations on 22 March. The regulation is meant to be a short-term first step towards addressing the by-catch problem. The Commission and the committee agreed that independent observers were vital, and the Commission proposed that member states set up as a matter of priority on-board observer schemes to monitor the incidental capture and killing of cetaceans in several high-risk fisheries where pelagic trawls or gill nets are used.

The draft regulation has been considerably watered down in its final form. As I have said, pingers will be mandatory only on vessels of more than 12 m using fixed-net gear in the three seas, and fisheries using pingers will not be subject to the on-board observer scheme. The date for implementing pingers has changed from 2005 to 2007. That wait-and-see approach will see thousands more porpoises and dolphins and possibly whole populations dying needlessly. It is disappointing to say the least that, in an area where concerted action is needed at EU level, the EU has singularly failed to deliver an effective solution.

There is undoubtedly a need for a comprehensive scheme to monitor by-catch, so that long-term measures can be designed to be as effective as possible. However, EU member states have been under the obligation imposed in article 12.4 of the habitats directive to monitor the incidental capture and killing of cetaceans for a long time, and they have failed to do so. Under current proposals, the cetacean population will continue to pay a high price for the inaction and failure of member states to meet their legal obligations.

Alan Simpson: Will my hon. Friend give way?

Ms Atherton: I am aware that I am going on longer than I intended, but I am happy to give way to my hon. Friend.

Alan Simpson: I want my hon. Friend to focus on one point. She makes a very powerful case, but, without wishing in any way to detract from the importance of monitoring, given the evidence of the scale of by-catch casualties and carnage, is the question not about the enforcement of emergency measures? As a Government and Parliament, do we not need to face the question of what lead the Government can take in delivering the pressure and demands for emergency measures, rather than sitting back within the safe but marginal area of the research and monitoring regime?

Ms Atherton: My hon. Friend is, once again, quite correct and, if he will allow me to complete my argument, which he has foreseen with great foresight, he will be pleased with my conclusion. It concurs with his own.

There is already abundant evidence that the trawl fishery and, particularly the sea bass fishery, is killing cetaceans at a level that the population cannot sustain, and in breach of the legally binding ASCOBANS agreement. The nub of the issue is contained in article 7 of the European regulation on the conservation of fisheries, which says:

> "If there is a serious threat to the conservation of living aquatic resources or to the marine ecosystem resulting from fishing activities, which requires immediate action, the Commission, at the substantiated request of a Member State or on its own initiative, may decide on emergency measures which shall last not more than one year."

The Government took similar action recently in relation to the coral reefs known as the Darwin mounds off Rockall. A decision can be made within 15 days and emergency measures have immediate effect.

The possible use of article 7 to protect cetaceans appears to have been ignored in the DEFRA response strategy, which refers only to the weaker powers for emergency closure of a fishery under article 8. The time has come for the Government to apply to the European Commission for the use of article 7 to close the sea bass fishery from the beginning of the next season in November. No dead dolphins next season would conclusively make the point.

Another conservation and fisherman-friendly policy would be to exempt those vessels in the sea bass fishery that use separated grids and other conservation-friendly methods. I ask the Government urgently to seek legal opinion about what is possible and to apply to the Commission for closure.

Further information on populations and by-catch levels should be forthcoming in the next year. As an interim measure, the European Commission has funded a voluntary observer scheme, putting their observers on the pelagic trawl. Unfortunately that missed most of this winter, when the problem is at its biggest. Observers on British boats are reporting that they are catching far too many dolphins, although numerical data have not been reported. The Greenpeace boat Esperanza has been patrolling the coast off Cornwall this winter and produced photographs of dolphins following the sea bass fishery. Another major survey of cetacean populations called SCANS II is planned for 2004.

Article 7 will allow up to 18 months' breathing space to find a longer-term solution based on the better data. Waiting till 2008 for the formal review of the EU regulation on by-catch with no guarantee of any mitigation methods to reduce by-catch in pelagic trawls is unsatisfactory.

Matthew Taylor: Will the hon. Lady give way?

Ms Atherton: I am sorry, but I am just finishing and I have been generous with hon. Members throughout.

The EU has the ability to act before 2008 under existing powers. More data will become available that will enable further informed decisions to be made. Our Committee wanted to see the slaughter end. We were prepared to give the Government and the EU space to put the various schemes into operation on a limited time span. I believe, however, that the watered-down plans from the EU mean that the Government have to take action to safeguard the dolphins and porpoises for the future. I urge the Government to act.

3.1 pm

Mr. Adrian Sanders (Torbay) (LD): I congratulate the hon. Member for Falmouth and Camborne (Ms Atherton) on her report and its conclusions. I will concentrate on one small aspect of it, which goes to the heart of the issue: the point at which action is taken. One per cent. of the population has been mentioned as the trigger for action, as it puts the sustainability of the population in question. One per cent. does not sound like much, but, to put it in human terms, if 1 per cent. of the population of the United Kingdom dropped dead for some unknown reason, that would be 580,000 people, and we can be sure that, if we knew what the reason was, action would be taken immediately.

What we know about by-catch deaths of cetaceans is drawn from those that are washed up on the shore. It is suggested that 1 per cent. of the bottle-nosed dolphin population is 50, and nobody claims that 50 bottle-nosed dolphins have been washed up on our beaches in any one year. Even if we took into account the figures from north-west France as well as south-west England, we would reach nowhere near 1 per cent. However, we are close to the threshold for the common dolphin. Last year, more than 600 were found on the beaches of north-west France and of south-west England—close to the 750 figure that would be 1 per cent.

As the hon. Lady mentioned, and as I mentioned yesterday, the by-catch that we record on the shoreline is probably only a fraction of the actual by-catch. The fishermen know that the dolphin is a protected species, and they do not want to admit that they have caught them. There are examples of pelagic trawl operators cutting up the dolphins in order, they hope, that they would sink to the bottom of the sea and not be recorded. That is why it was obvious that one of the initiatives required was observers on boats. Of course that is a voluntary scheme and not all pelagic trawl operators want observers to see precisely what is going on. However, we are dangerously close to that 1 per cent. figure, and we might already have exceeded it.

Matthew Taylor: Is not the key issue with bass pair trawling the fact that, as well as apparently killing large numbers of cetaceans—I certainly agree with my hon. Friend's argument that the problem is getting beyond the trigger level for a species that does not reproduce quickly—the technique is wiping out the bass fishery? It is not a sustainable fishery, irrespective of the problems with dolphins and porpoises. That is why it is so hard to understand why the Government are not taking the lead in pressing to put a stop to that form of bass fishery, especially given that few British boats are involved in it. I am not sure whether the hon. Member for Falmouth and Camborne (Ms Atherton) was suggesting the closure of all bass fishery in her conclusion, or just that that technique be stopped. Given that the fishery is unsustainable, the Government should be pressing for closure irrespective of the trigger levels.

Mr. Sanders: I agree with my hon. Friend. We should be asking for closure of that particular method of fishing, not of the entire fishery for bass. Perhaps the hon. Member for Falmouth and Camborne can make it clear that we are talking about the closure of pelagic pair trawling—

Ms Atherton: Of course I want to make that clear.

Mr. Sanders: I am grateful to the hon. Lady. In that case, we are at one on the issue. Observations and representations are coming from hand-line bass fishermen, who are as concerned as anyone else about by-catch levels and the sustainability of stocks of bass, for which they fish legitimately and without any by-catch.

I conclude that the trigger point is the crucial part of the argument. The Government need to address that. I know that part of their response will be that we need

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more verifiable evidence. The evidence that has washed up on our shoreline has been subjected to post-mortems at Regent's Park zoo, in which the cause of death of those creatures has been found irrefutably to be by-catch. Those numbers are well in excess of 1 per cent. of the population if the lower estimates are accepted—the figures that I gave earlier were at the higher end of the range—and therefore endorse what the hon. Lady says, and what I said in the Chamber yesterday: we need to ban this method of bass fishing without delay.

3.8 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I start by congratulating my hon. Friend the Member for Falmouth and Camborne (Ms Atherton) and the other members of the Select Committee on their work. I further congratulate my hon. Friend on her clear and powerful opening presentation.

It is probably no coincidence that half of the Members present come from the south-west peninsula, although not all of them have a shoreline in their constituency. We have a great appreciation of the benefits of having such a wonderful marine coastline in the south-west, and I think that we all share not only concern but enthusiasm for the marine wildlife in which we are so rich.

I have the good fortune to have in my constituency the national marine aquarium, which many people may not have heard of before last weekend's event, when HMS Scylla—the last Leander-class frigate to be built in Plymouth—was placed as an artificial reef in Whitsand bay. Following that project by the aquarium, many more people in the UK and further abroad will now have heard of that centre of excellence, and will know of our aspirations that Plymouth should become a sport diving centre of excellence and tourism for the south-west.

I confess that I missed the boat: having played a major part in bringing the project to a conclusion, I found myself at Mayflower steps in Plymouth at a quarter to 2, but the boat had left at half-past 1. I have not investigated how that came to be, but I was able to phone for assistance and a fast rigid inflatable was sent for me. Juan Romero, who was driving it, said to me, "I hope you don't mind speed." I did not tell him that although I represent a marine constituency, I have occasionally been known to be seasick on a pontoon, never mind on a boat. Nevertheless, we sped from the Mayflower steps to Whitsand bay in about five minutes. Anyone who knows the area will realise that we were going at a considerable speed.

We made it in time to join the waiting party and then had to wait an hour for the right conditions to sink the boat. On the way—this is relevant, Mr. Deputy Speaker—I am pleased to say that dolphins were spied in Plymouth sound.

Mr. Deputy Speaker: Order. I can tell the hon. Lady that even the Chair is attracted by a good story.

Linda Gilroy: Thank you, Mr. Deputy Speaker. Not only are dolphins highly regarded and one of our favourite forms of marine wildlife; they are considered to be harbingers of good luck. We hope that that sighting brings good luck to the project.

The UK has many aquariums, but the national marine aquarium is the first to come into being solely for the purpose of education, conservation and research. Research is an important aspect. The centre has had more than 1.5 million visitors, but it has also become firmly established as a source of reliable and accurate information. It is also a regular source for newspaper, magazine and television projects, including the well-known BBC "Blue Planet" series, which deals with everything from seahorses—my favourite—to whales. The cause of dolphin and porpoise strandings is of great interest to the aquarium.

As has been said, it is more than 10 years since reports of dolphin strandings became an all-too-frequent and extremely unwelcome feature of local and regional news reports. That increase seems to have become associated with the increase in fishing for sea bass. Various trials and proposals have been suggested to mitigate that tragic and unintended cull. The Select Committee investigated it in considerable detail and proposed limiting the by-catch to 1.7 per cent. of the estimated population, but it spoke also of the difficulty of working out what the population might be. Technical proposals, observer monitoring and closing the fisheries have all been suggested.

Criticism has already been made of the trials that DEFRA has put in hand, but I pay tribute to the Department because it has taken a lead in recognising the serious nature of the problem and the reality of the approach and attitude of other European Union member states. We shall doubtless hear from the Minister what has been achieved at the European level, what constraints were imposed on making agreements and what is the potential for moving on.

Hon. Members have already indicated the great interest of many fishermen in the subject. They are often seen as the bogeymen, but many of them take a keen interest in the conservation issues that affect marine habitats, despite the fact that fisheries are under great stress and in decline in many ways.

I was very interested to read on page 42 of the evidence to the Select Committee that Mr. Barrie Deas acknowledged the very serious problem of dolphins. He says:

"Our view is that every attempt should be made to quickly establish whether acoustic deterrent devices and/or escape windows are effective in reducing dolphin bycatch. In the absence of rapid progress we would not oppose a more restrictive approach, up to and including a prohibition of this fishing method"—

the pair trawling method—

"for bass."

In passing, I point out that the conclusion of the memorandum presented to the Committee raised the interesting concept, which I have not come across before in reference to fishing, of a possible role for fishermen as stewards of the marine environment parallel to that emerging for farmers as stewards of the countryside. That was not one of the Committee's recommendations, but will the Minister, in his concluding remarks, say whether DEFRA is considering such a role? I would greatly welcome its doing so, as the proposal is very

interesting. That is certainly borne out by the symbiotic and constructive relationship between many fishermen and the researchers at the national marine aquarium in Plymouth, which carries out marine conservation activities.

The Select Committee report made two broad points that were very much reflected in the speech of my hon. Friend the Member for Falmouth and Camborne. The first is that we need to recognise the urgency of the situation and the fears of those who believe that it may be too late to consider any more sophisticated proposals if we do not act soon. I tend to agree. I believe that calls for the closure of the winter pair trawling fishery are merited and should be seriously considered, although I appreciate that that might cause problems, which the Minister will doubtless outline to us. We should not delude ourselves that we will be immune from the moving goalpost syndrome that we all come across when trying to tackle problems. If we try to solve the problem by doing one or more things, the problem tends to move on in the interim.

I urge a word of caution in our consideration of these matters. This morning, I spoke to Mr. Kelvin Boot of the national marine aquarium—I see that the Minister is nodding, so he is aware of Mr. Boot's contribution to these matters and the affairs of the aquarium. Mr. Boot told me that the boats and the porpoises, and the shoals that they follow, have moved inshore this year, which shows that the situation is not static, particularly in relation to fisheries. That is true of all problems that we tackle in various spheres of government.

I want to comment in passing on the role of the European Union, which the Opposition spokesman, the hon. Member for North Wiltshire (Mr. Gray), mentioned in an intervention on my hon. Friend the Member for Falmouth and Camborne. Among other things, the national marine aquarium is involved in the Biscay dolphin research programme, which it supports. The programme has shown that the common dolphin, which breeds in the bay of Biscay in the summer, moves to the western approaches off Devon and Cornwall in the winter. During the summer those animals are threatened by the tuna nets in the bay of Biscay, but are later exposed to the dangers off our coast about which we have heard so much today. We have been talking about both animal welfare and conservation issues. Dolphins are predators and as such prey on weak and sickly fish, which helps to maintain the health of the fish stocks. All that illustrates that fish do not recognise national boundaries, so we must come to an agreement when dealing with such matters.

Mr. Gray: I agree that it is essential that such matters should be agreed internationally, not only in the European Union, but across the globe. It is no good our saving porpoises and dolphins in Britain—it must be done everywhere. The question is by what means we should do so. It appears that the EU has been remarkably ineffectual in achieving those goals, which is why I call on the Government to take unilateral action.

Linda Gilroy: I hear what the hon. Gentleman says. We shall probably have to agree to differ on how to address the problem. We may agree on what the common problem is, but the EU framework, difficult and frail as it might be, is better than trying to negotiate such matters separately and from outside such a framework.

Mr. Bradshaw: Does my hon. Friend agree that were the United Kingdom to be outside the CFP, we would have absolutely no leverage on other EU countries with which to do anything about the problem at all?

Linda Gilroy: I certainly agree. My hon. Friend has put the matter much more clearly and robustly than I just did. No doubt he will make such a robust case in his concluding remarks.

We must take urgent action to tackle today's problems, based on only the best available knowledge. In several years, however, we may wonder why something that at first appeared effective has not solved the problem. It is therefore vital that, while taking action within the bounds of our present knowledge, we should take further steps to research and understand how things work, why the fisheries move inshore, as it has been suggested they do, and what the consequences of that might be for the by-catch problem. Will it create greater dangers to porpoises and the bottlenose dolphins, which tend to come inshore, rather than seeking the deeper waters that the common dolphin inhabits? However, we cannot wait on that research before doing something because by then it may be too late to take effective action.

I conclude by again congratulating my hon. Friend the Member for Falmouth and Camborne on the Committee's work. I hear her passionate plea for article 7 emergency action. She made a powerful argument for seriously considering winter closure of the pair trawl sea bass fishery. I look forward to hearing from my hon. Friend the Minister, who I know has a good command of European matters and negotiations, as well as a strong commitment to animal welfare and marine issues.

3.24 pm

Mr. David Drew (Stroud) (Lab/Co-op): I, too, thank my hon. Friend the Member for Falmouth and Camborne (Ms Atherton), who chaired the Sub-Committee and took us through the report. Until I sat in on the Committee, I was largely ignorant of the cetacean crisis. It was entirely down to her inspirational leadership that we really got behind the issue and it was forced on to the agenda. Some of us would have liked to discuss other items, but she was absolutely committed to ensuring that it got the correct priority. We are grateful to her for that.

I am from the south-west, although that will surprise some people—*[Laughter.]* The Minister always thinks that am I bit dubious—in more ways than one. I make no apology—despite my accent—for saying that I come from the south-west. I have a coastline in my area, and dolphins and porpoises occasionally come up, if nothing else, to see the strange people on the Severn bore—perhaps I should add that I am not the Severn bore. However, those creatures occasionally come up to see the strange things that human beings do.

If I had a criticism of the DEFRA Committee, or the MAFF Committee as it was, it is that its members get somewhat used to death and occasionally have to deal

[Mr. David Drew]

with carnage. In this case, however, I have been really taken aback—it is almost a case of wilful murder. Some of our nearest relatives are being slaughtered for apparently purely economic reasons, and we do not really understand the repercussions. There is always a danger that we, as politicians, will go over the top in trying to get cheap publicity, but in this case we have a responsibility not only to our generation, which, I hope, is increasingly interested in the environment, but to future generations. Unless we take action now—this has been the common theme in all the speeches so far—things will get much worse; indeed, this is a catastrophe in the making.

There is a nice notion that we can set a target and say that 1.75 per cent., going down to 1 per cent., of the so-called population is expendable in terms of by-catch, but we do not know what the population is. New Labour might be good at setting targets, but we need a rough estimate of the overall size of the problem. Here we are setting targets, hoping that we can roughly gauge what is out there in the ocean, but it is as though we were simply holding our finger up in the wind. That is the most inappropriate use of targeting that I can think of.

I am increasingly interested in the marine environment. It was very useful that, at the same time as the DEFRA Sub-Committee was considering cetacean by-catch, the main Committee was considering the marine environment. That was not deliberate—we are not that well organised, although things sometimes happen when we stumble on an issue.

At the oceanography centre in Southampton, we were told in a very straight-faced manner that if people carried on the way they were going, they would probably wipe out half the species in the ocean over the next couple of decades, even though they did not know about them. Is it not staggering that there are so many things in our oceans that we are wiping out in total ignorance of their existence?

Ms Atherton: Does my hon. Friend agree that because that mostly goes on underwater, we do not see the devastation that we, as human beings, are inflicting on the oceans and the sea bed, and that there would rightly be an outcry if such things happened on land?

Mr. Drew: I agree entirely, although my hon. Friend has stolen part of my thunder. I was going on to say that if this was about seals being clubbed to death in Newfoundland, or the Japanese or the Norwegians catching whales, non-governmental organisations galore would be out there in their boats. I am not saying that this has not all of a sudden become a "sexy" issue to get behind, but it is the fifty-fifth minute of the eleventh hour, and we had better get on with it.

Mr. Bradshaw: Both my hon. Friends have raised the problem of public consciousness of the degradation of the marine environment. Does my hon. Friend the Member for Stroud (Mr. Drew) agree that the recent Hollywood film "Finding Nemo" has probably contributed more to increasing that consciousness than any politician's speech or almost anything else that has happened in the last few decades?

Mr. Drew: I am sure that that is absolutely right. I have not seen the DVD yet, but I am sure that I will enjoy it even more over Easter. While I am throwing out plaudits, it would be remiss of me not to congratulate the hon. Member for Torbay (Mr. Sanders) on his ten-minute Bill yesterday, which was most appropriate. I know that ten-minute Bills do not go anywhere, but now is a useful time for the Government to get behind the measures contained in it.

I do not want to be melodramatic, but this is an important issue on which the sands of time are running out. Who should be doing something about this? I do not want to get into knockabout stuff such as arguing that the EU is not a very effective organisation and blaming it for this. The EU is more on the side of the angels than the devils here. However, we cannot be complacent.

Apart from the immediate continental shelf, there is always a battle over who owns what and who will monitor how the seas and oceans are used. That inevitably causes a problem. We have to look carefully at the United Nations law of the sea because it is not just a European issue: it is acute in Europe, and we are beginning to try to address it, but there are nations outside the EU that are doing just as much damage. I hope that my hon. Friend the Minister will say something about the international context, too.

I am also interested in the role that science should be playing. It was good to hear what my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) said about the centre in Plymouth—the Select Committee visited the oceanography centre—but until comparatively recently this area was not seen as the blue riband of scientific research. It may be getting better, but it needs to be given impetus. Until we know a bit more, we do not know what damage we are doing. It would appear that as we learn a bit more we find that we are doing a lot more damage than we thought.

Let us not fool ourselves. It is down to modern fishing techniques. If my hon. Friend the Member for Great Grimsby (Mr. Mitchell) were here, he would immediately launch into a full-scale attack on industrial fishing. He is the great protector of fishermen, although I sometimes think about kettles and pots. He is right, nevertheless. In the same way as intensive farming has begun to change our landscape for the worse in some respects, industrial fishing has done irreparable harm to our oceans. The simple fact is that it should not be allowed to happen. It should not be allowed to happen without control, because we know what the consequences are.

I hope that we can launch a full-scale attack on industrial fishing. It is not acceptable. We see what the side effects are. Issues raised include the size of the nets, the way in which trawlers work in tandem and the whole basis of the comprehensive destruction of the sea bed. That is something that we must do a lot about, because we are effectively culling whole species and not really worrying too much about it.

There is the issue of who pays for some of the things that have been highlighted by my hon. Friend the Member for Falmouth and Camborne. There are no easy answers. Effectively, there are only three sources: fishermen, as part of the commercial exploitation involved in trying to catch stock; the Government; and the general public, who might get interested in the issue and pay NGOs to perform monitoring roles. We could

be looking at slogans such as, "Buy a pinger today, and save a dolphin tomorrow." They are all fairly naff ideas, I have to say, but if we are serious about this, it is important that there is much more consciousness raising.

Mr. Gray: Does the hon. Gentleman agree that there is a fourth group of people who might pay? I am talking about the people who eat bass. The truth is that people are already ready to pay significantly more for line-caught bass: it is £10 a kilo as opposed to £2 a kilo for bass caught in nets. It is perfectly reasonable to say that they must pay for the higher standards that we now demand.

Mr. Drew: I agree entirely. I suppose, in a sense, because the fishermen will pass the cost on wherever they can, and the public are also the consumers, we meet in the middle. Somebody has to pay the cost.

Ms Atherton: Does my hon. Friend agree that if the general public knew that dead dolphins were mixed in with industrially trawled sea bass, the market for that fish might completely disappear overnight?

Mr. Drew: That is inevitably the way. My hon. Friend will have to consider the time scale. If the situation does not rapidly get perceivably better, we will have to call for a full-scale ban. I concur with the hon. Member for Torbay. I would not mind a full ban now, but we must convince the industry that there is a logical underpinning.

The industry is going through a dramatic downswing. There is doubt about whether it is another mining industry, or whether it is an industry like farming that will suddenly pick up again. However, we must be honest with fishermen. They realise that the times of being able to go out and catch what they want when they want are long gone, but we must now decide whether there should be even more constraints. I know that the Minister has to come up with what he thinks is a wonderful deal to sell to the fishermen; they say it is a wonderful deal, but then talk to the press and say that he is the devil incarnate and anyone could have negotiated a different deal. We must be a bit more mature. The damage is such that we must take people along with us. There would be a huge impact on certain communities, but dolphins and porpoises are members of our mammal species and we ought to convince people that they are important as well.

What should we do, then? All the ideas that we considered—pingers, separator grids, putting observers on boats, better monitoring—have their drawbacks. The report explains that there is no silver bullet that the Select Committee can put in place and feel very satisfied about, with Parliament also doing its bit and the Government saying, "We've done our damnedest to get on top of this." All the ideas have negative repercussions as well as positive ones. However, we must do all those things, and do them much more effectively. We must convince the industry and the general public that the issue really matters.

I hope that Front-Bench Members will agree on the need to take action. There may be disagreement about what that action should be, and who should pay for it, but we owe it to the Select Committee, which has produced an excellent report—for which I claim some credit—to understand that it is not acceptable just to carry on as we are doing. There is a crisis. People do not see it, and not many people know about it, but it is a crisis. I hope that the Government realise that and act accordingly.

3.40 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): It is a great pleasure to take part in the debate. I congratulate the hon. Member for Falmouth and Camborne (Ms Atherton) on her opening speech and on the report that the Select Committee produced. If I understand her argument properly, she is now calling for more action than the Committee called for. All the speeches that we have heard today seem to concur with that. I also congratulate my hon. Friend the Member for Torbay (Mr. Sanders) on the ten-minute Bill that he introduced yesterday. Many of the thoughts expressed this afternoon were also expressed in his speech yesterday.

What strikes me immediately about the report—and other hon. Members have spoken about this—is the lack of knowledge about the problem. All of us will be appalled at the number of cetaceans that are found dead on our beaches along the southern coast of Cornwall, and, indeed, the north French coast. Those, however, are only a small proportion of the mammals that are harmed and killed by the commercial fishing of bass in the western approaches and the Celtic sea overall.

I have some experience in trying to estimate the populations of wild animals—birds, mammals and, on occasion, reptiles, in particular areas—and I know how difficult it is to do that satisfactorily and obtain accurate answers. However, I have never tried it in a marine environment. It must be very difficult to estimate the number of animals—especially mammals—in the sea.

The report states that the Department for Environment, Food and Rural Affairs has estimated that there were 300 to 500 bottle-nosed dolphins present, whereas the Joint Nature Conservation Committee's opinion was that the number was below 300. When we are talking about such small numbers anyway, that margin of error in the estimates must tell us something important, including that we need to get on and do something immediately.

I know from my work that sometimes we can be surprised and delighted to learn that animal populations that we thought were very small, to the point of being endangered, are much bigger than we thought. However, more often than not, populations seem to vary considerably in short periods of time. Occasionally when we produce estimates we find that populations have decreased considerably. When figures like 300 are arrived at, there is always a possibility that the species could reach a point of no return. There is a minimum number of animals in any population that is needed to maintain it as a breeding population. Going below that number means that extinction will certainly follow.

I was pleased that hon. Members touched on animal welfare. Dolphins and porpoises are mammals, and we understand that they are intelligent, sensitive animals. The public write letters—certainly to me—about the thought that these animals are harmed and hurt, let

[Mr. Roger Williams]

alone killed or destroyed as by-catches. I represent a constituency that has no coast. It is completely land-locked, although we are very pleased in Wales that porpoises are seen in Cardigan bay.

If I may misquote a constituent of mine, Lord Burns, who was producing a report on another matter, commercial fisheries severely compromise the welfare of small cetaceans—to put it mildly. A number of the Committee's recommendations must be considered closely.

The issue of pingers was outlined by the hon. Member for Falmouth and Camborne: they could disturb the feeding areas of these mammals. It has also been put to me by experts on marine mammals' behaviour that the pingers could act as attractors if it became known within a population that fish shoals were in the area when the pingers were heard. It has also been suggested that pingers should be activated only when mammals have been detected in any area, and that leaving them on would either attract mammals or cetaceans there, or would have no effect. There is the question of the expense of purchasing them, fitting them to the fishing tack, maintaining them and ensuring that the batteries are working.

Ms Atherton: Is the hon. Gentleman perhaps aware that most of this equipment qualifies for European Union grants? The upkeep of the pingers would be the only cost to fishermen.

Mr. Williams: I understand that, and that point has been mentioned to me. There is the cost of the upkeep of the equipment. We must be certain that the equipment is used, not just in the fishing nets, but is switched on, maintained and kept in operation. I welcome the suggestion that observers in the fishing areas could estimate the extent to which cetaceans are caught and killed as by-catches. It will be a voluntary scheme, so the question is: how many fishermen would welcome the presence of observers, and how would we attract enough people of quality to undertake such work? People should have a sturdy and persistent character to ensure that records are kept and reflect what is happening in the fishing fleet.

Mr. Drew: I agree entirely with the hon. Gentleman. The worst weakness of the international community is the lack of a mechanism. To be fair to the British Government, we are prepared to recognise that there is a way forward. However, from what the Committee saw, there is no evidence that any other nation treats the issue seriously. That is a weakness.

Mr. Williams: I absolutely agree with the hon. Gentleman. Perhaps I shall say something about that later.

The suggestion that we have separator grids in the fishing tack has been accepted by some in the fishing industry and by people who have experience of the behaviour of marine mammals. However, it has also been suggested to me that sometimes such escape grids have been misplaced. Some of the cetaceans that escape from such nets are badly damaged. They may survive, but in some instances, the fins have been completely removed.

The worst excesses of the by-catch problem arise in the bass fisheries where pair trawling takes place. The bass fisheries are an important economic part of British fisheries and I accept the point made by the hon. Member for Falmouth and Camborne that, although she wants to draw an end to pair trawling of bass or to place an emergency stop on it, she did not want to stop all commercial exploitation of bass. The hon. Member for North Wiltshire (Mr. Gray) mentioned the increased amount of money that people are willing to spend on line-caught bass, as opposed to bass caught by pair trawling. I was told recently that the sport angling of bass, particularly off the Welsh coast, is an important industry, and I am sure that applies to the west country, too.

Ms Atherton: I assure the hon. Gentleman that it is an exceedingly popular sport off the coast of the west country, and it is very important for tourism.

Mr. Williams: It will put a lot of anglers' minds at rest to learn that they will be able to enjoy their sport again.

Many options are open to us. They include the use of ASCOBANS, which most northern European nations have signed, but not Spain and Portugal; the habitat scheme; special areas of conservation; and the common fisheries policy. All those tools are available to us. but they do not seem to have been used to achieve what we want—a complete ban on pair trawling for bass.

If I have any criticism of the report, it is that it was not explicit enough in asking for an emergency measure. The number of these animals is so low that we must use the precautionary principle, because we cannot say with great certainty when their population will become so depleted that the species may become extinct—not worldwide, but in some areas.

Ms Atherton: When we published the report, we were hoping for a resolution at European level. We wanted to give the European Union the opportunity to come up with a proposal that would have enabled the fishery to continue. It is because I am so disappointed at the resolution from the Fishery Ministers that I have moved forward from the report.

Mr. Williams: I thank the hon. Lady for her intervention. Somewhere in the report there is a reference to "our dolphins". I do not see the issue as nationalistic; dolphins and porpoises are migratory species—they migrate for feeding and breeding purposes and travel many hundreds of miles. The use of the word "our" should indicate that the issue is the responsibility of all members of the human species. We should look to other nations to take part in the process, too, because unless they are active in assisting us, we will not be successful.

I am critical of the Minister for being too timid in his approach to getting a satisfactory resolution in Europe—he will be able to tell us what he has been doing—because the great majority of these trawlers come out of French ports; very few are based in this country. To get a resolution, the Minister must take the issue up with Fishery Ministers in the European Union. Could Britain take some direct action not only within our territorial waters of six miles but within the 12-mile

limit as well, where some of the inshore fishing takes place? Could he take action at that level to safeguard the welfare of marine cetaceans, certainly within our area?

Unless we take emergency action, we will not be doing our duty to safeguard these valuable species. We look forward to the Minister assuring us that he intends to take action and to do so very quickly indeed. If he does not, the future of the marine animals around our coast will be the Government's responsibility.

3.55 pm

Mr. James Gray (North Wiltshire) (Con): It is a great pleasure, as always, to follow the hon. Member for Brecon and Radnorshire (Mr. Williams). He and I agree on an enormous number of subjects to do with the countryside and wildlife, and I found myself agreeing to an almost worrying level with him and most of the other Members who have spoken this afternoon.

The hon. Member for Stroud (Mr. Drew) used the word "collude" with regard to what the Front Benchers were about to do. I think that the only thing that we will collude in doing, as opposed to co-operate in doing, is making sure that we do not delay the Chamber for the entire hour and a half that is left to the Minister and me for our winding-up speeches. I will take the hour, but the Minister may well be a little shorter than me. In response to the Minister's worried look, I will try to keep it down to 45 minutes.

This is the second day that I have spoken in a debate in this Chamber on an animal welfare issue where I find myself in agreement with hon. Members from all three parties, although not necessarily with the Minister on either occasion. Yesterday, our debate was on the live export of horses for slaughter on the continent, and today, of course, it is on dolphins and porpoises. I took the opportunity to ride a horse into Parliament yesterday to publicise the issue, and I am delighted to say that I did not arrive today in my wetsuit, flippers and goggles. None the less, this is just as important an issue. I am glad to be in agreement, for once, with so many people throughout the Chamber.

First, I congratulate the Select Committee and the hon. Member for Falmouth and Camborne (Ms Atherton) on an excellent report. This is a gripping issue. Someone said earlier that this is not a sexy area—I think that it is; it is extremely interesting. As is the case with so many issues of animal welfare that are increasing in salience, the people of Britain will be taking a keen interest in our discussions this afternoon. The report is very good, and I congratulate the hon. Lady on it. I also congratulate her on the elegance and precision with which she introduced her subject, despite a large number of interventions. It was a good exposition of the subject.

I also pay tribute to the Whale and Dolphin Conservation Society, which, I am delighted to say, is based in my constituency, in Chippenham. The hon. Member for Brecon and Radnorshire said that he had an inland constituency, as do I. North Wiltshire is probably the most inland constituency that I can think of; until recently, we had the most inland royal naval base at RN Copenacre. The society has been extremely helpful in providing briefing for this debate. It does a fine job in highlighting the issues and in fighting to do what it can to preserve whales, dolphins and porpoises.

I have some small degree of personal experience of the excellence of these animals. Every year, I go to Trebarwith Strand in north Cornwall. Last year, a whole school of dolphins came and swam with us—the only time that I have ever experienced that in British waters—and it was a wonderful experience. When I was the candidate in 1992 for Ross, Cromarty and Skye in north Scotland, we went backwards and forwards across the Moray Firth bridge. From the bridge, one can often see a school of dolphins—bottle-nosed dolphins, I think—playing in the surf. The first word that my son, who is now 20, said in life was "dolphin". That is probably a unique experience.

I speak with some personal feeling on the subject; curiously, a number of people referred earlier to the fact that a great many human beings do so. We have a greater affinity, in some ways, with dolphins and porpoises than we do with many other animals and even with many other mammals. There is something about dolphins and porpoises that is somehow like us, and we therefore speak with some passion on the subject.

There is no doubt about the continuing rate of tragic deaths experienced as a result of fishing. The report by the hon. Member for Falmouth and Camborne talks about it at some length, and all the scientific evidence states that there is a significant and growing number of dolphin and porpoise deaths as a result of fishing.

As the hon. Member for Torbay (Mr. Sanders) said, we do not know whether deaths constitute 1 or 1.5 per cent. of the population because we do not know the size of the population or the percentage of deaths within it. It is impossible to work out, but even if it were 1.5 per cent., it is a significant number of deaths of animals with which we have a particular affinity.

The number of deaths is large, but they are particularly distressing deaths. I pay tribute to the Devon campaigner Linda Hingley, a trawler owner who set up the Brixham Seawatch. That has done superb work around most of the Devon and Cornwall coast keeping an eye in particular on how many dolphins have been killed. She said:

> "They are mammals and they need to come up for air and they can't. They drown in these giant nets."

That is a distressing thought—mammals, like us, drowning in nets and kept underwater for six hours before they can finally come up for air. Of course, by then they are long gone.

Mrs. Hingley went on to talk about how last year she had found 87 common dolphins dead in Devon alone, and many had ropes attached to their tails so that trawlermen could sling their heavy bodies over the side. Two had even been tied together having been caught in the same trawl. Local boats, whose nets trawl the sea bed, brought up rotting carcases. Often the bodies had puncture wounds, apparently made from the pair trawlers, so that they would sink. That way bodies would be less likely to reach the shore, thus disguising the scale of the problem. Mrs. Hingley said:

> "They cut right through to the hearts and lungs and get the air out of them. We have had a few which were obviously alive when they got them on board. They would have died of their injuries anyway."

That is an inhumane and disgraceful practice by anyone's standards, and it is important that we do something about it.

[Mr. James Gray]

The question before us, which has been discussed at length at the European Union, is what can we do about it. All in the Chamber agree that it is a huge problem; that the number of deaths is increasing; the way in which dolphins die is a disgrace; and that we must do something about it. That is the nature of the hon. Lady's excellent report. The consensus ends at that point, however. We should not be so consensual that the debate becomes dull; it is important to tickle the Government's tail and ensure that they are doing what they ought to.

That is why I was glad to come across a quotation on "Newsnight" from the then Fisheries Minister, now the Minister for the Environment, the hon. Member for Scunthorpe (Mr. Morley), who said he had

"'breakthrough' evidence of dolphins being killed."

He added:

"What we have got as far as I am concerned is enough to take action and we intend to do that."

I thought, "That is terrific; the Fisheries Minister intends to take action." When was that? June 2000. Here we are four years later, and the Government have taken no action at all. They were keen to say that they would take action, that it was a very urgent, multinational problem and that we must do something about it, but they have done remarkably little.

The Minister shakes his head, but I will be glad to hear what the Government have done. Perhaps I am being unkind. I am sure they have done some things. They have certainly not solved the problem, however. Trawlers still go out in pairs and there are still significant numbers of deaths, despite the hon. Member for Scunthorpe saying that they intended to do something.

The Government have not done anything because up until now this has been viewed as an international problem—an EU problem—so we could not do something as a Government or a nation. I totally accept that it is no good us doing something on our own, but we must get other nations to do something. Also, there would be no point in just part of our great nation doing something about the problem; something must be done throughout the nation. We must get not only EU nations but a large number of nations—such as Baltic states, some of which are joining the EU, which might be helpful—to find ways of taking action across the world.

Some countries have done something. America banned dual trawling for sea bass long ago, but the Japanese have not. It is a question of leading not the EU, but the world. Even if it were a matter for the EU and by some magic means we could persuade it to do the right thing, we would not necessarily achieve the desired solution, because by definition international negotiations take some degree of compromise—the nature of the EU is that we must compromise. That is why I welcome the step that the hon. Member for Falmouth and Camborne has taken to go beyond what she asked for in her report. She says that we have tried the EU, but that route has not worked and we have been forced to compromise and downgrade.

Ms Atherton: Will the hon. Gentleman give way?

Mr. Gray: I will give way in a moment but I would not want to misquote the hon. Lady. She says that the EU has not delivered, so we must move forward and consider what national undertakings we can use to solve the dreadful problem.

Ms Atherton: I want the British Government to ask the European Commission to take action to close the fishery. That is different to what the hon. Gentleman suggested. I still want the EU to take action, but I want it to move further and quicker.

Mr. Gray: I hope that I did not misquote the hon. Lady. We would all like the Government to ask the European Commission to do something about the problem. No doubt the various commissions, organisations and committees in the European Union will discuss the issue, produce papers, compromise, downgrade the problem and do nothing about it. Four years after the "Newsnight" programme, on which the then Fisheries Minister said that he would take urgent action, nothing has happened because the EU is still discussing the issue. There will be another directive, another piece of paper, more discussions, more lobbying and more chats, but nothing will have been done. I accept that the solution must be sought through international agreement—we cannot act alone; we must persuade others to take action—but if the EU does not act, we should do it ourselves. We should lead from the front, demonstrate to the rest of the world what can be done and demonstrate to the EU that we will act and we want it to join us.

Mr. Bradshaw: The hon. Gentleman says that it is desirable to take action not only at European but at international level, and all hon. Members would agree with that. But how will that be done without a legally enforceable international system to govern the seas? We have such an agreement in the EU, but if we followed his party's policy of withdrawing from the common fisheries policy, we would not.

Mr. Gray: The Minister may not have realised, but the Atlantic is not part of the EU. There are perfectly acceptable fishing constraints between, for example, us, the United States, the Japanese and the Russians. Russian boats enter the Atlantic near my old constituency of Skye—most are huge trawlers and they are not constrained by the common fisheries policy because they are outside the EU.

The Minister is right to say that we must have international agreement on this and so many other environmental issues. Of course we must negotiate with other European countries, but we must also negotiate with the United States, Russia, Africa, India and the far east. The mere fact that we need international agreement on such matters does not mean that we have to be constrained by the bureaucrats who sit in Brussels thinking up difficult ways of not doing something. The fact that nothing has been done about the issue demonstrates the problem that I am talking about.

Last Monday, the EU produced new laws to try to prevent the awful killing of dolphins and porpoises, and I agree with my Conservative colleagues in the European Parliament that steps have been taken in the

right direction to do something about it. However, the hon. Member for Falmouth and Camborne and others have commented on the fact that drift nets, in which dolphins become entangled, will be phased out by 2008 instead of 2007. That is another example of compromise, which is all we get from the EU. Boats under 12 m long will be exempt from the need to install pingers—I will talk about the benefits and disbenefits of pingers in a moment. By definition, if we have to act alongside our EU partners, the solution will be compromised and downgraded.

If we had control of our fisheries and waters we could show that we are determined to act. We could bring pressure to bear on our European partners and say, "We have done it, so why are you not doing it? Why is it, Mr. France and Mr. Spain, that you are still determined to kill hundreds of thousands of dolphins and porpoises through a practice that we gave up years ago?" I like to think that the British Government would remain powerful in persuading them to take action.

Control of our fisheries would also be advantageous in another area. I do not want to be too controversial, but the Minister's recent position on the haddock catch in Scotland has meant that haddock trawlers are now moving down to the south-west. We heard a moment ago from the hon. Member for Torbay that there are 12 Scottish trawlers operating in Plymouth. They are precisely the people who are contributing to the problem. If they were not prevented from catching haddock in their home waters in Scotland, they would not be busy down in the south-west catching sea bass, and therefore dolphins and porpoises by mistake.

There are a number of areas in which, by insisting on supporting the CFP, we are failing to act independently to solve the problem. The Whale and Dolphin Conservation Society in Chippenham has expressed its disappointment on the regulation tax, which it says has been "drastically watered down" from the original. It believes that

"the EU has not done enough to prevent the unnecessary deaths of cetaceans in fishing nets, which are driving some populations towards extinction."

The society says:

"The EU has thrown away a major opportunity—compromising the survival of our marine wildlife in favour of commercial interests."

I am sorry to tell the Minister this, but it goes on to say:

"We are particularly angry that the Ministers have excluded vessels using pingers . . . from the requirement to carry observers. It is vital that if pingers are to be used, they must be monitored. If they are not used properly, porpoises will continue to die and if they are not being monitored, no one will know. We are also disappointed that so many vessels (under 15m in length) are to be excluded".

That was echoed by the WWF, which was "appalled" that EU Fisheries Ministers had delayed the ban on the introduction of drift nets. The International Fund for Animal Welfare—not an organisation that I tend to quote in support of my speeches very often—says that the EU has

"missed a crucial chance to protect dolphins and porpoises from dying in fishing nets by caving into economic interests".

The organisations are saying that the EU, including our own Government, caved in to commercial interests and, by failing to take independent action in this country, the Government have endangered more and more dolphins and porpoises.

We have heard about the pingers and their downside. Some people say pingers attract dolphins into the nets rather than repel them. Others say that the pingers are drowned out by the noise produced by the trawlers. Other people say that the dolphins, rather curiously, do not want to go into the nets anyhow and go around the sides. There is scientific doubt about the value of pingers but it would be worth knowing more about them. The Government's recent survey of the use of pingers failed, not least because one of the television cameras fell off the net, which perhaps reduced it to the level of farce. I do not believe that enough work has been done to study what can be done.

Nearly everyone who knows anything about the subject would agree on one thing. Pair trawlers operate gigantic nets; they are about the size of 10 London double-decker buses. Two ships move along at high speed to catch the maximum number of fish. They catch an enormous quantity of fish, and an enormous number of dolphins and porpoises, as they go by. That is a purely commercial interest; the fishing industry says that it needs that size of catch to make fishing pay.

There is an alternative to that commercial interest, which we as a nation might like to promote, and some of us have mentioned it this afternoon already. That is long-line commercial fishing of bass with no nets at all. There is already a huge industry—not only one in which fish are sold to be eaten, but one of sport and tourism, as the hon. Member for Falmouth and Camborne mentioned. That catch, particularly the young catch, is being decimated by the gigantic nets, and the industry is very important in the south-west. I have seen the boys fishing with their long lines—I should say boys and girls to be politically correct. A fine industry is being damaged. If we were to enforce a unilateral ban on pair trawlers, it would save a significant number of dolphins and porpoises, but it would also be beneficial to long-line bass fishermen, who are part of an industry that we all want to preserve for so many reasons.

Mr. Sanders: I am very concerned about all this. My Bill yesterday was about banning such boats from UK waters, but I am under the impression that all that would be achieved is the saving of a few lives. That would be welcome, but the reality is that without the agreement of EU nation states, because of currents and wind conditions, dead cetaceans would still wash up on our shoreline. Therefore, we must have agreement with others, irrespective of our domestic policy on the subject.

Mr. Gray: Of course, I agree with the hon. Gentleman. Perhaps I should clarify my stance on the matter. I am not for one second suggesting that we should fall out with other nations, whether in the EU or elsewhere, on the subject. It is important that we enter into all kinds of agreements with nations around the world on this matter as on so many others, and it is important that we persuade the EU to do what we are doing; there is no question about that at all.

Cetaceans are not national resources; they move over enormous distances, but so do migratory birds, and the UK Government decide, in this Palace, who can shoot what and when they can shoot it, and what is banned. Nobody says that because migratory birds come mainly from Africa there is no point in doing anything unless

[Mr. Gray]

we have a multinational agreement with Africa, and that we cannot do anything unless we get such an agreement. That would be the equivalent.

Because the multinational agreement in the form of the common fisheries policy demonstrably is not working, and because after seven years of a Europhile Labour Government nothing has happened, let us try to do something ourselves.

Mr. Bradshaw: I am not sure that I heard the hon. Gentleman correctly. He used the example of migratory birds. Is he aware that without the EU there would be absolutely no restrictions on the shooting of migratory birds in either France or Italy?

Mr. Gray: I am extremely well aware of that point. It is plain that the Minister was not listening. I agree that the shooting of migratory birds in France and Italy is controlled by the EU; however, it is not in the UK. It is controlled nationally, in that we control who shoots what and when. For example, the EU does not dictate the length of the shooting season. I thought that the Minister was in favour of shooting. He knows, for example, that the way in which wild geese are controlled in the UK is decided entirely in this Palace. We control it; it has nothing to do with the EU.

The Minister is right to say that it is very beneficial to persuade European partners and other nations to go the same way that we have. That applies to things such as negotiations on the convention on international trade in endangered species, for example, in which we persuaded other countries not to kill, or allow a trade in, elephants and other animals. That is not an EU convention but an international negotiation through which we reach agreement with the other CITES signatories.

If it has been demonstrated and is obvious to all that the EU is not doing what we want it to do, it is reasonable for us as a nation to decide what we will do. We can hope that our European partners follow us, but our action should not be dependent on their agreement to it. If the Minister seeks this afternoon to do anything other than pay lip service to the awfulness of killing dolphins and porpoises, he must give us some indication that he is ready at last to take the debate forward and at least to consider the notion of a UK unilateral ban on the use of pair trawling. That would be a significant step in the right direction, and I know that Members of all parties would very much welcome any such commitment.

4.19 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): I thank all hon. Members, present and already departed, for contributing to this debate. I also thank my hon. Friend the Member for Falmouth and Camborne (Ms Atherton) for securing it. I thank her and members of the Environment, Food and Rural Affairs Committee for their excellent report. I apologise that they were able to get sight of the Government's response to it only recently and hope that they understand that, because agreement was reached at the Council only last week, we needed some time to adjust our response to the report in the light of what had been agreed.

It is my strong view that my hon. Friend has done more than any other politician, not just in the United Kingdom but in the whole European Union, to bring the serious issue of cetacean by-catch to public attention. She does herself down a little. I understand why she concentrated on the areas of the Council agreement and the parts of the Government's response with which she was not satisfied. However, the honest truth is that, without her hard work representing not just her constituents but the various conservation and animal welfare organisations, the issue would not be so high on the agenda in this country or at the Council of Europe. She deserves a great deal of credit for that.

Everyone who spoke in the debate was right to say that the problem was serious. Hon. Members may be interested in the latest figures on strandings. Encouragingly, they show a fairly dramatic decrease from the high levels that we saw last year. Total strandings between 1 January and 31 March in UK waters of common dolphins and porpoises were 251 this year, compared with 379 last year. For dolphins, there were 84 this year, compared with 132 last year. For harbour porpoises, there were 125 this year, compared with 78 last year, so those figures have gone up. The figures are still extremely worrying and the historical trend over the past five years is not encouraging.

Ms Atherton: I thank the Minister for his kind comments. Does he accept that evidence is coming forward that some fishermen are going to extreme lengths to massage the figures by taking dreadful action to sink carcases when they are caught? Not all are doing that, but some are. Is that not one reason for the fall in the numbers, or is it that the bass fishery is reducing in size?

Mr. Bradshaw: Our bass fishery at the moment is bigger than it was last year, but there is evidence to suggest that the practice to which my hon. Friend refers takes place. However, I doubt whether it would account for such a big decrease in the numbers. The number of strandings is not necessarily an accurate indication of the level of mortality because many more porpoises and dolphins will not be stranded but will be caught up in by-catch.

Linda Gilroy: I wonder whether the interesting figures that my hon. Friend the Minister gave bear out what I reported in my contribution—that the shoals are moving in, so the porpoises tend to be inshore. The fishing fleet follows the shoals, and the falling figures may reflect that because the goalposts are moving.

Mr. Bradshaw: My hon. Friend is probably right.

Mr. Gray: I simply want to inquire of the Minister what he thinks the reason is for the numbers coming down. If he argues that action by the Government is satisfactory because the numbers are coming down, we need to know why they are coming down.

Mr. Bradshaw: It is too soon to speculate. I saw the figures only moments before the debate started, but I shall try to find out. As many hon. Members said, there is a lot we do not know and we need to carry out a lot of research to be able to implement effective action to solve the problem.

My hon. Friend the Member for Falmouth and Camborne went through a number of the recommendations made by the Select Committee. When I appeared before the Committee, I was sceptical about some of them and resistant to accepting them. Having reflected on them, we have made significant progress in moving towards meeting the requests and demands of her Committee, as she will have noted if she has had time to read the Government's formal response. I shall give two examples of some of the most important areas about which she was concerned.

One is the exemption that we would have liked for pingers within six miles. I consulted my officials and groups of environmentalists after the Committee published its report and agreed that we would drop that exemption before the Council meeting last week. Similarly, I hope that my hon. Friend will acknowledge that we moved significantly towards the position of the Committee in exempting the eastern Channel.

A number of hon. Members spoke about the politics of the European Council negotiations last week. One effect of the campaign by my hon. Friend the Member for Falmouth and Camborne and others is that Britain is probably in the lead on the matter in Europe, with the possible exception of Sweden. In Council, we argued for more radical measures to be implemented more quickly than those that were finally agreed.

The simple arithmetic of that Council was that we would probably not get agreement unless we compromised to a certain extent. A blocking minority of what I would describe as non-conservationist Governments would not have agreed to anything more radical. I am sure that hon. Members have noted that two countries still could not accept the agreement because they thought it too pro-conservationist: Spain and Italy both voted against it.

We could have gambled. Indeed, I threatened during the negotiations and in bilaterals with Commissioner Fischler to vote against the agreement because it did not go far enough. However, a combination of our votes and those of one or two other more conservation-minded countries, combined with the votes of the non-conservation-minded countries, would have led to our not reaching an agreement. I believe that it was important that we reached agreement last week because, after the accession countries come in, it will be even more difficult to get a majority for the sort of measures that we would like.

We were unhappy about the exclusion of under-12 m boats. I made that view clear but, after several hours of negotiation, I decided that it was better to have an agreement than not. I must correct something said by the hon. Member for Brecon and Radnorshire (Mr. Williams). The observer system is mandatory, not voluntary. When hon. Members read the agreement, they will see much that is not happening quickly enough or is not extensive enough; but it makes a good start on a Europe-wide basis.

Mr. Gray: Does the Minister agree that he is describing the very tragedy of the nature of the way in which European agreements are arrived at? In others words, what we have now is the lowest common denominator, because Europe could do no better.

Mr. Bradshaw: Quite the contrary. I was about to come to that point. It is unwise, to say the least, in a debate on cetacean by-catch for Conservative Members to remind everyone of the party's official policy of attempting unilaterally to withdraw from the common fisheries policy. As some of my hon. Friends and others have said, not only do dolphins and porpoises move around more than almost any other species—they have even less respect for national boundaries than other fish—but the problem is caused mainly by the boats of other nations.

If Britain was isolated in taking unilateral measures and putting its fishermen out of business to save dolphins and porpoises, how much leverage does the hon. Gentleman think we would have in persuading the French, Spanish, Italian or Irish Governments, or the European Union in general to take similar action? Absolutely none—no leverage whatever. It is only because Britain has taken a lead, in partnership with other EU countries, that we have the present agreement. For the benefit of hon. Members, I outlined the main points of the agreement—those that are worth pocketing—in the Government's response to recommendations 1 and 2. I shall not quote it as I do not want to detain the Chamber. I have copies for those hon. Members who have not yet received a copy in the post.

I accept the Committee's recommendation on harbour porpoises and pingers. We believe that there is merit in monitoring how the pinger implementation works after a period. It was on UK insistence that a review period was included in the agreement—we negotiated hard for it. The review will not happen as quickly as we wanted, but it was one concession that we managed to achieve from the Commission. Not only will that review happen but, as stated in the agreement, the Commission will be expected to act on the evidence derived from the pinger use and the observers. Incidentally, that observation will give priority to the bass pair trawlers, including the French boats, and will not be on a voluntary basis. The Commission will also be expected to act on the evidence garnered from the monitoring, which will also cover under-15 m boats. We pressed for that and believe that it is important.

Ms Atherton: Will the Minister be kind enough to outline where the observers will come from? Will they be from the fishing industry or conservation groups, for example?

Mr. Bradshaw: To quote from paragraph 1 of article 5 of the agreement, which deals with observers:

"Member States shall appoint independent and properly-qualified and experienced personnel."

That is something else that the Government insisted on inserting. We wanted not representatives of the fishing industry but independent scientifically qualified people. We persuaded the Commission to make it clear that the monitoring must be scientifically professional and testable, that annual reports had to be made by member states and that the Commission would be expected to act on them. For example, if the monitoring on under-15 m boats shows that there is a big problem, the Commission will be expected to act and we will press for that action.

Mr. Drew: As can be seen from the general tone of the debate, the observers will have to be robust, so what level of protection are they likely to have? We can smile or even giggle about that, but in reality to go out on a trawler with an adversarial crew will not be like sending someone to referee a football game but like sending them into Dodge city.

Mr. Bradshaw: My only experience in this area has been positive. The pelagic fishermen conducting the pair trawl from the UK fleet—the boats from Scotland—have been highly co-operative. As has been said, they do not like catching dolphins and porpoises and do not think that it is in their best interests to do so. They want to keep the fishery open and know that if we cannot find a way of avoiding the by-catch that we have seen in recent years, it may have to close.

The industry will be co-operative. Stringent reporting obligations on member states will be laid down in the regulations, which will set out exactly what they are expected to do. If they do not do it, or we believe that other countries are not fulfilling their obligations, we will expect the Commission to act. How those nation states decide to give the observers protection—if that is what they need—will be a matter for them.

I want to correct a point made by the hon. Member for Truro and St. Austell (Matthew Taylor), who is no longer in his place. Although it is slightly away from this debate, he made the argument that another reason for banning the bass pair trawl fishery is that it is being conducted at unsustainable levels. That is not the latest advice from the International Council for the Exploration of the Sea. Hon. Members from the official Opposition often challenge ICES advice, saying that it is far too conservationist, but this time its advice is that the fishing is being conducted at sustainable levels. I agree with what hon. Members have said about bass live fishery, and we encourage sustainable fishing, but there are currently no stock or conservation arguments to ban the bass pair trawl fishery.

Several hon. Members, including my hon. Friend the Member for Falmouth and Camborne and the hon. Member for Torbay (Mr. Sanders), have called for a ban on bass pair trawl fishery. Although the hon. Member for North Wiltshire (Mr. Gray) did not call for an immediate ban, he asked us to consider it, and I have said on a number of occasions that that is our position. However, I still have to resist the calls from other hon. Members to announce or instigate a ban now.

As I explained in response to the accusation by the hon. Member for North Wiltshire that the Government have taken no action, we have taken a number of steps. One involves the trials that we have been conducting in the bass trawl fleet using separator grids. As the Select Committee report acknowledged, those trials were extremely successful last year in reducing cetacean by-catch. The trials are continuing this year. The fishery will come to an end in the next three or four weeks. I have made it clear on more than one occasion that I am perfectly prepared to implement a unilateral ban if the results of the trials show that we have not found a solution to the problem. I am also prepared to explore the other option, which would probably be much more effective, because it would involve the whole fishery returning to the Commission and investigating the possibility of taking action under article 7.

Mr. Sanders: The Minister seems to be claiming a great victory as a result of separator grids. How many vessels use separator grids, and what is the evidence for a link between that and a reduction in by-catch? I am not sure how the two go together.

Mr. Bradshaw: The hon. Gentleman may have misunderstood me. I was not trying to explain this year's reduction in by-catch or reduction in strandings in terms of the success of separator grids. However, he will be aware, if he has read the Select Committee report, that last year's trials of two boats operating a separator grid were highly successful in reducing the by-catch to, I think, about two, whereas those boats would normally have expected to catch about 50 or 60 small cetaceans in that period. We are not quite clear how that happened, but I saw film of a shark that swam into the net, hit the separator grid and swam out through the flap, which is how the grid is supposed to work.

The trials are continuing this year. I am not asking hon. Members to be patient for much longer, because we expect to know the outcome of the trials in the next few weeks. I have said time and again—I am not creating any news today—that I will not rule out any action when I see those results, but there is not much point in jumping the gun and pre-empting the results.

Mr. Gray: The hon. Gentleman is right to say that we must not prejudge the outcome of the trials. None the less, he mentioned the film footage of a shark. Will he accept that there is evidence that some sharks have used the separator grid, but there is no evidence of a dolphin or porpoise doing so?

Mr. Bradshaw: There was not last year, but I have deliberately not tried to find out what is happening this year, because if a proper scientific experiment is being conducted, we should let the scientists do it. It is being conducted by probably the most respected marine biologists in the world. I await the outcome of this year's trials with as much interest as everyone else.

Ms Atherton: My hon. Friend says that he will have the results of the trials in a few weeks Will he make the results public? Will he let the Select Committee know them and make them known more widely among hon. Members?

Mr. Bradshaw: Absolutely. If my hon. Friend would like to prepare parliamentary questions that she can table when this is over, I can enlighten her and other hon. Members in that way.

Mr. Sanders: I want to return to the impression that the Minister has given. He mentioned that two vessels may have avoided catching 50 or 60 cetaceans. Let us consider the figures in the document. How many vessels are out there? If we multiply that number by 50 or 60, we wipe out the entire population—not 1 per cent. but the entire population. The figures do not add up. It cannot be 50 or 60.

Mr. Bradshaw: I think that the hon. Gentleman is becoming confused between common dolphins and bottle-nosed dolphins. I am sorry that he takes a confrontational approach. His Bill is jumping the gun; it is premature. As the hon. Member for North Wiltshire said, it would be ridiculous to make an announcement now, when we do not know the results of the trials. The trials were highly successful last year.

The percentage matters more than the actual number. There has been a huge percentage reduction in the number of cetaceans that that fishery has caught compared to what it would have been expected to catch in a normal year without separator grids; the number decreased from 50 to two when separator grids were used. That is a massive reduction. We do not know whether there will be such a reduction this year, but we should wait for the results rather than jumping the gun as the hon. Gentleman is trying to do with his ten-minute Bill.

Once those results are known, I am prepared to consider any action. I am keen to investigate the possibility of the use of article 7, as suggested by my hon. Friend the Member for Falmouth and Camborne. That would be far more effective than any unilateral measure because, at present, there are six UK pairs and 30 French pairs operating in the bass pair fishery, so even if the UK were to implement a unilateral ban, that would tackle only the lesser part of the problem. As the agreement that we concluded last week shows, much more can be achieved if we can persuade other EU members to follow our lead.

With regard to the recommendation made by the Select Committee on special areas of conservation under the habitats directive, we are considering the identification of such areas for the harbour porpoise. Later this year, we expect to receive the conclusions of that work, together with recommendations for areas to be identified. That is outlined in our response to the Committee's recommendation 17.

Finally, I should like to address the more general marine environmental issues that were raised by my hon. Friends the Members for Stroud (Mr. Drew) and for Plymouth, Sutton (Linda Gilroy). It is useful that they placed this debate on the problem of cetacean by-catch in the broader context of a sustainable fishery. The UK is in the lead in the EU and the world in trying to move our fishing industry away from the unsustainable approach taken in many of our fisheries that was outlined by several hon. Members and towards a marine environmental approach. That will also be the best way of guaranteeing a long-term future for the fishing industry. If we do not fish our fish stocks at sustainable levels, there will be no fish left for fisherman to catch, sell and make a living from.

In that context, it is worth highlighting the recent publication of the Prime Minister's strategy unit report on the long-term future of the fishing industry. It is the first time that any Government have stood back and taken a hard strategic look at the state of the industry and where we need to move to in the future. If hon. Members have not already had the opportunity to read that report, I hope that they will do so. It offers us a once-in-a-generation opportunity to put the whole of the fishing industry on to a sustainable basis for the future, so that fishermen from the communities that many hon. Members represent can make a living, but fish stocks and the whole of the marine environment are conserved and protected. The marine environment is one of our most important resources but, as my hon. Friend the Member for Falmouth and Camborne rightly says, it has been neglected in the past because, to most people, it is not visible.

4.44 pm

Ms Atherton: I thank all the hon. Members who have taken part in the debate. There was a fair degree of harmony in the debate—with one or two outbreaks of disharmony—but overall we recognised that this slaughter must stop.

I am grateful to my hon. Friend the Minister for his kind words. Many people are doing much work on this issue. I pay particular tribute to conservationists in Devon and Cornwall who have been enormously helpful in gathering the evidence. It is our job to raise these issues in Parliament; the hon. Member for Torbay (Mr. Sanders), who has had to leave, also made a useful contribution to the debate.

I accept that the Government have moved the EU forward, but I hope that my hon. Friend the Minister recognises that it is our job to keep pushing and pushing the Government. We need to go further. I am pleased that he will think seriously about article 7 in terms of the pair trawl fishery. I think that it is unsustainable. Many hand line fishermen in my constituency would raise a glass or two of Cornish ale if they heard that the ban was going to happen.

Linda Gilroy: I think that the Bass Anglers Sportfishing Society might raise a glass as well. In a tagging exercise that it conducted recently with the Government Centre for Environment, Fisheries and Aquacultural science, it discovered that 80 per cent. of the tagged fish in the river area fisheries turned up in the bass pair trawlers.

Ms Atherton: It is a very live issue. I am glad that it was raised in the wider debate. My hon. Friend is right to raise it. In fact, I am meeting representatives from that particular fishery in my surgery tomorrow, so it will be important and helpful to report back to them.

I say to the Minister that the issue needs addressing. I look forward to the results, but we will keep coming back to it. The people will demand it. We have to be a voice for the cetaceans.

Mr. Deputy Speaker: We have finished a moment or two early. I congratulate all those who participated in discussing what is clearly an important issue. It has been a fascinating debate to listen to. I wish every Member a restful and enjoyable Easter break.

Question put and agreed to.

Adjourned accordingly at fourteen minutes to Five o'clock.